

STATE OF NEW MEXICO RECEIVED
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION FEB 20 PM 3 35

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST C W TRAINER PURSUANT TO NMSA 1978, SECTION 70-2-14(B) ORDERING C W TRAINER TO PLUG AND ABANDON ALL WELLS IT OPERATES IN NEW MEXICO BY A DATE CERTAIN AND AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE; LEA AND CHAVES COUNTIES, NEW MEXICO.

CASE NO. 14103

APPLICATION FOR COMPLIANCE ORDER
AGAINST C W TRAINER

1. C W Trainer ("Trainer") is a sole proprietor operating the following 13 wells under OGRID 3474 in Lea and Chaves Counties, New Mexico:

- Barbara Federal #001 30-025-24598
- Grama Ridge 8 State #001 30-025-30046
- Gulf Deep #001 30-005-01210
- Gulf State Com #001 30-025-23525
- Harris Federal #001 30-025-28551
- Hope State #001 30-025-01059
- Lea DS State #001 30-025-23611
- M&G Medlin #001 30-005-00588
- Morse #001 30-025-04991
- Morse #001 30-025-04995
- Nancy #001 30-025-24582
- Thistle Unit #002 30-025-33424
- Tower #002 30-025-35093

2. C W Trainer posted \$50,000 surety bond number B001539 through U.S. Specialty Insurance Company to secure his obligation to plug and abandon wells on

privately owned or state-owned lands in New Mexico in compliance with the rules of the Oil Conservation Division (“OCD”).

3. NMSA 1978, Section 70-2-14(B) provides:

If any of the requirements of the Oil and Gas Act [70-2-1 NMSA 1978] or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

4. Trainer is out of compliance with the following rules promulgated pursuant to the Oil and Gas Act:

A. **19.15.13.1115 NMAC.** Operators are required to file a monthly C-115 report for each non-plugged well completion for which the OCD has approved a C-104 authorization to transport, and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state of New Mexico. Reports are due on or before the 15th day of the second month following the month of production. Trainer has not filed C-115 reports for November or December 2007 production. Those reports were due January 15, and February 15, 2008.

B. **19.15.3.101.B NMAC.** Effective January 1, 2008, all state or fee wells that have been inactive for more than two years must be covered by a single well financial assurance. To date, Trainer has not posted single well financial assurances for the following state or fee wells that have been inactive for more than two years:

- Gulf Deep #001 30-005-01210
- Gulf State Com #001 30-025-23525
- Hope State #001 30-025-01059
- Lea DS State #001 30-025-23611
- M&G Medlin #001 30-005-00588
- Morse #001 30-025-04991

- Morse #001 30-025-04995
- Nancy #001 30-025-24582
- Tower #002 30-025-35093

C. **19.15.4.201 NMAC.** A well shall be either properly plugged and abandoned or placed on approved temporary abandonment status within 90 days after a period of one year in which a well has been continuously inactive, or within 90 days after a 60 day period following suspension of drilling operations. The following wells operated by Trainer have not reported production or injection for at least one year plus ninety days, and are not properly plugged and abandoned and are not on approved temporary abandonment status:

- Gulf Deep #001 30-005-01210
- Gulf State Com #001 30-025-23525
- Harris Federal #001 30-025-28551
- Hope State #001 30-025-01059
- Lea DS State #001 30-025-23611
- M&G Medlin #001 30-005-00588
- Morse #001 30-025-04991
- Morse #001 30-025-04995
- Nancy #001 30-025-24582
- Thistle Unit #002 30-025-33424
- Tower #002 30-025-35093

Three of the wells are already subject to plugging order R-12720, issued in Case 13846: Gulf State Com Well No. 1, Harris Federal Well No. 1 and Morse Well No. 1. Trainer failed to comply with the order's requirement that the wells be returned to compliance by May 31, 2007. Case 13846 was brought after Trainer failed to comply with two inactive well agreed compliance orders.

