

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER REQUIRING
RAULT PETROLEUM CORPORATION TO PROPERLY PLUG FOUR WELLS
LOCATED IN LINCOLN, DE BACA, AND CHAVES COUNTIES, NEW MEXICO,
AUTHORIZING THE DIVISION TO PLUG THESE WELLS, AND ORDERING A
FORFEITURE OF THE PLUGGING BOND.**

*Case No. 12280
Order No. R-11324*

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 2, 1999, at Santa Fe, New Mexico, before Examiner Mark Ashley.

NOW, on this 7th day of February, 2000, Division Director, having considered 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) Rault Petroleum Corporation is the last known owner and operator of the following four wells: (i) the Armstrong State Well No. 1, located in Unit J, Section 2, Township 3 South, Range 19 East, Lincoln County; (ii) the Mark W. Isler Well No. 1, located in Unit M, Section 33, Township 3 South, Range 25 East, DeBaca County; (iii) the Ridge State Well No. 1, located in Unit G, Section 24, Township 1 North, Range 20 East, DeBaca County; and (iv) the Union State Well No. 1, located in Unit F, Section 24, Township 8 South, Range 27 East, Chaves County.

(3) Division rules require the operator of a well to post a plugging bond in the applicable amount for the wells operated by the operator in New Mexico.

(4) The purpose of the bond is to assure the Division that the well will be properly plugged and abandoned when not capable of commercial production. The operator has posted a \$50,000 blanket bond issued by United States Fire Insurance Company, Bond No. 610 086729 6.

(5) Neither the operator nor any other interested party appeared at the hearing or introduced any evidence indicating that these wells should not be plugged. The record contains uncontroverted evidence that the wells should be plugged.

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

(7) By virtue of the operator's failure to use the subject wells for a beneficial purpose or to obtain approval for temporary abandonment, 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 or the environment may be contaminated if action is not taken to properly plug and abandon the wells.

(9) In order to prevent waste, protect correlative rights, and protect fresh waters and the environment, the wells should be plugged and abandoned in accordance with a program approved by the supervisor of the Division's Artesia District Office.

(10) At this time, the Division seeks an order directing the operator to plug the wells and, if the operator fails to do so, authorizing the Division to plug the wells, foreclose on the bond and pursue the operator for the costs of plugging if any, in excess of the bond proceeds, if any.

IT IS THEREFORE ORDERED THAT:

(1) The operator is hereby ordered to immediately plug and abandon the subject wells.

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

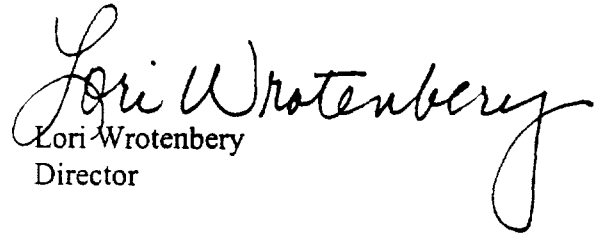
(3) Should the operator either fail or refuse to comply with this order within 30 days of the date of this order, the Division shall then take such action as it deems necessary to: (i) have the wells properly plugged and abandoned; (ii) foreclose on the plugging bond; and (iii) pursue the operator for the costs of plugging, if any, in excess of the bond proceeds, if any.

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

CASE NO. 12280
Order No. R-11324
Page -3-

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


Lori Wrotenberg
Director

S E A L