

ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION



October 29, 1987

GARREY CARRUTHERS
GOVERNOR

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

Paramount Petroleum Corporation Re:
P. O. Box 22763
Houston, Texas 77027

CASE NO. 9214
ORDER NO. R-8530

Applicant:

OCD (Paramount Petroleum Corporation)

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

Florene Davidson

FLORENE DAVIDSON
OC Staff Specialist

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD x

Other National Surety Corporation



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

August 28, 1987

Mr. Jeff Taylor
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Re: Paramount Petroleum Corp.
Aztec Totah Unit #16 O-18-29N-13W
Aztec Totah Unit # 7 O-20-29N-13W

Dear Jeff:

The Paramount Petroleum Corp. Aztec Totah Unit, consisting of 39 wells has not produced since 1984.

Please docket a case calling for Paramount Petroleum Corp. and all other interested parties to appear and show cause why the Aztec Totah Unit #16, located 7075 feet from the south line and 2110 from the east line of section 18, township 29 north, range 13 west, and the Aztec totah Unit #7, located 660 feet from the south line and 1980 feet from the east line of section 20, township 29 north, range 13 west, should not be plugged and abandoned in accordance with a Division approved plugging program.

The #16 is the only fee well in the unit, the rest are federal. However, the #7 has a surface leak and presents a pollution hazard. We have agreed to a request by the BLM to plug the well with the reclamation fund. Paramounts plugging bond proved to be bogus.

Yours truly,

Charles Gholson
Deputy Oil & Gas Inspector

CG/dj

xc: Well Files
Operator File
Mr. John Keller - BLM Farmington

*Florine
Continue Cases
Nos. 9213 and
9214 to
Oct. 21
shanks
M.S.*



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

September 15, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

CERTIFIED - RETURN
RECEIPT REQUESTED

Paramount Petroleum Corporation
P. O. Box 22763
Houston, Texas 77027

National Surety Corporation
3207 Mercer, #201
Houston, Texas 77027

Re: Aztec Totah Unit Well No.
16, located in Unit O of
Section 18, Township 29
North, Range 13 West, San
Juan County
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner Hearing to be held on Wednesday, September 23, 1987, at 8:15 a.m. in the Oil Conservation Division Conference Room, State Land Office Building, Santa Fe, New Mexico. Case 9214 concerns the above captioned subject matter. This case has been continued and will be heard on October 7, 1987 in said Conference Room.

Sincerely,


JEFFREY TAYLOR
General Counsel

JT/fd
enc.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
AZTEC DISTRICT OFFICE

GARREY CARRUTHERS
GOVERNOR

1000 RIO BRAZOS ROAD
AZTEC, NEW MEXICO 87410
(505) 334-6178

August 28, 1987

Mr. Jeff Taylor
Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87504-2088

Case 9214

Re: Paramount Petroleum Corp.
Aztec Totah Unit #16 O-18-29N-13W
Aztec Totah Unit # 7 O-20-29N-13W

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Yours truly,

Charles Gholson
Deputy Oil & Gas Inspector

CG/dj

xc: Well Files
Operator File
Mr. John Keller - BLM Farmington

RECEIVED
OCT 1 1987

1-51-87

**NEW MEXICO ENERGY MINERALS AND NATURAL
RESOURCES DEPARTMENT**

OIL CONSERVATION DIVISION

INVITATION TO BID

The New Mexico Oil Conservation Division ("Division") has issued an Invitation to Bid for the plugging of the following abandoned oil or gas well:

OPERATOR	WELL NAME	LOCATION	COUNTY
Paramount Petroleum Corp.	Aztec Totah Unit well #16	Unit O, Section 18, Township 29N, Range 13W	San Juan

Responsible bidders are invited to submit turnkey bids to plug said well in accordance with plugging procedures established by the Division. Sealed bids must be submitted to the Purchasing Division on or before 2:00 P.M., October 19, 1992.

The Invitation to Bid, including information about the current condition of the well and the plugging procedure, as well as required bid forms are available from Diane Richardson at the Division's Santa Fe Office, Street Address: 310 Old Santa Fe Trail, State Land Office Building, Room 206, Santa Fe, NM 87503; Mail Address: P.O. Box 2088, Santa Fe, NM 87504; Phone: (505)827-5806; or from the contact person.

The Division's contact person for this ITB is:

Contact Person:	Frank Chavez
District Office:	Aztec
Address:	1000 Rio Brazos Road
City and State:	Aztec, NM 87410
Phone:	(505)334-6178

NOTICE: This Invitation for Bids may be cancelled or any and all bids may be rejected in whole or in part when it is in the best interest of the State of New Mexico.

The Procurement code, Sections 13-1-28 through 13-1-199, N.M.S.A. 1978, imposes civil and misdemeanor criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kickbacks.

INSTRUCTIONS TO BIDDERS

The New Mexico Oil and Gas Act, §§70-2-37 & 38, establishes the Oil and Gas Reclamation Fund under the administration of the New Mexico Oil Conservation Division (OCD) of the Energy, Minerals and Natural Resources Department (EMNRD). The fund is to be used to plug oil and gas wells which have been abandoned without being properly plugged by the operator and for which no responsible party can be identified.

OCD is, by this Invitation to Bid (ITB) soliciting bids from responsible, qualified bidders to perform the well plugging operations on one or more wells in accordance with the plugging procedure(s) which are included in the ITB. Bidders are advised that responsive bids are invited from both profit making and non-profit organizations. EMNRD is an affirmative action and equal opportunity employer. The handicapped, minorities, veterans and women are encouraged to apply.

