

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 13066
ORDER NO. R-12079**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR
AN ORDER REQUIRING JIM PIERCE TO BRING THREE WELLS INTO
COMPLIANCE WITH RULE 201.B AND ASSESSING APPROPRIATE CIVIL
PENALTIES, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 7, 2003, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 16th day of February, 2004, the 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) Jim Pierce is the current owner and operator of the following three wells, all located in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico:

State "S" Well No. 2 (API No. 30-015-03582), located 330 feet from the North line and 330 feet from the East line (Unit A) of Section 12;

Leonard "A" State No. 1 (API No. 30-015-03603), located 330 feet from the North line and 1,650 feet from the East line (Unit B) of Section 12;

Leonard State No. 4 (API No. 30-015-03539), located 1,650 feet from the South line and 330 feet from the East line (Unit I) of Section 1.

(3) The New Mexico Oil Conservation Division ("Division") seeks an order directing Jim Pierce to bring these wells into compliance with Division Rule 201.B, either by: (i) restoring these wells to production, injection or other Division-approved beneficial use; (ii) causing these wells to be properly plugged and abandoned in accordance with Division Rule 202.B; or (iii) securing Division authority to maintain these wells in temporary abandonment status in accordance with Division Rule 203. Division also seeks appropriate civil penalties in the event Jim Pierce fails to comply with Rule 201.B.

(4) In accordance with the provisions of Division Rule No. 1207, notice of this application was provided to Jim Pierce; however, no one representing Jim Pierce appeared at the hearing.

(5) The Division appeared in this matter through legal counsel and presented witnesses and evidence to support its application.

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

- (a) all three of the subject wells are owned and operated by Jim Pierce;
- (b) all of these wells either produced or attempted to produce oil at one time;
- (c) August, 2001, is the latest date any of these wells was actively produced;
- (d) the Division initially requested Jim Pierce to take action on the Leonard State Well No. 4 in July, 2002;
- (e) the Division initially requested Jim Pierce to take action on the Leonard "A" State Well No. 1 and the State "S" Well No. 2 in September, 2002; and
- (f) at the time of the hearing, these wells were not in compliance; however, Jim Pierce had already begun work to bring these wells into compliance with Rule 201.B.

(7) Records filed with the Division after the hearing show that all three of these wells were brought into compliance with Division Rule 201.B in October of 2003. One well has been returned to production. The other two wells have been plugged and abandoned. In addition, Jim Pierce has filed Form C103 and obtained Division approval for these actions.

(8) By returning one well to production, Jim Pierce has prevented waste of valuable hydrocarbon resources.

(9) By properly plugging two wells, Jim Pierce has ensured no movement of fluids will occur out of zone, protected potential sources of drinking water, and protected the environment.

(10) The Division's request for an order requiring these three wells to be brought in compliance with Division Rule 201.B is now moot.

(11) The Division's request for an order assessing civil penalties should be denied in this case.

IT IS THEREFORE ORDERED THAT:

(1) The Division's request for an order requiring Jim Pierce to bring the following three wells, all located in Township 19 South, Range 29 East, NMPM, Eddy County, New Mexico, into compliance with Division Rule 201.B and assessing appropriate civil penalties is hereby dismissed:

State "S" Well No. 2 (API No. 30-015-03582), located 330 feet from the North line and 330 feet from the East line (Unit A) of Section 12;

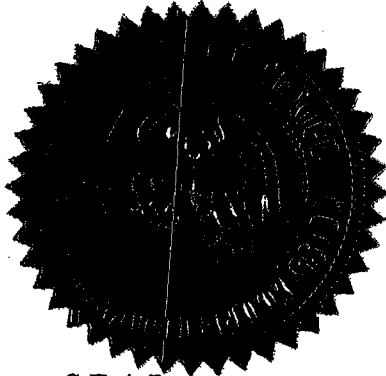
Leonard "A" State No. 1 (API No. 30-015-03603), located 330 feet from the North line and 1,650 feet from the East line (Unit B) of Section 12;
and

Leonard State No. 4 (API No. 30-015-03539), located 1,650 feet from the South line and 330 feet from the East line (Unit I) of Section 1.

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

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



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director