

**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 JOHN CRAVEY D/B/A JRC PETROLEUM
FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.25.8 NMAC
AND 19.15.5.9 NMAC, REVOKING ADMINISTRATIVE ORDER SWD-1141,
REQUIRING OPERATOR TO PROPERLY PLUG AND ABANDON ALL HIS
WELLS BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE
AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS,
EDDY COUNTY, NEW MEXICO.**

CASE NO. 14320

**APPLICATION FOR COMPLIANCE ORDER
AGAINST JOHN CRAVEY D/B/A JRC PETROLEUM**

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1. John Cravey is a sole proprietor doing business as JRC Petroleum,
operating the following wells in New Mexico under OGRID 252682:

Bradley Federal #001, 30-015-00391, D-13-24S-26E
Bradley Federal #002, 30-015-00387, P-11-24S-26E
Bradley Federal #005, 30-015, 00382, P-11-24S-26E
Bradley Federal #006, 30-015-00386, I-11-24S-26E
Bradley Federal #008, 30-015-00383, K-11-24S-26E

2. According to Mr. Cravey's regulatory filings with the Oil Conservation
Division (OCD), his address is Box 447, Pecos, TX 79772.

3. Because Mr. Cravey's wells are federal wells, he is not required to post
financial assurances for the wells with the OCD, and has not posted financial assurances
with the OCD.

4. NMSA 1978, Section 70-2-14(B) provides, in relevant part, "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.”

Violation of 19.15.25 NMAC (inactive well requirements):

5. Rule 19.15.25.8 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.

6. Rule 19.15.25.10.D NMAC provides that, as soon as practical, but not later than one year after the completion of plugging operations, the operator shall level the location, remove deadmen and other junk, and take other measures necessary or required by the OCD to restore the location to a safe and clean condition. In addition, the operator is required to close all pits and below-grade tanks. See 19.15.25.10.E NMAC.

7. Rule 19.15.25.11 NMAC provides that within 30 days after completing all restoration work the operator shall file with the OCD a record of the work done. The OCD shall not approve the record of plugging or release a bond until the operator has filed the necessary reports and the OCD has inspected and approved the location.

8. The following wells operated by Mr. Cravey have been inactive for a continuous period in excess of one year plus 90 days, and are neither plugged and abandoned in accord with 19.15.25.10 NMAC nor on approved temporary abandonment status in accord with 19.15.25.13 NMAC:

Bradley Federal #002, 30-015-00387, P-11-24S-26E
Bradley Federal #005, 30-015, 00382, P-11-24S-26E
Bradley Federal #006, 30-015-00386, I-11-24S-26E
Bradley Federal #008, 30-015-00383, K-11-24S-26E

9. The remaining well, the Bradley Federal #001, 30-015-00391, D-13-24S-26E, has not reported production or injection since April 2008, and is neither plugged and abandoned nor on approved temporary abandonment status. It will be out of compliance with Rule 19.15.25.11 NMAC if it is not returned to beneficial use, plugged or placed on approved temporary abandonment status by August 1, 2009.

10. Rule 19.15.8.13 NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.25.8 NMAC and restore and remediate the location by a date certain.

11. NMSA 1978, Section 70-2-12(B)(18) and NMSA 1978, Section 70-2-38 authorize the OCD to plug and abandon wells, and restore and remediate the location of abandoned wells.

Violation of 19.15.5.9.A NMAC (compliance requirements):

12. An operator is in compliance with 19.15.5.9.A NMAC as to inactive wells if the operator has no more than a certain number of wells out of compliance with 19.15.25.8 NMAC that are not subject to an agreed compliance order setting a schedule for bringing the wells into compliance and imposing sanctions if that schedule is not met. The number of wells is determined by the number of wells the operator operates in New Mexico.

13. An operator who operates fewer than 100 wells in New Mexico will be out of compliance with 19.15.5.9.A NMAC if it has more than two wells or 50% of its wells, whichever is less, out of compliance with 19.15.25.8 NMAC.

14. Mr. Cravey operates 5 wells in New Mexico; 4 of those wells are currently out of compliance with 19.15.25.8 NMAC and are not covered by an inactive well agreed compliance order.

Revocation of SWD-1141

15. On September 18, 2008, the OCD issued Administrative Order SWD-1141 to Mr. Cravey, authorizing him to inject into the Bradley Federal #006.

16. 19.15.26.8 NMAC provides, in relevant part, "The division shall grant a permit for injection under 19.15.26.8 NMAC only to an operator who is in compliance with Subsection A of 19.15.5.9 NMAC. The division may revoke a permit for injection issued under 19.15.26.8 NMAC after notice and hearing if the operator is not in compliance with Subsection A of 19.15.5.9 NMAC."

17. Mr. Cravey was in compliance with 19.15.5.9.A NMAC at the time the OCD issued SWD-1141, because at that time his inactive wells were covered by an inactive well agreed compliance order, ACOI 197.

18. ACOI 197 expired without Mr. Cravey taking the compliance actions required under the order, and Mr. Cravey is therefore in violation of 19.15.5.9.A NMAC.

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

- A. Determining that John Cravey d/b/a JRC Petroleum is in violation of 19.15.25 NMAC (the inactive well rule) as to four wells;
- B. Determining that John Cravey d/b/a JRC Petroleum is in violation of 19.15.5.9 NMAC (the compliance rule);

- C. Revoking Administrative Order SWD-1141, based on John Cravey d/b/a JRC Petroleum's failure to comply with 19.15.5.9 NMAC;
- D. Requiring John Cravey d/b/a JRC Petroleum to properly plug and abandon all his wells by a date certain, pursuant to NMSA 1978, Section 70-2-14(B), and authorizing the OCD to properly plug and abandon all wells operated by John Cravey d/b/a JRC Petroleum if he fails to do so; and
- E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 15th day of April 2009 by



Gail MacQuesten
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for The New Mexico Oil
Conservation Division

Case No. 14320. Application of the New Mexico Oil Conservation Division for a Compliance Order against John Cravey d/b/a JRC Petroleum. The Applicant seeks an order finding that the operator is in violation of 19.15.25 NMAC and 19.15.5.9 NMAC, revoking Administrative Order SWD-1141, requiring operator to plug and abandon all the wells he operates by a date certain, and authorizing the division to plug and abandon the wells if the operator does not comply. The affected wells are: Bradley Federal #001, 30-015-00391, D-13-24S-26E; Bradley Federal #002, 30-015-00387, P-11-24S-26E; Bradley Federal #005, 30-015, 00382, P-11-24S-26E; Bradley Federal #006, 30-015-00386, I-11-24S-26E; Bradley Federal #008, 30-015-00383, K-11-24S-26E. The wells are located near Black River Village in Eddy County, New Mexico.