The deadline for the receipt of bids is no later than 2:00 P.M., October 19, 1992. One (1) each of the required bid documents, with original signature, must be received and stamped in at the Purchasing Division, Room 2016, Joseph M. Montoya Building, 1100 St. Francis Drive Santa Fe, New Mexico 87503 (505/827-0472). Bids in response to this ITB will be opened publicly at 2:00 p.m., October 19, 1992, at the Purchasing Division, Room 2078, Joseph M. Montoya Building, 1100 St. Francis Drive, Santa Fe, New Mexico 87503. The name of each bidder and the lump sum of each bid will be announced.

The Contract Time for project completion shall be no later than ninety (90) calendar days after the Contractor receives via certified mail a Notice to Proceed, including all Sundays, holidays and non-work days.

An abstract of the bids may be available for public inspection from the Purchasing Division on request. Those portions of any bid for which a Bidder has made a written request for confidentiality and the OCD Director has made a finding which concurs in that confidentiality shall be withheld from public inspection.

IMPORTANT —

BIDS MUST BE SUBMITTED IN A SEALED ENVELOP WITH THE INVITATION TO BID NUMBER AND THE OPENING DATE CLEARLY INDICATED ON THE BOTTOM LEFT HAND SIDE OF THE FRONT OF THE ENVELOPE.

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

INVITATION TO BID

Bid Identification Number:

Bid Opening Date and Time: 2:00 P.M., October 19, 1992.

Bids are sought for plugging the following wells pursuant to the attached procedures for each well:

OPERATOR	WELL NAME	LOCATION	COUNTY
Paramount Petroleum Corp.	Aztec Totah Unit well #16	Unit O, Section 18, Township 29N, Range 13W	San Juan

§70-2-38, N.M.S.A. 1978, GRANTS TO THE CONTRACTOR SALVAGE RIGHTS IN THE EQUIPMENT OR MATERIAL REMOVED FROM THE WELL. THE DIVISION MAKES NO REPRESENTATION AS TO RIGHT, TITLE OR OWNERSHIP OF ANY EQUIPMENT OR MATERIAL.

The New Mexico Oil Conservation Division hereinafter referred to as the OCD is soliciting TURNKEY bids for the purpose of re-entering and plugging the referenced well(s) as per the plugging procedure that follows. The turnkey bid shall include any well site preparation, access to and egress from the well site including any road building or special access problems. Turnkey bids shall include site cleanup as specified. An hourly rate for some basic services is also requested along with some other basic unit costs. Bids will be awarded to the lowest and/or the best turnkey bidder capable of performing services as specified.

OCD Contact Person:

Frank Chavez
1000 Rio Brazos Road
Aztec, NM 87410
(505) 334-6178

ALTERNATE PROCEDURE PROVISIONS

1. If changes in procedures are initiated by the OCD that will require time, materials, equipment or supplies beyond those required by the original turnkey procedure, charges for these will be paid by the OCD based on supplemental bid data.
2. Should there be charges above those required by the original turnkey procedure that are not covered by the "Supplemental Bid Data", these charges must be competitive with area vendor prices. These may be billed as "Third Party" charges if not supplied by the primary contractor.
3. If changes in procedures are initiated by the OCD that will require less time, materials, equipment or supplies than those required by the original turnkey procedure, the OCD reserves the right to

revert to hourly charges plus actual cost for materials, supplies and equipment used for the work performed. Minimum payment will not be less than twenty-five percent of the original turnkey bid.

4. If downhole problems are encountered which could not be reasonably foreseen by a review of the Division records and an on-site inspection, the contractor will be required to make a reasonable and good faith effort to resolve these problems under the turnkey provisions. If these reasonable efforts fail, any time, materials, equipment or supply costs required to correct these downhole problems will be billed to the OCD in addition to the turnkey price based on supplemental bid data. The OCD reserves the right to discard the turnkey bid and to be billed solely at the supplemental rates plus other supplemental bid data if it is determined that the downhole problem is unresolvable or cost prohibitive. Minimum payment will not be less than twenty-five percent of the turnkey bid.

5. A "Third Party" charge is defined as charges for goods, services or equipment furnished by a company or individual other than the primary vendor. All "Third Party" charges must be billed to the primary vendor. The primary vendor should include in his bill to the OCD a listing of all "Third Party" charges supported by invoices and field tickets from the "third Party" vendors, unless the charges are covered by the supplemental bid data. In that case, listing the charge on the invoice is the only requirement. No service charge will be paid by the OCD for the handling of "Third Party" charges. Failure to timely pay "Third Party" vendors may result in removal from the state funded plugging bid list.

6. Under no circumstances will the OCD pay travel allowances or crew per diem.

General information

A. The OCD will provide authorized representation on location to monitor activities and ensure that all applicable OCD rules are complied with.

B. The successful bidder will be required to move on location and begin plugging within the time specified in the NOTICE TO PROCEED which will be issued after the contract is awarded, provided, however, that the OCD may grant an extension if the contractor is unable to proceed because of weather or site conditions or for other good cause shown. Should the successful bidder fail to proceed in accordance with this provision, the OCD reserves the right to withdraw the award and use the second lowest and best bidder capable of performing services as specified.

C. A contractor must provide evidence of adequate insurance at the time of the bid. Successful bidder must furnish a current CERTIFICATE OF INSURANCE naming the *State of New Mexico, Oil Conservation Division* as additional insured prior to actual award of the contract.

