

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

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APPLICATION OF THE OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT & COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST OPERATOR CORINNE GRACE, FINDING OPERATOR IN VIOLATION OF 19.15.25.8 NMAC AS TO CUEVA UNIT #1, REQUIRING OPERATOR TO PLUG AND ABANDON SAID WELL BY A DATE CERTAIN, AND AUTHORIZING THE DIVISION TO FORFEIT THE APPLICABLE FINANCIAL ASSURANCE AND PLUG THE WELL IN THE EVENT OF OPERATOR'S NON-COMPLIANCE, EDDY COUNTY, NEW MEXICO.

CASE NO. 14560

APPLICATION FOR A COMPLIANCE ORDER AGAINST CORINNE GRACE

1. Corinne Grace (hereinafter, "Operator") is a sole proprietor which operates one well within New Mexico under OGRID 5268.

2. The one well where Operator is operator of record is the Cueva Unit #1, API #30-015-21362, K-6-23S-26E.

3. Pursuant to NMSA 1978, Section 70-2-14, Operator has posted a Sixteen Thousand Five Hundred Seventy-Seven Dollars (\$16,577.00) single-well cash bond (Bond No. OCD868) through Wells Fargo Bank in Carlsbad, New Mexico, to secure Operator's obligation to plug and abandon the Cueva Unit #1 in compliance with Oil Conservation Division ("OCD") rules.

4. 19.15.25.8B NMAC states:

The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

- (1) a 60 day period following suspension of drilling operations;
- (2) a determination that a well is no longer usable for beneficial purposes;
- or
- (3) a period of one year in which a well has been continuously inactive.

5. According to OCD records, the Cueva Unit #1 has been inactive for a continuous period exceeding one year plus 90 days, and is neither properly plugged and abandoned nor on OCD-approved temporary abandonment status in accord with 19.15.25 NMAC. OCD records show the date of last reported production for the Cueva Unit #1 as September 2000.

6. The Cueva Unit #1 is located within the City of Carlsbad Wellhead Protection Program area. The City of Carlsbad Wellhead Protection Program area is one of the main sources of water for the City of Carlsbad. Most of the water supplied to the City of Carlsbad is pumped from wells located within the City of Carlsbad Wellhead Protection Program area.

7. The Carlsbad Wellhead Protection Program area has a two-year protection area and a wider ten-year protection area. The two-year protection area and ten-year protection area are determined by the amount of time it would take for contaminants from nearby oilfield wells to reach the wells that supply the water for the City of Carlsbad.

8. The Cueva Unit #1 is located within the two-year protection area. The site has a reserve pit and a pile of contaminated soil. Water repeatedly ponds in the reserve pit and the adjoining area. The site is located within 280 feet of a major drainage to the South.

9. 19.15.8.13A 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.

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

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

- A. Finding that the Cueva Unit #1 is in non-compliance with 19.15.25.8 NMAC;
- B. Requiring Operator to plug and abandon the Cueva Unit #1 by a date certain;
- C. In the event of Operator's non-compliance with Order, authorizing the OCD to forfeit the applicable financial assurance and plug and abandon the well in accordance with an OCD-approved plugging program and restore and remediate the location
- D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED

this 24th day of September, 2010, by



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• Case No. 14560. Application of the New Mexico Oil Conservation Division for a Compliance Order against Corinne Grace. The Applicant seeks an order finding that operator is in violation of 19.15.25.8 NMAC as to one well, requiring operator to plug and abandon the well by a date certain and authorizing the Division to forfeit the financial assurance and plug said well in the event of non-compliance. The affected well is: Cueva Unit #1, 30-015-21362, K-6-23S-26E. The well is located approximately 6 miles Southwest of Carlsbad, in Eddy County, New Mexico.