

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

CASE NO. 9213
Order No. R-8529

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT PARAMOUNT PETROLEUM CORPORATION, NATIONAL SURETY COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE AZTEC TOTAH UNIT WELL NO. 7, LOCATED ON A FEDERAL TRACT OF LAND IN SAN JUAN COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 21, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 28th day of October, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

(1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) At the time of the hearing Division Cases Nos. 9213 and 9214 were consolidated for purposes of testimony.

(3) Paramount Petroleum Corporation is the owner and operator of the Aztec Totah Unit Well No. 7, located on a Federal tract of land 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 20, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico.

(4) Testimony and evidence in this case indicates that National Surety Company, who is on record with the Division as being the surety on the Oil Conservation Division blanket plugging bond on which Paramount Petroleum Corporation is principle, has no knowledge of the plugging bond in question and apparently is not the company in which the surety is carried.

(5) National Surety Company should be relieved of any liability with regards to the plugging of the subject well.

(6) The current condition of the subject well is such that waste may occur, fresh water may be contaminated, and correlative rights may be violated if action is not taken to properly plug and abandon the well.

(7) In order to prevent waste, protect correlative rights, and prevent any fresh water contamination, the subject well should be plugged and abandoned in accordance with a program approved by the supervisor of the Division's Aztec district office on or before November 30, 1987.

IT IS THEREFORE ORDERED THAT:

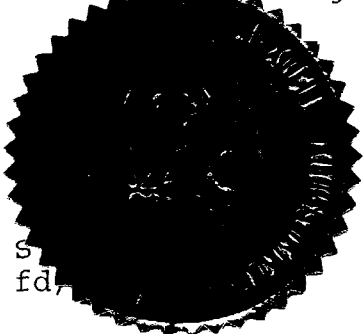
(1) Paramount Petroleum Corporation is hereby ordered to plug and abandon the Aztec Totah Unit Well No. 7, located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 20, Township 29 North, Range 13 West, NMPM, San Juan County, New Mexico, on or before November 30, 1987.

(2) Paramount Petroleum Corporation, prior to plugging the subject well, shall obtain from the supervisor of the Division's Aztec district office an approved plugging program for the subject well and shall notify the supervisor of said Aztec district office of the date and time said work is to be commenced whereupon the Division may, at its option, witness such work.

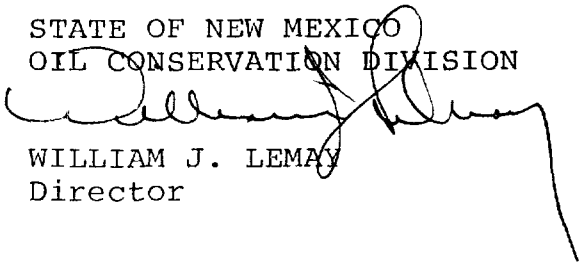
(3) Should Paramount Petroleum Corporation fail to properly plug and abandon the subject well in accordance with the terms of this order, the Division shall then take such action as is deemed necessary to have the well properly plugged.

(4) 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 herein designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director