D. Contractor's personnel will be expected to observe prudent safety practices at all times. Contractor will hold the Oil Conservation Division harmless from any and all loss caused by contractor's negligence or omission.

E. If for any reason this Invitation to Bid ("ITB") requires further amendment, such amendments shall be sent to all prospective bidders. Each bidder shall be required to acknowledge the receipt of any amendments on the amendment form. If such amendments become necessary, they shall be distributed in a reasonable time to allow bidders to consider the amendment in preparation of their bid.

F. Bids must be received at the Purchasing Division in Santa Fe by the time and date shown above. Late bids will not be considered. Any changes to the bid document must be initialed and dated by the individual making the changes. Any bid received with changes not dated and initialed will be rejected.

G. The provisions of this invitation to bid and all attachments hereto shall become terms and conditions of the contract between OCD and the successful bidder.

H. The OCD reserves the right to reject any or all bids for any reason.

WELL INFORMATION AND PLUGGING PROCEDURE

Invitation to Bid No.

OPERATOR	Paramount Petroleum Corp.			
WELL NAME	Aztec Totah Unit well #16			
LOCATION	O unit	18 sec.	29N township	13W range
FOOTAGE	705 feet from South line, 2110 feet from East line			
COUNTY	San Juan			

The information herein is taken from OCD well files. The bidder is responsible for obtaining all available data including a review of such files, on-site inspection and any other sources.

Failure to review available information will not justify for implementing supplemental rates or contract modification or termination.

SUMMARY WELL DATA

SURFACE CASING: 8 5/8 at 200 feet with 225 sacks

INTERMEDIATE CASING:

PRODUCTION CASING: 4 1/2 at 5085 feet with 250 sx - first stage
4 1/2 at 1166 feet with 150 sx - second stage

TUBING: 2 3/8 at 4992 feet

OTHER INFORMATION: Baker Model R Packer at 4912 feet

PLUGGING PROCEDURE

including site preparation and cleanup

1. Release packer and pull the same.
2. Run in hole with tubing to plug back total depth at 5081' and set 200' minimum cement plug.
3. Pull out of cement with tubing and reverse out with water to clear tubing, wait on cement minimum 4 hours, tag plug. If plug is at 4880' or above, go to step 4. If not, fill casing with cement to 4880.
4. Come out of hole with tubing and pressure up to 500 psi on casing to insure mechanical integrity. If casing leaks, go in the hole with packer and locate hole.
5. Squeeze with a minimum of 30 sx cement leaving 100' cement inside casing.
6. If casing doesn't leak, perforate at 2550' and set 200' plug inside and outside casing under a retainer.
7. Pull out of hole to 1150' and set a minimum 100' plug.
8. Perforate at 400' and circulate cement to surface.
9. Pull out of hole to 250' and set minimum 100' plug 250'-150'.
10. Set Top Plug with a minimum of 10 sacks of cement and place a dry hole marker 4' above ground level.
11. Fill pits, clean and level location.

All plugs will be neat cement with or without accelerator.

REQUIREMENTS FOR BIDDERS AND GENERAL CONDITIONS

ITEMS BELOW APPLY TO AND BECOME PART OF THE TERMS AND CONDITIONS OF CONTRACT ISSUED PURSUANT TO THIS INVITATION TO BID.

REQUIREMENTS:

1. All bid amounts and prices are totals to be paid by the Oil Conservation Division of New Mexico Energy Minerals and Natural Resources Department. Applicable gross receipts taxes are to be paid by the contractor out of amounts set fourth in bids and supplemental data. The bidder must guarantee services offered will meet or exceed requirements and specifications given in the invitation to bid.
2. Bids must be submitted in writing. Telephone bids are not acceptable. Each bid shall be placed in an envelope completely sealed and properly labeled with the plugging bid identification number on the outside of the return envelope. **Bids must be received and date stamped on or before the hour and date specified for the bid opening.** Late bids properly identified will be returned to the bidder unopened. Late bids will not be considered under any circumstances.
3. Bid prices must be firm. Price increases will not be considered.
4. Bid totals must be verified for mathematical accuracy.
5. Bids must give full firm name and address of bidder. Failure to manually sign bid will disqualify it.
6. Bids cannot be altered or amended after opening time. No bid can be withdrawn after opening time without approval of the OCD based on a written acceptable reason.
7. The OCD reserves the right to accept or reject all or any part of any bid, waive minor technicalities and award the bid to best serve the interest of the State of New Mexico.
8. In case of tie bids, price and quality being equal, the award will be made by lot.
9. If the bidder takes no exception to specifications, he will be required to furnish services as defined and outlined in the invitation to bid.
10. Default or failure to meet the specifications authorizes the OCD to purchase the services elsewhere and charge full increase, if any, to the defaulting contractor.
11. To be eligible to bid a contractor must have at least the state minimum General Liability, Automobile Liability, and Workers Compensation Insurance as set forth in the *General Conditions*.
12. The successful bidder will certify a Drug-Free Work Place.
13. Bidders will provide a State of New Mexico Taxation and Revenue identification number, signed and dated plus a federal nine digit Taxpayer Identification Number (Employer Identification).
14. Unless the bidder has previously been approved by OCD for well-plugging services, bidder must submit a statement of the bidder's background and experience which qualifies the bidder to perform the services requested by this ITB. Such statement shall include how long the bidder has been performing such services, the experience of the principals and references of at least five persons for whom the bidder has performed such services, including names addresses, phones and the name of the contact person.