D. **19.15.4.202 NMAC.** As soon as practical but no later than one year after the completion of plugging operations, the operator shall remediate the well site in

accordance with the requirements of 19.15.4.202.B NMAC and file a record of the work done on a Form C-103. Trainer plugged the wellbores of the following wells over one year ago, but has not complied with 19.15.4.202 NMAC:

- Hope State #001 30-025-01059
- Lea DS State #001 30-025-23611
- M&G Medlin #001 30-005-00588
- Nancy #001 30-025-24582
- Tower #002 30-025-35093

E. **19.15.9.116.D NMAC.** The responsible person must complete division-approved corrective action for releases which endanger public health or the environment. By letter of violation dated February 27, 2007 and Notice of Violation dated April 10, 2007, the OCD notified Operator of a spill at the Harris Federal #001. Trainer entered into Agreed Compliance Order 186, which was executed on August 20, 2007. Under the terms of the Order, Trainer agreed to complete cleanup of the releases at the Harris Federal #001 in accordance with an OCD-approved cleanup plan within 60 days. To date, Trainer has not completed the cleanup of the releases.

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

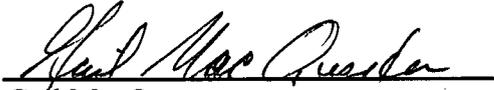
A. Determining that Trainer is in violation of one or more of the following: 19.15.13.1115 NMAC; 19.15.3.101.B NMAC; 19.15.4.201 NMAC; 19.15.4.202 NMAC; 19.15.9.116.D NMAC;

B. Pursuant to NMSA 1978, Section 70-2-14(B), requiring Trainer to plug and abandon all his wells by a date certain; and if the subject wells are not plugged and abandoned by the date set in the order:

- (1) Authorizing the OCD to plug the wells in accordance with a Division-approved plugging program; and
- (2) If any of the non-compliant subject wells is located on privately owned or state owned lands, authorizing the OCD to declare forfeit the security furnished by the Operator; and

C. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 20th day of February 2008 by



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Case No. 14/03. Application of the New Mexico Oil Conservation Division for a Compliance Order against C W Trainer. The Applicant seeks an order pursuant to NMSA 1978, Section 70-2-14(B) requiring operator to plug and abandon all its wells in New Mexico by a date certain and authorizing the Division to plug said wells and forfeit the applicable financial assurance in the event of non-compliance. The wells at issue are: Barbara Federal #001, I-6-22S-34E, 30-025-24598; Grama Ridge 8 State #001, H-8-22S-34E, 30-025-30046; Gulf Deep #001, C-34-14S-31E, 30-005-01210; Gulf State Com #001, 1-4-15S-35E, 30-025-23525; Harris Federal #001, O-5-22S-34E, 30-025-28551; Hope State #001, P-22-12S-33E, 30-025-01059; Lea DS State #001, E-36-19S-34E, 30-025-23611; M&G Medlin #001, D-8-15S-31E, 30-005-00588; Morse #001, E-27-10S-37E, 30-025-04991; Morse #001, A-28-10S-37E, 30-025-04995; Nancy #001, F-5-15S-34E, 30-025-24582; Thistle Unit #002, E-28-23S-33E, 30-025-33424; Tower #002, M-23-12S-33E, 30-025-35093. The Morse wells are located approximately 5 miles northeast of Tatum in Lea County, New Mexico. The Lea DS State #1, Harris Federal #001, Grama Ridge 8 State #001, Barbara Federal #001, and Thistle Unit #002 are located 6 to 9 miles west of Eunice. The Tower #002, Nancy #001, M&G Medlin #001, Hope State #001, Gulf Deep #001 and Gulf State Com #001 are located approximately 2 to 10 miles northwest of Lovington. The Gulf Deep #001 is located in Chaves County, New Mexico; the remaining wells are located in Lea County, New Mexico.