

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISORS OF DISTRICTS I AND II FOR AN ORDER REQUIRING METEOR DEVELOPMENTS, INC. TO PROPERLY PLUG FOURTEEN WELLS (FOUR WELLS LOCATED IN SECTION 22, TWO WELLS LOCATED IN SECTION 23 AND FIVE WELLS LOCATED IN SECTION 26, ALL IN TOWNSHIP 9 SOUTH, RANGE 36 EAST, NMPM, LEA COUNTY, AND THREE WELLS LOCATED IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM, EDDY COUNTY, NEW MEXICO) AUTHORIZING THE DIVISION TO PLUG SAID WELLS, AND ORDERING THE IMPOSITION OF FINES AND A FORFEITURE OF THE PLUGGING BOND.

*Case No. 11901
Order No. R-10939*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 18, 1997, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of January, 1988 the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) Meteor Developments, Inc. is the last known owner and operator of the fourteen (14) wells located as captioned above and listed on Exhibit "A" to this order.

(3) In compliance with Division Rules and Regulations, the operator of said well, posted a blanket plugging bond in the amount of \$50,000.00 issued by Central Pacific Assurance Ltd.

(4) The purpose of said bond is to assure the Division that the subject wells will be properly plugged and abandoned when not capable of commercial production.

(5) Neither the operator nor the surety appeared at the hearing. A return receipt for notice of this hearing was signed on behalf of the operator. Efforts to reach the surety were unsuccessful. The record contains uncontroverted evidence that the wells are in need of plugging. An interested party, Saga Petroleum, L.L.C., appeared through counsel at the hearing and submitted a letter into the record indicating its willingness to work with the Division in utilizing one or more of the subject wellbores in its operations. Another interested party, Paladin Energy Corp., did not appear but submitted a letter and called the Division indicating its interest in working with the Division in utilizing one or more of the subject wellbores in its operations.

(6) The subject wells have not produced hydrocarbon substance or have otherwise been inactive for more than one year, and no permits for temporary abandonment have been requested by the operator or approved by the Division.

(7) By virtue of the failure to use the subject wells for a beneficial purpose or to have approved current temporary abandonment permits, the wells are presumed to have been abandoned.

(8) The current condition of the subject wells is such that waste may occur, correlative rights may be violated or fresh waters may be contaminated if action is not taken to properly plug and abandon the wells. One or more of the wellbores, however, may be of use to other operators.

(9) In order to prevent waste, to protect correlative rights, and to protect fresh waters, the wells should be plugged and abandoned in accordance with a program approved by the supervisors of the Hobbs and Artesia District Offices of the New Mexico Oil Conservation Division; however, one or more of said wellbores may be allowed by said supervisors to be utilized by parties owning the legal right to do so upon an agreement acceptable to the Division as to the liability assumed by such party.

(10) At this time, the Division seeks an order directing the operator to plug the wells and if the operator fails to do so, make demand upon the surety to pay the Division so much of the bond amount (up to amount of the bond) as is necessary to pay the costs of plugging the wells.

IT IS THEREFORE ORDERED THAT:

(1) The operator is hereby ordered to immediately plug and abandon the wells listed on the attached Exhibit "A" to this order; however, the supervisors of the Division's Hobbs and Artesia District Offices may allow one or more of these wells to be utilized by

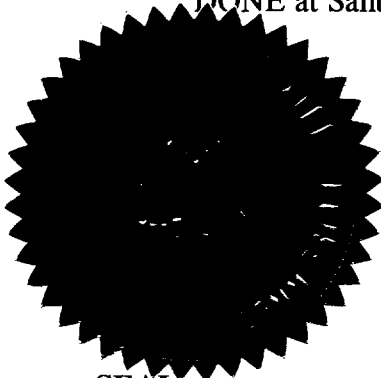
parties owning the legal right to do so upon an agreement acceptable to the Division as to the liabilities assumed by such parties.

(2) The operator, prior to plugging and abandoning the wells, shall obtain from the supervisors of the Division Hobbs and Artesia District Offices an approved program for said plugging and abandoning and shall notify said offices of the date and time said work is to commence whereupon the Division may, at its option, witness such work.

(3) Should the operator either fail or refuse to carry out these provisions within 30 days of this order, the operator is assessed a penalty of \$1,000 per well per day and the Division shall take such action as it deems necessary to have the wells properly plugged and abandoned at which time the Division Director shall make demand upon the surety to pay so much of the bond amount as is necessary to pay the costs of plugging said wells and shall take all available legal action to pursue the operator for the costs not paid by the surety.

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

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



SEAL

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Kathleen A. Garland
Acting Director

EXHIBIT "A"

<u>Lease Name</u>	<u>Well No.</u>	<u>Unit</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>
Santa Fe Pacific	1	E	26	9 South	36 East
Santa Fe Pacific	2	C	26	9 South	36 East
Santa Fe Pacific	3	M	26	9 South	36 East
Santa Fe Pacific	5	O	22	9 South	36 East
Santa Fe Pacific	6	I	22	9 South	36 East
Santa Fe Pacific	7	M	23	9 South	36 East
Santa Fe Pacific	8	K	23	9 South	36 East
Santa Fe Pacific	10	P	22	9 South	36 East
Santa Fe Pacific	11	D	26	9 South	36 East
Santa Fe Pacific	12	L	26	9 South	36 East
Santa Fe Pacific	4	N	22	9 South	36 East
Martin	2	F	20	22 South	27 East
Martin	3	K	20	22 South	27 East
Martin	5	L	20	22 South	27 East



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

January 20, 1998

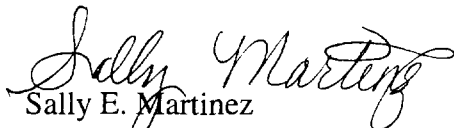
Meteor Development, Inc.
216 16th Street
Suite 730
Denver, Colorado 80202

RE: CASE NO. 11901
ORDER NO. R-10939

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Sincerely,


Sally E. Martinez
Administrative Secretary

cc: BLM - Carlsbad
B. Carr
Rick Fuerman, Paladin Energy Group
