

**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 GEORGE A. CHASE, JR. TO BRING ONE (1) WELL INTO
COMPLIANCE WITH RULE 201.B, AND ASSESSING AN APPROPRIATE CIVIL
PENALTY; EDDY COUNTY, NEW MEXICO**

CASE NO. 12906

APPLICATION FOR COMPLIANCE ORDER AND CIVIL PENALTIES

1. George A. Chase, Jr. ("Operator") is the operator of the following well (the "subject well") in Eddy County, New Mexico:

Superior Federal Well No. 1 (API No. 30-015-10751), located 2310 feet from the North line and 1980 feet from the West line (Unit F) of Section 20, Township 16 South, Range 31 East, NMPM

2. The subject well has been continuously inactive for a period in excess of one (1) year plus ninety (90) days immediately preceding the date of filing of this Application. This well was drilled prior to 1999. No production has ever been reported from the subject well, and it is not presently equipped to produce, nor is the subject well currently approved for temporary abandonment by the Division.

3. On October 29, 2001; January 30, 2002 and February 15, 2002 the New Mexico Oil Conservation Division (hereinafter "the Division") notified Operator in writing that the subject well was not in compliance with Division Rule 201.B(3), and should be brought into compliance either by returning the same to production or other beneficial use, securing Division approval for temporary abandonment, or plugging and

abandonment. In the February 15, 2002 notice, the operator was instructed that "[t]his well must be brought into compliance on or before 15 March, 2002." On March 11, the operator, by telephone, requested, and the Division granted an extension of time to bring the subject well into compliance until March 29, 2002. Finally, by Notice of Violation dated April 1, 2002 the Division imposed a final deadline of April 25, 2002 to bring this well into compliance, and admonished the Operator that further neglect of this well could result in imposition of civil penalties. However, to this date, Operator has failed to take appropriate action to bring the subject well into compliance.

4. Division Rule 201.B(3) provides:

A well shall be either properly plugged and abandoned or temporarily abandoned in accordance with these rules ninety (90) days after:

- (1) A sixty (60) day period following suspension of drilling operations;

- (3) A period of one (1) year in which a well has been continuously inactive.

5. NMSA Section 70-2-31.A provides that:

Any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars (\$1,000) for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate violation.

6. Operator's failure to take action to restore the subject well to production or beneficial use, or to cause such well to be plugged and abandoned, or to apply to the Division for approval for temporary abandonment, or, if such well is in fact producing, to

report such production to the Division as required, after receipt of notice of noncompliance from the Division as herein before described, constitutes a continuing violation of Division Rule 201.B(3), a rule duly adopted by the Division pursuant to the Oil and Gas Act.

WHEREFORE, the Supervisor of District II of the Division hereby applies to the Director to enter an order:

- A. Specifically ordering Operator to bring the subject well into compliance with OCD rules within a specified time fixed in said order by taking one of the following actions with respect to said well:
 - (i) causing such well to be plugged and abandoned in accordance with Division rules.
 - (ii) restoring such well to production or other Division-approved beneficial use, or
 - (iii) applying to the Division for permission to place such well in “temporary abandonment” status pursuant to Division Rule 203.

- B. Assessing an appropriate civil penalty against Operator for failure to take action to remedy the non-compliance of the subject well after notice and demand from the Division to do so; such penalty to be not less than \$1,000, plus \$1,000 per month for each month that

the subject well continued non-compliant from April 25, 2002 to the date of hearing.

RESPECTFULLY SUBMITTED,



David K. Brooks
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Energy, Minerals and Natural
Resources Department of the State of
New Mexico
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(505)-476-3450

Attorney for The New Mexico Oil
Conservation Division

Case No. _____: **Application of the New Mexico Oil Conservation Division for an Order Requiring George A. Chase, Jr. to Bring One (1) Well into Compliance with Rule 201.B, and Assessing an Appropriate Civil Penalty; Eddy County, New Mexico.** The Applicant seeks an order requiring George A. Chase, Jr. to bring his Superior Federal Well No. 1 (API No. 30-015-10751), located 2310 feet from the North line and 1980 feet from the West line of Section 20, Township 16 South, Range 31 East, in Eddy County, New Mexico into compliance with OCD Rule 201.B by either restoring said well to production or beneficial use, plugging and abandoning said well or securing Division approval for temporary abandonment thereof.

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George A. Chase, Jr.
P. O. Box 1618
Artesia, NM 88211

4a. Article Number

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4b. Service Type

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7. Date of Delivery

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George A. Chase Jr

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