

OIL CONSERVATION DIV.
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**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
STEPHENS & JOHNSON OPERATING CO. TO PROPERLY PLUG TWO WELLS IN
EDDY COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID
WELLS, AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. 12460

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Stephens & Johnson Operating Co. ("Operator") is the operator of the following two wells in Eddy County, New Mexico:

- a. East Millman, Tract 4, Well 5, 330' FSL and 660' FEL in Section 12
Township 19 South, Range 28 East (Unit P) in Eddy County, New Mexico;
- b. East Millman, Tract 4, Well 6, 990' FSL and 1980' FWL, in Section 13,
Township 19 South, Range 28 East, Eddy County, New Mexico;

2. Operator has posted a surety bond in the amount of \$50,000.00 for said wells 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 wells operated by Operator. Continental Casualty Company is the surety .

3. The subject wells have not produced hydrocarbon or carbon dioxide substance or have otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permits for temporary abandonment have been requested by the Operator or 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 wells are presumed to have been abandoned and are 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 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 Supervisor of District II of the Oil Conservation Division applies to the Director to enter an order:

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

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

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

A handwritten signature in black ink, appearing to read 'Marilyn S. Hebert', written in a cursive style.

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