15. Failure by the successful bidder to return the signed contract with acceptable insurance certificate and any other requirements of the invitation to bid within fifteen (15) working days after receipt via certified mail of the Notice of Award shall be just cause for the cancellation of the award.

16. The bidder must list all subcontractors on the attached Subcontractors list.

17. The bidder agrees to comply with all conditions set out above.

GENERAL CONDITIONS:

1. General Statement

This document does not commit OCD to pay costs incurred by any bidder in the submission of a responsive bid, in making necessary studies and designs for the responsive bid, or in procuring or contracting for services or supplies for the preparation of the responsive bid. Issuance of this invitation to bid does not constitute an award commitment on the part of OCD. An invitation to bid may be canceled, and any or all bids rejected in whole or in part, when it is in the best interest of OCD. Technical irregularities may be waived that have no effect on the contractual conditions, delivery, price, quality, or quantity of the construction services, or items of tangible personal property that are bid. OCD specifically reserves the right to reject even responsible, qualified bids that make it impossible to determine the true amount of the bid, and bids that exceed OCD's budgeted or available funds for the project.

2. Confidentiality

It is further understood that all bids shall become a part of the official file on this matter without obligation to OCD and shall be made available for public inspection, unless the bidder specifies in writing that specific portions of the bid are confidential and are to be held confidential by OCD in accordance with Section 71-2-8, N.M.S.A. 1978. All matter intended to be confidential and each page of material shall also be marked clearly with the word confidential. OCD reserves the right to review information submitted as confidentiality. For this purpose, confidential information includes but is not limited to, matter that relates to trade secrets or which is privileged commercial or financial information that affects the competitive rights of the person, firm, or corporation that submits it.

3. Inspection

To assure OCD that the bidder has the staff, facilities, and competence to furnish the services required under this contract, OCD shall be allowed to determine the adequacy of the staff, facilities, and competence of any bidder considered for the contract award. For this purpose, if OCD deems it appropriate, the bidder shall permit representatives of OCD to make an inspection of the bidder's facilities and equipment. The evaluation criteria for determining bidder's qualifications shall include the possession of any necessary license and a proven record of satisfactory performance.

4. Status of the Contractor

The contractor and the contractor's agents and employees are independent contractors performing construction services for OCD and are not employees of the state of New Mexico.

5. Assignment

The contractor shall not assign or transfer any interest in this agreement or assign any claims for money due or to become due under this agreement without prior written approval of OCD.

6. Subcontracting

The contractor shall not subcontract any portion of the services to be performed under this agreement nor obligate itself in any manner to any third party, with respect to any rights or responsibilities under this agreement, without the prior written approval of OCD. The notice of award may reflect approval of subcontractors listed on contractors bid submission.

7. Records and Audit

The contractor shall maintain detailed time records which indicate the date, time and nature of services rendered. These records shall be subject to inspection by OCD, the Department of Finance and Administration, the State Auditor and if Federal or Indian lands or funds are involved, the United States Interior Department and Comptroller General for three (3) years after the final payment has been made to and all matters relating to performance under this agreement have been settled. OCD shall have the right to audit billings both before and after payment. Payment under this agreement shall not foreclose the right of OCD to recover excessive, illegal, or incorrect payments.

8. Release

The contractor, upon final payment of the amount due under this agreement, releases OCD, its officers and employees, and the state of New Mexico from all liabilities, claims, and obligations whatsoever arising under or from this agreement. The contractor agrees not to purport to bind the state of New Mexico to any obligation not assumed herein by the state of New Mexico unless the contractor has the express written authority to do so, and then only within the strict limits of that authority.

9. Civil and Criminal Liability Notice

The Procurement Code, Sections 13-1-28 through 13-1-199, N.M.S.A. 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities and kickbacks.

10. Equal Opportunity Compliance

The contractor agrees to abide by all Federal and State laws and rules and regulations, and executive orders of the Governor of the state of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws and rules and regulations, and executive orders of the Governor of the state of New Mexico, the contractor agrees to assure that no person in the United States shall, on the grounds of race, color, national origin, sex, sexual preference, age, or handicap be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this agreement. If the contractor is found not to be in compliance with these requirements during the life of this agreement, the contractor agrees to take appropriate steps to correct those deficiencies.

11. Applicable Law

This agreement shall be governed by the laws of the state of New Mexico. Any action brought on this contract shall be in the District Court for Santa Fe County.

12. Waiver

No waiver of any of the terms or conditions of this agreement shall be valid or binding unless it is in writing and signed by the party having granted the waiver.

13. Indemnification

The contractor shall indemnify and forever hold and save OCD, the State of New Mexico, its officers, and employees harmless against any and all suits, causes of action, claims, liabilities, losses and attorney's fees and all other expenses of any kind from any source which may arise out of this agreement or any amendment hereto if caused by the tortious act or omission of the contractor, its officers, employees servants, or agents. nothing in this agreement shall be construed to waive or limit any defense at law to which OCD is entitled.

14. Duty to Insure

In respect solely to the work occasioned by this agreement, the contractor shall obtain and maintain at all times during the term of this agreement and any extension thereof insurance of the kind and in the amounts herein specified. Such insurance shall be provided by insurance companies authorized to do business in New Mexico and shall name the "state of New Mexico, Energy Minerals and Natural Resources Department, OCD, its agents and employees thereof" as either additional insured, co-insured, or principal beneficiary.

a. Comprehensive public liability including general liability, bodily injury liability and property damage liability insurance and automobile liability insurance covering the ownership, operation, and maintenance of owned, non-owned, and hired vehicles in amounts not less than the amounts specified in the New Mexico Tort Claims Act, Sections 41-4-1 through 41-4-27, N.M.S.A. 1978.

b. Workers' Compensation in full compliance with the provisions of the New Mexico Workers' Compensation Act, Sections 52-1-1 through 52-1-70, N.M.S.A. 1978.

