

**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 DISTRICT I AND II FOR AN ORDER REQUIRING METEOR DEVELOPMENTS, INC. TO PROPERLY PLUG FOURTEEN WELLS (FOUR WELLS LOCATED IN SECTION 22, TWO WELLS IN SECTION 23 AND FIVE WELLS IN SECTION 26, ALL IN TOWNSHIP 9 SOUTH, RANGE 36 EAST, LEA COUNTY, AND THREE WELLS LOCATED IN SECTION 20, TOWNSHIP 22 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO), AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND RECOVER THE COSTS FROM METEOR, AND ORDERING A FORFEITURE OF THE PLUGGING BOND.

CASE NO. 11901

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Meteor Developments, Inc. (the "Operator") is the operator of fourteen wells: four wells located in Units I, N, O, and P, Section 22; two in Units K and M, Section 23; and five in Units C, D, E, L and M, Section 26; all in Township 9 South, Range 36 East, Lea County; and three in Units F, K and L, Section 20, Township 22 South, Range 27 East, New Mexico.

2. Operator has posted a surety bond in the amount of \$50,000 for said wells in compliance with Section 70-2-14 NMSA 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the wells operated by Operator. Central Pacific Assurance Ltd. is surety on the bond, Bond No. 9004.

3. The subject wells have not produced hydrocarbons or have otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permit for temporary

abandonment has been requested by the Operator and approved by the Division.

4. By virtue of the failure to use the wells for beneficial purposes or to have approved current temporary abandonment permits, the subject wells are presumed to have been abandoned and are required to be plugged.

5. By authority of Section 70-2-14 NMSA 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

6. Demand has been made or attempted to be made upon the Operator to either place the subject wells to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisors of District I and II of the Oil Conservation Division apply to the Director to enter an order:

A. Determining whether or not the wells should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that said wells should be plugged, directing Operator to plug said wells.

C. Further ordering that if Operator fails to plug and abandon said wells as ordered by the Director, that the Division be authorized:

i. to plug said wells;

ii. to declare forfeit on said bond, if any, and to take such action to

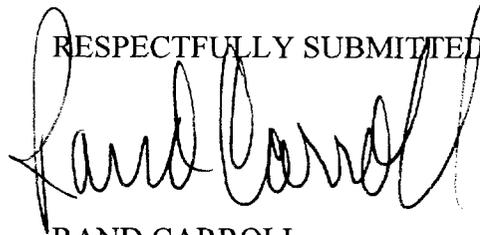
foreclose on said bond,

iii. to recover from the Operator any costs of plugging said wells in excess of the amount of the bond, if any, and

iv. to impose fines on the Operator for failure to take action on these wells.

D. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is written in a cursive, flowing style with some loops and flourishes.

RAND CARROLL
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