

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 I
FOR AN ORDER REQUIRING THE STATE 29 WELL NO. 2
OPERATED BY RHONDA OPERATING CO., LOCATED IN UNIT H
OF SECTION 29, TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM,
CHAVES COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED,
AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING
A FORFEITURE OF THE PLUGGING BOND IF ANY.

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Oil Conservation Division

CASE NO. 11448

APPLICATION FOR PLUGGING AND
FORFEITURE OF BOND

1. Rhonda Operating Co. (hereinafter called "Operator") is the operator of the State 29 Well No. 2 located in Unit H, 1977 FNL and 670 FEL of Section 29, Township 8 South, Range 33 East, NMPM, Chaves County, New Mexico.

2. Rhonda Operating Co., as Operator, has posted a surety blanket plugging bond from American Employers' Insurance Company (Bond No. AR 71360-30) in the amount of \$50,000 in compliance with Section 70-2-14 N.M.S.A. 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the well operated by said Operator.

3. The subject well has not produced hydrocarbon substance or has otherwise been inactive for more than one year or is no longer usable for beneficial purposes and no permit for temporary abandonment has been requested by the Operator and approved by the Division.

4. By virtue of the failure to use the well for beneficial purposes or to have an approved current temporary abandonment permit, the subject well is presumed to have been abandoned and is required to be plugged.

5. By authority of Section 70-2-12 N.M.S.A. 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

6. Demand has been made upon the Operator to either place the subject well to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisor of District I of the Oil Conservation Division applies to the Director to enter an order:

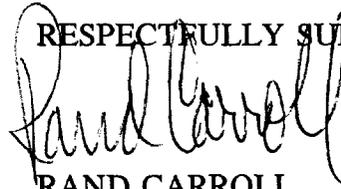
1. Determining whether or not the above-described well should be plugged in accordance with a Division-approved plugging program;

2. Upon determination that said well should be plugged directing Rhonda Operating Co. as Operator to plug said well;

3. Further ordering that if Operator fails to plug said well as ordered by the Director, that the Division be authorized:

- a. to plug said well;
 - b. to declare forfeiture on said bond and to take such action to foreclose
on said bond; and
 - c. to recover from the Operator any costs of plugging in excess of the
amount of the bond.
4. For such other and further relief as the Division deems just and proper.

RESPECTFULLY SUBMITTED,



RAND CARROLL

Legal Counsel

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