The contractor shall furnish EMNRD/OCD with written evidence of the insurance coverage required, and the New Mexico Energy, Minerals and Natural Resources Department-Oil Conservation Division shall be named as additional insured. This insurance coverage shall not be changed, canceled or allowed to lapse during this contract without giving OCD thirty (30) working days prior written notice.

15. Suspension of Work

A suspension of work notice may be issued by the on site OCD Representative if the OCD Representative has any reasonable basis to believe that any action of the contractor is contrary to the intent of this agreement or if any health or safety standard is violated after verbal or written notice to cease such activities has gone unheeded. No work performed after documentation of issuance of a suspension of work notice shall be eligible for payment while such a notice is in effect. No work shall proceed until such notice is vacated by the OCD Director.

16. Attorney's Fees and Costs

If the contractor is found by a court of competent jurisdiction to have breached this agreement, or any amendments hereto, or to have committed any tortious act relating to the scope of this agreement, the state of New Mexico may recover from the contractor actual attorney's fees and costs in connection with litigation brought to obtain such judicial determination or in which OCD is otherwise obligated to undertake legal action.

ANY CHANGES OR EXCEPTIONS TO THESE REQUIREMENTS OR CONDITIONS MUST BE WRITTEN

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

WELL PLUGGING SERVICES CONTRACT

THIS AGREEMENT is made and entered into by and between the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, hereinafter referred to as "OCD", and , hereinafter referred to as the "Contractor".

IT IS MUTUALLY AGREED BETWEEN THE PARTIES:

1 Scope of Services

1.1 The Contractor shall perform the work necessary to properly plug and abandon in accordance with the Rules and Regulations of the OCD pursuant to the plugging procedures attached hereto as Exhibit "A" the following well:

OPERATOR	WELL NAME	LOCATION	COUNTY
Paramount Petroleum Corp.	Aztec Totah Unit well #16	Unit O, Section 18, Township 29N, Range 13W	San Juan

This contract is entered into pursuant to Invitation To Bid No. issued by the State Purchasing Division. The terms and conditions of that ITB are incorporated herein by reference and made a part hereof.

1.2 The work shall be performed under the supervision of an OCD representative who shall be on site during the course of performance of the contract. EMNRD-OCD, through its on-site representative or the responsible District Supervisor, shall have the sole authority to approve any changes to the Scope of Work, including the authority to proceed under an hourly rate, and to approve the Contractor's final work product.

1.3 Upon receiving the written Notice to Proceed, the Contractor shall move in and rig up on location and commence work within the time frame specified in the Notice to Proceed. The EMNRD-OCD may grant the Contractor additional time in which to move in upon a showing by the Contractor that the equipment was not available due to unavoidable delays on other work, or if weather conditions make it impractical to move in on location. Prior to commencement of work, the Contractor shall obtain all necessary permits required for this work.

1.4 All equipment, material, trash and junk shall be removed from the location and disposed of in accordance with applicable law and regulations.

2 Compensation

2.1 OCD shall pay to the Contractor in full payment for services rendered the sum of Dollars (\$), except as provided herein for payment under supplemental rate schedule.

2.2 If downhole problems are encountered which could not be reasonably foreseen by a review of the Division records and an on-site inspection, and the contractor has made a reasonable and good faith effort to resolve these problems under the turnkey provisions, and the OCD onsite representative has

approved such action, compensation in addition to the turnkey price based on the Supplemental Bid Data attached hereto as Exhibit "A" may be charged and the contract will be amended to include the total of such amount. The number of units charged under such rates will be approved by the Division on site representative. The EMNRD-OCD reserves the right to discard the turnkey bid and to be billed solely at the supplemental rates plus other supplemental bid data if it is determined that the downhole problem is unresolvable or cost prohibitive. Minimum payment will not be less than twenty-five percent of the turnkey bid.

2.3 The New Mexico Gross Receipts Tax levied on the amounts payable under this Agreement shall be paid by the Contractor out of the sum set forth in section 2.1 above.

2.4 Payment shall be made upon receipt of a detailed invoice, after the plugging operation has been approved by the responsible OCD District Office, or after termination by the EMNRD-OCD the termination provision for reasons of inability to successfully complete the plugging due to conditions beyond the control of contractor or EMNRD-OCD, with the concurrence of the EMNRD-OCD.

3 Term

THIS AGREEMENT SHALL NOT BECOME EFFECTIVE UNTIL APPROVED IN WRITING BY EMNRD-OCD AND STAMPED BY THE PURCHASING DIVISION AND ENCUMBRANCE HAS BEEN APPROVED BY THE DEPARTMENT OF FINANCE AND ADMINISTRATION. This Agreement shall terminate six months after execution of the contract by EMNRD, unless terminated pursuant to paragraphs 4 or 9, infra.

4 Termination

4.1 EMNRD-OCD may, by written order, terminate this Agreement or any portion thereof after determining that, for reasons beyond either EMNRD-OCD's or the Contractor's control, the Contractor is prevented from proceeding with or completing the work as originally assigned, and that termination would therefore be in the public interest. Such reasons for termination may include, but need not be limited to, orders from duly constituted authorities relating to energy conservation, restraining orders or injunctions obtained by third-party citizen action resulting from national or local environmental protection laws or where the issuance of such order or injunction is primarily caused by acts or omissions of persons or agencies other than the Contractor or conditions in the well which make completion of the work impossible or impractical.

