

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

CASE NO. 12825
ORDER NO. R-11780

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF DIVISION DISTRICT I OFFICE IN HOBBS, NEW MEXICO ON ITS OWN MOTION FOR AN ORDER: (I) REQUIRING LEIGH OPERATING COMPANY TO PROPERLY PLUG AND ABANDON TWO WELLS IN LEA COUNTY, NEW MEXICO; (II) IMPOSING CIVIL PENALTIES IN THE EVENT OF FAILURE TO COMPLY; (III) ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND(S); AND (IV) AUTHORIZING THE DIVISION TO PLUG AND ABANDON THESE WELLS.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 16, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of June, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) Leigh Operating Company is the current owner and operator of the following- described wells in Lea County, New Mexico:

<u>Well Name</u>	<u>API Number</u>	<u>Well Location</u>
Caudill State No. 1	30-025-27461	1660' FSL & 1660' FWL (Unit K) Section 26, T-15 South, R-36 East;
Caudill State No. 2	30-025-27637	660' FNL & 1980' FEL (Unit B) Section 26, T-15 South, R-36 East;

(3) At this time, the Division seeks an order directing the operator to plug the above-described wells in accordance with a Division-approved plugging program and, if the operator fails to do so, authorizing the Division to proceed to plug and abandon these wells,

order the forfeiture of the plugging bond(s) for these wells, and impose a civil penalty on the operator for failure to comply with this order.

(4) A representative of the Division's Hobbs District Office appeared at the hearing via conference phone and presented evidence to support the Division's position that the Caudill State Wells No. 1 and 2 should be plugged and abandoned.

(5) These wells have not produced hydrocarbons and have been inactive for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(6) By virtue of the failure to use these wells for beneficial purposes or to have an approved temporary abandonment permit, the subject wells are presumed to have been abandoned by Leigh Operating Company.

(7) The current condition of the wells is such that if action is not taken to properly plug and abandon these wells, waste will probably occur, correlative rights will also be violated, livestock and wildlife may be subject to harmful contaminants, and fresh waters may be in danger of contamination.

(8) The Division has, on several occasions, contacted Leigh Operating Company to advise them that the Caudill State Wells No. 1 and 2 are not in compliance with Division rules, and to request that action be taken to bring these wells into compliance. Leigh Operating Company has thus far not taken any action to bring the Caudill State Wells No. 1 and 2 into compliance with Division rules.

(9) Leigh Operating Company received notice of this case from the Division on February 13, 2002, but did not appear at the May 16th hearing.

(10) The Caudill State No. 1 is currently covered by a \$10,000 single-well plugging bond issued by Underwriters Indemnity Company.

(11) The Caudill State No. 2 is currently covered by a \$10,000 single-well plugging bond issued by Underwriters Indemnity Company.

(12) In order to prevent waste and to adequately protect correlative rights and the environment, the Caudill State Wells No. 1 and 2 should be plugged and abandoned by Leigh Operating Company in accordance with a plugging program approved by the supervisor of the Division's Hobbs District Office on or before July 15, 2002.

(13) Should Leigh Operating Company not meet this July 15, 2002 plugging obligation, the Division Director should then be authorized to take such action as is deemed

necessary to properly plug and abandon these wells, forfeit the plugging bonds for these wells, and recover from the operator additional costs the Division may incur to properly plug and abandon these wells.

IT IS THEREFORE ORDERED THAT:

(1) Leigh Operating Company of Dallas, Texas, is hereby ordered to plug and abandon the following-described wells in Lea County, New Mexico, on or before July 15, 2002:

<u>Well Name</u>	<u>API Number</u>	<u>Well Location</u>
Caudill State No. 1	30-025-27461	1660' FSL & 1660' FWL (Unit K) Section 26, T-15 South, R-36 East;
Caudill State No. 2	30-025-27637	660' FNL & 1980' FEL (Unit B) Section 26, T-15 South, R-36 East;

and to remediate the sites in accordance with Division rules.

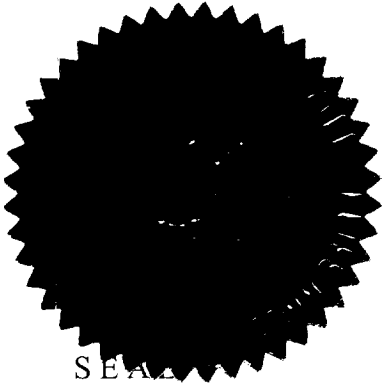
(2) Leigh Operating Company, prior to plugging and abandoning the above-described wells, shall obtain from the supervisor of the Division's district office in Hobbs, an approved plugging program and shall notify the Hobbs District Office of the date and time this work is to commence, whereupon the Division may witness such work.

(3) Should Leigh Operating Company fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such actions as are necessary to: (i) have these wells properly plugged and abandoned, including remediating the site in accordance with Division rules; (ii) forfeit the plugging bonds for these wells and utilize these funds to plug the wells; and (iii) recover from the operator additional costs the Division may incur to properly plug and abandon these wells and remediate the sites.

(4) Failure to comply with the provisions of this order shall subject Leigh Operating Company to a fine of \$1,000.00 per day per well until such work is completed (see Section 70-2-31, NMSA 1978).

(5) 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 hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Handwritten signature of Lori Wrotenbery in cursive script.

LORI WROTENBERY
Director