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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST PARRISH, H. DWAYNE AND RHONDA K., FINDING OPERATOR IN VIOLATION OF RULE 19.15.4.201 NMAC AS TO ELEVEN WELLS; RULE 19.15.9.703 NMAC AS TO TWO WELLS; REQUIRING OPERATOR TO COME INTO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO PLUG THE THIRTEEN WELLS PURSUANT TO NMSA, 1978, SECTION 70-2-12(B) AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IF OPERATOR FAILS TO COMPLY; EDDY COUNTY, NEW MEXICO.

CASE NO. 14164

APPLICATION FOR COMPLIANCE ORDER AGAINST PARRISH, H.
DWAYNE AND RHONDA K.

1. Parrish, H. Dwayne and Rhonda K., operate wells in New Mexico under OGRID No. 9759.

2. Operator is the operator of record of the following wells:

- Adkins Williams State No. 001; 30-015-10450; O-17-18S-28E
- Adkins Williams State No. 002; 30-015-01916; O-17-18S-28E
- Adkins Williams State No. 002Y; 30-015-01920; O-17-18S-28E
- Adkins Williams State No. 005; 30-015-01919; O-17-18S-28E
- Adkins Williams State No. 006; 30-015-01906; O-17-18S-28E
- Atlantic State No. 003; 30-015-01387; O-16-17S-28E
- Graridge State No. 003; 30-015-01904; L-17-18S-28E
- Schoonmaker St No. 004; 30-015-26019; L-12-19S-29E
- State T No. 001; 30-015-03581; E-12-19S-29E
- State T No. 002; 30-015-26378; E-12-19S-29E
- Sunray Mid Continent No. 001; 30-015-01350; A-11-17S-28E
- Sunray Mid Continent No. 002; 30-015-01351; I-11-17S-28E
- Welch State No. 004; 30-015-10452; K-17-18S-28E

3. Operator has posted a Fifty Thousand Dollars (\$50,000.00) blanket bond through Western Bank in Artesia, New Mexico, pursuant to NMSA 1978, Section 70-2-14, to secure its obligation to plug and abandon the wells in compliance with the rules of the Oil Conservation Division (hereinafter, "OCD").

4. In addition, pursuant to NMSA 1978, Section 70-2-14, Operator has posted through Lexon Insurance Company in Louisville, Kentucky, single well bonds in the following amounts for the following wells:

● Adkins Williams State No. 002	\$7,178.00
● Adkins Williams State No. 005	\$8,190.00
● Atlantic State No. 003	\$6,966.00
● Graridge State No. 003	\$7,136.00
● Schoonmaker St No. 004	\$7,624.00
● State T No. 001	\$9,064.00
● State T No. 002	\$7,620.00
● Surray Mid Continent No. 001	\$7,624.00
● Surray Mid Continent No. 002	\$6,650.00
● Welch State No. 004	\$7,474.00

5. OCD Rule 19.15.4.201 NMAC (hereinafter, "Rule 201") requires the operator of a well which has been continuously inactive for a period of one year and ninety days to return the well to beneficial use, plug and abandon the well, or place the well on OCD-approved temporary abandonment status.

6. With the exception of the Adkins Williams State No. 001 and Adkins Williams State No. 006, the subject wells have had no reported production for a continuous period exceeding one year plus ninety days, and are neither plugged and abandoned in accord with OCD Rule 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with OCD Rule 19.15.4.203 NMAC.

7. OCD Rule 19.15.9.703.A NMAC (hereinafter, "Rule 703") requires injection wells to "be equipped, operated, monitored and maintained to facilitate periodic

testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.”

8. OCD has tried to test the Adkins Williams State No. 001 and Adkins Williams State No. 006 since 2006. In an agreed compliance order Operator agreed to repair both wells and bring them into compliance by August 17, 2007. As of this date Operator has not repaired the wells to allow for retesting by OCD.

9. 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.

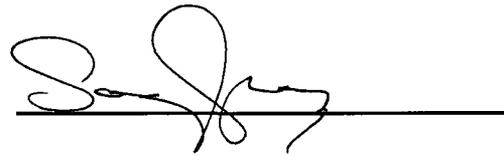
WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an Order:

- A. Finding Operator in violation of Rule 19.15.4.201 and Rule 19.15.9.703;
- B. Requiring Operator to bring the wells into compliance with Rule 19.15.4.201 and Rule 19.15.9.703 by a date certain;
- C. If Operator fails to bring the wells into compliance with Rule 19.15.4.201 and Rule 19.15.9.703 by the set date, requiring Operator, pursuant to NMSA 1978, Section 70-2-14(B), to plug and abandon the thirteen wells by a date certain;

- D. If the subject wells are not plugged and abandoned by the set date, authorizing OCD to plug and abandon the wells and forfeit the applicable financial assurance; and
- E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED

this 21st day of July, 2008 by



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Case No. 14164 Application of the New Mexico Oil Conservation Division for a Compliance Order against Parrish, H. Dwayne and Rhonda K. Applicant seeks an Order requiring Operator to comply with Rule 19.15.4.201 and Rule 19.15.9.703.A by a date certain; requiring operator to plug and abandon the wells pursuant to NMSA 1978, Section 70-2-14(B) if Operator fails to bring wells into compliance by set date; and authorizing the Division to plug the wells and forfeit the financial assurance in the event of Operator's non-compliance. The affected wells are:

- Adkins Williams State No. 001; 30-015-10450; O-17-18S-28E
- Adkins Williams State No. 002; 30-015-01916; O-17-18S-28E
- Adkins Williams State No. 002Y; 30-015-01920; O-17-18S-28E
- Adkins Williams State No. 005; 30-015-01919; O-17-18S-28E
- Adkins Williams State No. 006; 30-015-01906; O-17-18S-28E
- Graridge State No. 003; 30-015-01904; L-17-18S-28E
- Welch State No. 004; 30-015-10452; K-17-18S-28E

These wells are located approximately 8 miles Southwest of Loco Hills, in Eddy County, New Mexico.

- Atlantic State No. 003; 30-015-01387; O-16-17S-28E
- Surray Mid Continent No. 001; 30-015-01350; A-11-17S-28E
- Surray Mid Continent No. 002; 30-015-01351; I-11-17S-28E

These wells are located approximately 12 miles Southwest of Loco Hills, in Eddy County, New Mexico.

- Schoonmaker St No. 004; 30-015-26019; L-12-19S-29E
- State T No. 001; 30-015-03581; E-12-19S-29E
- State T No. 002; 30-015-26378; E-12-19S-29E

These wells are located approximately 10 miles Southeast of Loco Hills, in Eddy County, New Mexico.