4.1.1 If EMNRD-OCD orders termination of this Agreement effective on a certain date, payment will be made for the actual number of units or items of work completed at the contract unit price, or as mutually agreed for items of work partially completed or not started.

4.1.2 Acceptable materials, obtained by the Contractor for the work but which have not been incorporated therein, may, at the option of EMNRD-OCD, be purchased from the Contractor at actual cost, delivered to a prescribed location, or otherwise disposed of as mutually agreed.

4.1.3 After receipt of notice of termination from EMNRD-OCD, the Contractor may submit a claim for additional damages or costs not covered above or elsewhere in the Specifications. Such claim may include such cost items as reasonable idle equipment time, mobilization efforts, overhead expenses attributable to the project terminated, legal and accounting charges involved in claim preparation, subcontractor costs not otherwise paid for, actual idle labor costs if work is stopped in advance of termination date, guaranteed payments for private land usage as part of the original contract, and any other cost or damage item for which the Contractor feels reimbursement should be made. In no event, however, will loss of anticipated profits be considered as part of any settlement.

4.1.4 The Contractor agrees to make all cost records available to the extent necessary to determine the validity and amount of each item claimed.

4.1.5 Termination of a contract or portion thereof shall not relieve the Contractor of any contractual responsibilities for the work completed.

4.2 In the event the Contractor defaults on its obligations hereunder, as more specifically defined herein, EMNRD-OCD will give notice in writing to the Contractor of such default and will specify those provisions which have been violated and the corrective measures to be taken. If the Contractor, within a period of ten (10) working days after such notice, does not proceed in accordance therewith, then EMNRD-OCD may terminate this contract for breach and pursue any or all of the remedies contained herein.

4.2.1 OCD will have full power and authority without violating this Agreement to take the prosecution of the work out of the hands of the Contractor. EMNRD-OCD may appropriate or use any or all equipment and materials on the grounds as may be suitable and acceptable and may enter into an agreement for the completion of this Agreement according to the terms and provisions thereof or use such other methods as in the opinion of EMNRD-OCD will be required for the completion of this Agreement in an acceptable manner.

4.2.2 All costs and charges incurred by EMNRD-OCD together with the cost of completing the work under contract will be deducted from any monies due or which may become due the Contractor. If such expense exceeds the sum which would have been payable under this Agreement, then the Contractor shall be liable and shall pay EMNRD-OCD the amount of such excess.

4.2.3 The contractor will be deemed in default if it:

- 4.2.3.1** Fails to begin the work under the contract within the time specified in the Notice to Proceed, or
- 4.2.3.2** Fails to perform the work with sufficient workers and equipment or with sufficient materials to assure the prompt completion of said work, or
- 4.2.3.3** Performs the work unsuitably or neglecting or refusing to remove materials or to perform anew such work as may be rejected as unacceptable and unsuitable, or
- 4.2.3.4** Discontinues the prosecution of the work and failing to resume work which has been discontinued within a reasonable time after notice to do so, or
- 4.2.3.5** Becomes insolvent or is declared bankrupt or commits any acts of bankruptcy or insolvency, or
- 4.2.3.6** Allows a final judgement, in a suit filed in connection with this contract, to stand against the Contractor unsatisfied for a period of thirty (30) working days, or
- 4.2.3.7** makes an assignment, in connection with this contract, for the benefit of creditors, or
- 4.2.3.8** For any cause, except as provided in this contract, fails to perform the obligations under this contract to the satisfaction of the EMNRD-OCD.

5 Status of the Contractor

The Contractor and the Contractor's agents and employees are independent Contractors performing well plugging services for EMNRD-OCD and are not employees of the state of New Mexico. The Contractor and the Contractor's agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles, or any other benefits afforded to employees of the state of New Mexico as a result of this Agreement.

6 Assignment

The Contractor shall not assign or transfer any interest in this Agreement or assign any claims for money due or to become due under this Agreement without the prior written approval of EMNRD-OCD.

7 Subcontracting

The Contractor shall not subcontract any portion of the services to be performed under this Agreement nor obligate itself in any manner to any third party, with respect to any rights or responsibilities under this Agreement, without the prior written approval of EMNRD-OCD.

8 Records and Audit

The Contractor shall maintain detailed time records which indicate the date, time, and nature of services rendered. These records shall be subject to inspection by EMNRD-OCD, the Department of Finance and Administration, and the State Auditors for three (3) years after final payment has been made and all matters relating to performance under this Agreement have been settled. EMNRD-OCD shall have the right to audit billings both before and after payment. Payment under this Agreement shall not foreclose the right of EMNRD-OCD to recover excessive, illegal, or incorrect payments.

9 Appropriations

The terms of this Agreement are contingent upon sufficient appropriations and authorization being made by the Legislature of New Mexico for the performance of this Agreement. If sufficient appropriations and authorization are not made, this Agreement shall terminate upon written notice being given by EMNRD-OCD to the Contractor. EMNRD-OCD's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

10 Release

The Contractor, upon final payment of the amount due under this Agreement, releases EMNRD-OCD, its officers and employees, and the state of New Mexico from all liabilities, claims, and obligations whatsoever arising from or under this Agreement. The Contractor agrees not to purport to bind the state of New Mexico to any obligation not assumed herein by the state of New Mexico unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

11 Confidentiality

Any confidential information provided to or developed by the Contractor in the performance of this Agreement shall be kept confidential and shall not be made available to any individual or organization by the Contractor without the prior written approval of EMNRD-OCD.

