

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

CASE NO. 13886
ORDER NO. R-12772

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE DISTRICT I SUPERVISOR FOR A COMPLIANCE ORDER AGAINST REUBIN COLLINS D/B/A RCJ ENTERPRISES, LLC FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO ELEVEN WELLS, REQUIRING OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN AND, IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS LOCATED IN LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 24, 2007, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 2nd day of July, 2007, the Oil Conservation Division ("Division") Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The Division seeks an order requiring Reubin Collins d/b/a RCJ Enterprises, LLC ("operator") to return each of the following eleven 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 the wells in accordance with a Division-approved plugging program, and to take the necessary and appropriate measures to recover from the operator any costs of plugging the subject wells:

<u>Well Name</u>	<u>API</u>	<u>Location</u>
Buffalo Unit Well No. 7	30-025-21604	B-34-18S-33E
Buffalo Unit Well No. 8	30-025-21846	H-34-18S-33E
Buffalo Unit Well No. 10	30-025-21957	A-34-18S-33E
Buffalo Unit Well No. 11	30-025-22598	L-35-18S-33E

Cockburn Federal Well No. 4	30-025-01391	K-34-17S-33E
Cockburn Federal Well No. 6	30-025-01392	J-34-17S-33E
Cockburn Federal Well No. 7	30-025-01362	I-33-17S-33E
Cockburn Federal Well No. 10	30-025-21242	J-33-17S-33E
Wallen Bass Well No. 2	30-025-26458	N-21-20S-34E
Wallen Bass Well No. 3	30-025-25904	P-21-20S-34E
Wallen Bass Well No. 4	30-025-26288	O-21-20S-34E

All in Lea County, New Mexico

(3) In accordance with the provisions of 19.15.14.1210 and 1227 NMAC, notice of this hearing was mailed to the operator. No party other than the applicant entered an appearance or was present at the hearing.

(4) The evidence presented by the Division demonstrates that:

a) The last operator of record for the subject wells is Reubin Collins d/b/a RCJ Enterprises, LLC which operates in New Mexico under OGRID 212329.

b) The operator of record has acknowledged receipt of notice of this hearing and notice was also posted in a newspaper in Lea County.

c) The operator's wells in New Mexico are federal wells, therefore, the operator is not required to post, and has not posted, financial assurances to secure its obligation to plug and abandon the wells with the Oil Conservation Division.

d) The last reported production for any of these wells was in February of 2004. The Division cancelled Reubin Collins' authority to transport oil on October 12, 2006, due to chronic lack of production reporting.

e) The Division asks that Reubin Collins be granted until October 1, 2007 to return all wells to compliance with 19.15.4.201 NMAC and, in case this deadline is not met, be fined \$1,000 per well per month from the date of this order.

f) District inspectors have since visited all eleven wells and determined that seven are possibly capable of operations, and the remaining four have been incapable of production for some time. At the hearing, the applicant asked that seven of these eleven wells be dropped from the case.

(5) The following are the four wells remaining in this case:

<u>Well Name</u>	<u>API</u>	<u>Location</u>
Buffalo Unit Well No. 7	30-025-21604	B-34-18S-33E
Cockburn Federal Well No. 7	30-025-01362	I-33-17S-33E
Cockburn Federal Well No. 10	30-025-21242	J-33-17S-33E
Wallen Bass Well No. 3	30-025-25904	P-21-20S-34E

All in Lea County, New Mexico

(6) The evidence presented shows these four wells have been inactive for a period in excess of one year plus 90 days. These four wells were never approved for temporary abandonment in accordance with 19.15.4.203 NMAC and the four wells have not been permanently plugged and abandoned in accordance with 19.15.4.202 NMAC.

(7) Reubin Collins d/b/a RCJ Enterprises, LLC should be formally required to return these wells to compliance with 19.15.4.201 NMAC on or before October 1, 2007.

(8) Should Reubin Collins d/b/a RCJ Enterprises, LLC not meet this October 1, 2007 compliance deadline:

a) the Division should be authorized to (i) plug and abandon the four subject wells and (ii) take necessary and appropriate measures to recover from the operator the costs incurred in plugging said wells; and

b) the Division should be authorized to set the matter for hearing, at which Reubin Collins d/b/a RCJ Enterprises, LLC should be required to show cause why it should not be subject to a maximum penalty of \$1,000 per calendar day for each well for each day of violation of this order.

IT IS THEREFORE ORDERED THAT:

(1) Reubin Collins d/b/a RCJ Enterprises, LLC ("operator") is hereby directed to return the following four wells to compliance with 19.15.4.201 NMAC on or before October 1, 2007:

<u>Well Name</u>	<u>API</u>	<u>Location</u>
Buffalo Unit Well No. 7	30-025-21604	B-34-18S-33E
Cockburn Federal Well No. 7	30-025-01362	I-33-17S-33E
Cockburn Federal Well No. 10	30-025-21242	J-33-17S-33E
Wallen Bass Well No. 3	30-025-25904	P-21-20S-34E

All in Lea County, New Mexico

(2) Prior to beginning work on these wells, the operator shall obtain approval for any such work from the supervisor of the Division's district office and shall notify the District Office of the date and time this work is to commence so the Division may witness the work.

(3) In the event the operator fails to return each of these wells to compliance as directed above, then:

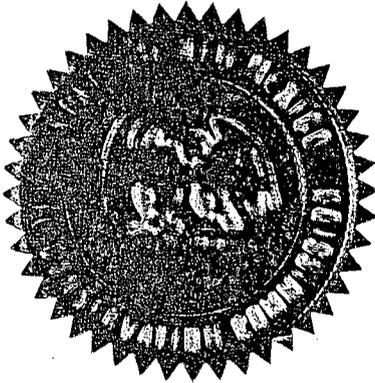
a) the Division is authorized to plug and abandon the subject wells and reclaim the well locations;

b) the Division is authorized to take necessary and appropriate measures to recover from the operator any costs of plugging the subject wells and all well site cleanup costs; and

c) the Division is authorized to set the matter for hearing, at which Reubin Collins d/b/a RCJ Enterprises, LLC shall be required to show cause why it should not be subjected to penalties not to exceed \$1,000 per calendar day for each well, from the date of this order until such well is returned to compliance as herein provided.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director

SEAL