



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

April 8, 1986

Florene Davidson
OCD
P. O. Box 2088
Santa Fe, NM 87501

Case 8878

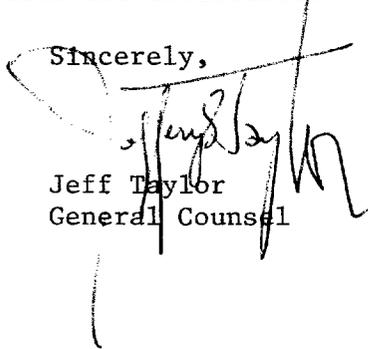
RE: Application for Amendment of
OCD Rule 101

Dear Florene,

The Oil Conservation Division hereby requests that a case be docketed for the April 30, 1986 Examiner Hearing to Amend Rule 101 to provide for the acceptance of Cash Bonds by the Division. A copy of the proposed rule is attached.

Thank you for your cooperation and assistance.

Sincerely,


Jeff Taylor
General Counsel

JT/bok

Upon a showing by an operator that it cannot acquire a surety bond, a cash bond may be filed with the Division. Cash representing the full amount of a bond shall be deposited by the operator in an interest-bearing account in a State or Federally-insured financial institution located within the State of New Mexico, such account irrevocably to name the Division as sole owner. A document evidencing the terms and conditions of the bond shall be executed by an authorized representative of the operator and filed with the Division and the depository institution prior to the effective date of the bond.

The Division from time to time shall be authorized to direct any accrued interest over and above the face amount of the bond to be paid to the operator.

Upon failure of the operator to properly plug and abandon the well covered by the bond, the Division shall give notice of its intent to forfeit said bond. If the operator objects to such forfeiture, a hearing shall be held to determine whether the operator has failed to abide by the provisions of the bond. Such hearing may be consolidated with the hearing on the issue of whether the well shall be plugged. If, at the hearing, it is determined that the operator has failed to plug the well as

provided for in the bond conditions, the Division shall liquidate the account and place the proceeds in the Oil and Gas Reclamation Fund.

NOTE: The Division is considering allowing one-well cash bonds only.