12 Conflict of Interest

Contractor warrants that it presently has no interest in and that it shall not acquire any interest, direct or indirect, which would conflict in any manner with the performance of this agreement.

13 Amendment

This Agreement shall not be altered, changed, or amended except by instrument in writing executed by the parties hereto.

14 Scope of Agreement

This Agreement incorporates all of the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such agreements, covenants, and understandings have been merged into this written Agreement. No prior agreements or understandings, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement.

15 Civil and Criminal Liability Notice

The Procurement Code, Sections 13-1-28 through 13-1-199, NMSA 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for illegal bribes, gratuities, and kickbacks.

16 Equal Opportunity Compliance

The Contractor agrees to abide by all Federal and State laws and rules and regulations, and executive orders of the Governor of the state of New Mexico, pertaining to equal employment opportunity. In accordance with all such laws and rules and regulations, and executive orders of the Governor of the state of New Mexico, the Contractor agrees to assure that no person in the United States shall, on the grounds of race, color, national origin, sex, sexual preference, age, or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under this Agreement. If the Contractor is found to be not in compliance with these requirements during the life of this Agreement, the Contractor agrees to take appropriate steps to correct those deficiencies.

17 Applicable Law

This Agreement shall be governed by the laws of the state of New Mexico.

18 Waiver

No waiver of any of the terms or conditions of this Agreement shall be valid or binding unless it is in writing and signed by the party having granted the waiver.

19 Notices

19.1 Unless EMNRD-OCD shall specify otherwise in writing, notices and all other matters concerning the work to be performed hereunder shall be addressed to EMNRD-OCD as follows:

Contract Monitor:

Contracting Division:

Oil Conservation Division
State of New Mexico

19.2 Unless the Contractor shall specify otherwise in writing, notices and all other matters concerning the work to be performed hereunder shall be addressed to the Contractor as follows:

[name and title of Contractor's contact]

19.3 Any and all notices or other communications required or permitted by this Agreement or by law to be served or given to either party hereto by the other party hereto shall be in writing and shall be deemed duly served and given upon actual receipt by or three (3) working days subsequent to certified mailing to the party to whom it is directed.

20 Indemnification

The Contractor shall indemnify and forever hold and save EMNRD-OCD, the state of New Mexico, its officers, and employees harmless against any and all suits, causes of action, claims, liabilities, damages, losses, and attorney's fees and all other expenses of any kind from any source which may arise out of this Agreement or any amendment hereto if caused by the tortious act or omission of the Contractor, its officers, employees, servants, or agents. Nothing in this Agreement shall be construed to waive or limit any defense at law to which EMNRD-OCD is entitled.

21 Duty to Insure

21.1 In respect solely to the work occasioned by this Agreement, the Contractor shall obtain and maintain at all times during the term of this Agreement, and any extension thereof, insurance of the kind and in the amounts herein specified. Such insurance shall be provided by insurance companies authorized to do business in New Mexico and shall name the "State of New Mexico, Energy, Minerals and Natural Resources Department - Oil Conservation Division, and its agents and employees thereof" as either additional insured, co-insured, or principal beneficiary.

21.1.1 Comprehensive public liability including general liability, bodily injury liability and property damage liability insurance and automobile liability insurance covering the ownership, operation, and maintenance of owned, non-owned, and hired vehicles in amounts not less than the amounts specified in the New Mexico Tort Claims Act, Sections 41-4-1 through 41-4-27, N.M.S.A. 1978.

21.1.2 Worker's Compensation. The Contractor shall comply fully with the provisions of the New Mexico Worker's Compensation Act, Sections 52-1-1 through 52-1-70, NMSA 1978.

21.2 The Contractor shall furnish EMNRD-OCD with written evidence of the insurance coverage required by paragraph 21, including copies of all policies, prior to commencing work under this Agreement. The insurance coverage shall not be changed, canceled, or allowed to lapse without giving EMNRD-OCD thirty (30) working days prior written notice.

22 Disputes

Subject to any other provisions of this Agreement, the means, ordered steps, and time frames for handling disputes between EMNRD-OCD and the Contractor are as follows:

22.1 A dispute arises if EMNRD-OCD's Contract Monitor and the Contractor cannot resolve by ordinary communications and negotiations a question of fact arising under this agreement and the aggrieved party delivers to the other party a written Statement of Dispute including proposed terms for relief. If the dispute remains unresolved ten (10) working days after delivery of the written Statement of Dispute,

EMNRD-OCD's Contract Monitor shall prepare a written decision including the reasons thereof which shall be delivered via certified mail to the Contractor within twenty (20) working days of the delivery of the initial written Statement of Dispute. The decision of EMNRD-OCD's Contract Monitor shall be final and conclusive unless, within ten (10) working days from the date of delivery of said decision, EMNRD-OCD receives from the Contractor a written request for appeal of said decision, and the reasons therefor, addressed to the Director of the Oil Conservation Division.

22.2 The Director of the Oil Conservation Division shall inquire into the facts concerning the dispute and shall render a written decision which shall be delivered via certified mail to the Contractor within ten (10) working days of receipt of the Contractor's appeal. The decision of the Director of the Contracting Division shall be final and conclusive unless, within ten (10) working days of the delivery of the Director's written decision, EMNRD-OCD receives from the Contractor a written request for appeal of said decision, and the reasons therefor, addressed to the Secretary of Energy, Minerals and Natural Resources Department.

