

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

**CASE NO. 12720
ORDER NO. R-11661**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF DIVISION DISTRICT III OFFICE IN AZTEC, NEW MEXICO ON ITS OWN MOTION FOR AN ORDER: (I) REQUIRING PITCO PRODUCTION COMPANY TO PROPERLY PLUG AND ABANDON ONE WELL IN SANDOVAL COUNTY, NEW MEXICO; OR (II) AUTHORIZING THE DIVISION TO PLUG AND ABANDON THIS WELL.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 6, 2001, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 24th day of September, 2001, the Division Director, having considered the testimony, 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) Pitco Production Company ("Pitco") of Tulsa, Oklahoma, is the current owner and operator of the State 36-22-6 No. 1 (API No. **30-043-20386**) located 810 feet from the South line and 800 feet from the West line (Unit M) of Section 36, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico.

(3) At this time, the Division seeks an order directing the operator to plug the above-described well in accordance with a Division-approved plugging program and, if the operator fails to do so, authorizing the Division to proceed to plug and abandon this well, order the recovery of the plugging costs, and impose a fine on the operator for failure to comply with this order.

(4) Representatives of the Division's district office in Aztec (District III) and the Division's office in Santa Fe prepared a detailed report and summary supporting its position that the subject well should be plugged and abandoned.

(5) The operator did not appear at the hearing.

(6) This well has not produced hydrocarbons and has been inactive for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(7) By virtue of the failure to use the well for beneficial purposes or to have an approved temporary abandonment permit, the subject well is presumed to have been abandoned by Pitco.

(8) The current condition of the well is such that if action is not taken to properly plug and abandon the well, waste will probably occur, correlative rights will also be violated, livestock and wildlife may be subject to harmful contaminants, and fresh waters may be in danger of contamination.

(9) There is currently no plugging bond in effect for the State 36-22-6 No. 1.

(10) In order to prevent waste and to adequately protect correlative rights and the environment, the State 36-22-6 No. 1 should be plugged and abandoned by Pitco in accordance with a program approved by the supervisor of the Division's Aztec District Office on or before November 1, 2001.

(11) Should Pitco not meet this November 1, 2001 plugging obligation, the Division Director should then be authorized to take such action as is deemed necessary to recover from the operator the plugging costs incurred by the Division.

IT IS THEREFORE ORDERED THAT:

(1) Pitco Production Company of Tulsa, Oklahoma, is hereby ordered to plug and abandon the State 36-22-6 No. 1 (**API No. 30-043-20386**) located 810 feet from the South line and 800 feet from the West line (Unit M) of Section 36, Township 22 North, Range 6 West, NMPM, Sandoval County, New Mexico, on or before November 1, 2001.

(2) Pitco Production Company, prior to plugging and abandoning the above-described well, shall obtain from the supervisor of the Division's district office in Aztec, an approved plugging program and shall notify the Aztec District Office of the date and time this work is to commence whereupon the Division may witness such work.

(3) Should Pitco Production Company fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such actions as are necessary to: (i) have this well properly plugged and abandoned; and (ii) recover from the operator the plugging cost incurred by the Division.

(4) Failure to comply with the provisions of this order shall subject Pitco Production Company to a fine of \$1,000.00 per day per well until such work is completed (see Section 70-2-31, NMSA 1978).

(5) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



SEAL

Lori Wrotenbery
LORI WROTENBERY
Director