

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
STRATA PRODUCTION COMPANY TO PROPERLY PLUG ONE WELL IN EDDY
COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELL,
AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

OIL CONSERVATION DIV.
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CASE NO. 12456

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Strata Production Company ("Operator") is the operator of the following well:

Chaparral State No. 2 located at 660' FNL and 660' FWL in Section 32, Township 19
South, Range 29 East (Unit D) in Eddy County, New Mexico

2. Operator has posted a surety bond in the amount of \$50,000.00 for said well in
compliance with NMSA 1978, § 70-2-14 and Rule 101 of the Rules of the Oil Conservation
Division ("Division"), which bond is conditioned upon compliance with the statutes of the State
of New Mexico and the Rules of the Division with respect to the proper plugging and
abandonment of the well operated by Operator. Underwriters Indemnity Company is the surety .

3. The subject well has not produced hydrocarbon or carbon dioxide substance or has
otherwise been inactive for more than one year or is no longer usable for beneficial purposes
and no permit for temporary abandonment has been requested by the Operator or approved by
the Division.

4. By virtue of the failure to use the well for beneficial purposes or to have approved
a current temporary abandonment permit, the well is presumed to have been abandoned
and is required to be plugged.

5. By authority of NMSA 1978, § 70-2-14 the Rules of the Division require wells that 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 either to place the subject well 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 Supervisor of District II of the Oil Conservation Division applies to the Director to enter an order:

A. Determining whether the well should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that the well should be plugged, directing Operator to plug the well.

C. Further ordering that if Operator fails to plug and abandon the well as ordered by the Director, that the Division be authorized: i. to plug the well; ii. to declare forfeit on the bond, if any, and to take such action to foreclose on the bond; and iii. to recover from the Operator any costs of plugging the well in excess of the amount of the bond, if any.

D. For such other and further relief as the Division deems just and proper, including the assessment of fines.

RESPECTFULLY SUBMITTED,



Marilyn S. Hebert, Attorney
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
(505) 827-8156