22.3 Upon receipt of the Contractor's request for an appeal, the Secretary or an authorized representative shall make prompt arrangements to meet with the Contractor to review the material considered by the Director of the Oil Conservation Division in reaching a final decision. The Secretary's final decision shall be delivered by certified mail within ten (10) working days after such meeting. The decision of the Secretary shall be final.

22.4 The disputes procedures outlined in this clause do not preclude either party hereto appealing to a court of competent jurisdiction; provided, however, the parties hereto shall abide by the procedures provided for in this clause.

23 Attorney's Fees and Costs

If the Contractor is found by a court of competent jurisdiction to have breached this Agreement, or any amendments hereto, or to have committed any tortious act relating to the scope of this Agreement, the state of New Mexico may recover from the Contractor actual attorney's fees and costs in connection with litigation brought to obtain such judicial determination or in which EMNRD-OCD is otherwise obliged to undertake legal action.

24 Suspension of Work

A Suspension of Work Notice may be issued by the on-site OCD Representative if the OCD Representative has any reasonable basis to believe that any action of the Contractor is contrary to the intent of this agreement or if any health or safety standard is violated after verbal or written notice to cease such activities has gone unheeded. No work performed after documentation of issuance of a Suspension of Work Notice shall be eligible for payment while such notice is in effect. No work shall proceed until such notice is vacated by the EMNRD-OCD Director.

25 Signatures

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written below.

FOR:

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

By: _____
 Title

Date: _____

**NEW MEXICO OIL CONSERVATION
DIVISION**

By: _____
 Title

Date: _____

FOR:

(Contractor)
Federal ID # _____

By: _____
 Title

Date: _____

The records of the Taxation and Revenue Department reflect that the Contractor is registered with the Taxation and Revenue Department of the state of New Mexico to pay gross receipts and compensating taxes

FOR:

**STATE OF NEW MEXICO TAXATION AND
REVENUE DEPARTMENT**

I.D. NO.: _____

By: _____

Date: _____

**NEW MEXICO OIL CONSERVATION DIVISION
BID FORM**

Single Well

Mail sealed bid to: Purchasing Division
Rm. 2016, Joseph M. Montoya Bldg.
1100 St. Francis Drive
Santa Fe, NM 87503
Phone 505-827-0472

Bid Identification Number:

Bid Opening Date and Time: 2:00 p.m. on October 19, 1992._

Show bid opening date and
identification number in lower left
hand corner of sealed bid envelope.

**Failure to fill out all applicable blanks
and manually sign this bid submission
will disqualify bid. BIDDER'S
SIGNATURE ON THIS FORM
BINDS BIDDER TO ALL TERMS
AND CONDITIONS IN THE
INVITATION TO BID.**

This bid form must include this BID
FORM, the SUPPLEMENTAL BID
RATE SHEET and the LIST OF
SUBCONTRACTORS AND
EQUIPMENT.

BIDDER MUST COMPLETE AND SIGN

Bidder Name

Street Address

City

StateZip

Telephone

Authorized Signature

Date

Printed or Typed Name

Title

The bidder identified herein submits this bid in response to the referenced Invitation to Bid and agrees to abide by all the terms and conditions contained therein. Bidder further certifies that it is fully qualified to perform the work in accordance with those terms. The offer represented by this bid shall remain open for a period of ninety (90) days.

TURNKEY BID \$ _____

NEW MEXICO OIL CONSERVATION DIVISION
SUPPLEMENTAL RATE BID SHEET

SUPPLEMENTAL BID DATA

Bid Identification Number

Bidder _____

Supplemental bid data to be applicable if charges are made in addition to or in lieu of turnkey bid. Switching to hourly rate or other implementation of supplementary bid rates must be approved by the OCD representative on site or by the District Supervisor of the appropriate District Office. Turnkey bid will not be accepted unless all supplemental bid data is furnished. Supplemental bid data will be considered a firm bid.

DESCRIPTION OF SERVICE	RATE PER	UNIT
Rig equipped to perform all work set out in Plugging Procedures	\$	hour
Cement pumping	\$	plug
Cement to include any blending and any transportation costs	\$	sack
Perforating to include ten holes per run and set-up charges	\$	run
Move-in, move-out charges	\$	well
Water truck - Capacity _____ barrels	\$	hour
Welder - Minimum hours if applicable: _____	\$	hour
Backhoe - Minimum hours if applicable: _____	\$	hour
Dozer - Minimum hours if applicable: _____	\$	hour
Furnished tubular goods - Description: _____	\$	foot

LIST OF SUBCONTRACTORS AND EQUIPMENT
To be filled out by the bidder and returned with responsive bid.

Bid Number:

Bidder: _____

Subcontractors List

Any person submitting a bid shall in the bid set forth the name and location of the place of business of each subcontractor under subcontract to the contractor who will perform work or labor or render services to the contractor in or about construction of the public works construction project in excess of the listing threshold of five thousand (\$5,000.00) dollars; and the nature of the work which will be done by each subcontractor under the New Mexico Subcontractors Fair Practices Act Section 13-4-34, NMSA 1978. The contractor shall list only one subcontractor for each category as defined by the contractor in this bid. If no subcontractors, indicate such. Do not include suppliers.

WORK	COMPANY	ADDRESS	PHONE

EQUIPMENT LIST

TYPE	MANUFACTURER	MODEL	CAPACITY	COND
Rig				
Pump				
BOP				