

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST B C & D OPERATING, INC. REQUIRING IT TO RETURN FOUR WELLS TO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE, AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE; LEA COUNTY, NEW MEXICO.

CASE NO. 13874

APPLICATION FOR COMPLIANCE ORDER AGAINST
B C & D OPERATING, INC.

1. BC & D Operating, Inc. ("Operator") is a corporation operating wells in New Mexico under OGRID 25670.

2. Operator has posted a \$50,000 cash blanket bond, No. OCD 413, through the United New Mexico Bank, Albuquerque, New Mexico to secure its obligation to properly plug and abandon its wells in the State of New Mexico.

3. Operator is the operator of record for the following wells (hereinafter, "wells") located in Lea County, New Mexico:

- Blankenship #001, API #30-025-07766, E-12-20S-38E
- Blankenship A #001, API #30-025-07769, L-12-20S-38E
- Peoples Security #001, API #30-025-07281, L-23-16S-38E
- G W Shahan #002, API #30-025-11873, B-33-25S-37E

4. The records of the Oil Conservation Division ("OCD") show that the wells are currently inactive, and there has been no reported production or other use for the wells for a continuous period in excess of one year plus 90 days.

5. The wells are neither properly plugged and abandoned nor on approved temporary abandonment status.

6. OCD Rule 19.15.4.201 NMAC requires that a well shall be either properly plugged and abandoned or placed on approved temporary abandonment within 90 days after a period of one year in which a well has been continuously inactive.

7. NMSA 1978, § 70-2-14(B) provides that if any of the requirements of an OCD rule is not complied with, the OCD, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules, and if the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

WHEREFORE, the Enforcement and Compliance Manager hereby applies to the Director to enter an order:

- A. Requiring BC & D Operating, Inc. to return the above referenced four wells to compliance with 19.15.4.201 NMAC by a date certain;
- B. Authorizing the Oil Conservation Division to plug the above-referenced four wells and forfeit the applicable financial assurance if BC & D Operating, Inc. fails to return the wells to compliance by the deadline set in the order; and
- C. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
January 18, 2007 by



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Case No. 13874. **Application of the New Mexico Oil Conservation Division for a compliance order against BC & D Operating, Inc.** The Applicant seeks a compliance order requiring BC & D Operating, Inc. to return four inactive wells in Lea County, New Mexico, to compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug the wells and forfeit the applicable financial assurance if the operator fails to meet the deadline set in the order. The affected wells are: Blankenship #001, API #30-025-07766, Unit Letter E, Section 12, Township 20 South, Range 38 East; Blankenship A #001, API #30-025-07769, Unit Letter L, Section 12, Township 20 South, Range 38 East; Peoples Security #001, API #30-025-07281, Unit Letter L, Section 23, Township 16 South, Range 38 East; and G W Shahan #002, API #30-025-11873, Unit Letter B, Section 33, Township 25 South, Range 37 East;.