

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

CASE NO. 12951
ORDER NO. R-11887

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION FOR AN ORDER REQUIRING ORBIT ENTERPRISES, INC. TO PROPERLY PLUG AND ABANDON TWO (2) CERTAIN WELLS, IMPOSING CIVIL PENALTIES IN THE EVENT OF FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG THESE WELLS IN DEFAULT OF COMPLIANCE BY ORBIT ENTERPRISES, INC. AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND, IF ANY; ROOSEVELT COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 5, 2002, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 17th day of January, 2003, 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) The New Mexico Oil Conservation Division ("Division") on its own motion seeks an order directing Orbit Enterprises, Inc. of Tatum, New Mexico, to plug the two following-described wells located in Section 34, Township 7 South, Range 35 East, NMPM, Roosevelt County, New Mexico, in accordance with a Division-approved plugging program:

(a) State BA Well No. 1 (API No. 30-041-10003), located 990 feet from the North and East lines (Unit A) of Section 34; and

(b) State BA Well No. 2 (API No. 30-041-20048), located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 34.

(3) Should Orbit Enterprises, Inc. fail to plug and abandon these two (2) wells, the Division seeks an order authorizing the State to plug and abandon these wells and: (i) to declare forfeiture of the bond furnished by Orbit Enterprises, Inc. to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii) to take necessary and appropriate measures to recover from Orbit Enterprises, Inc. any costs of plugging these wells in excess of the amount of the bond, if any.

(4) Orbit Enterprises, Inc. was not present at the hearing and was not represented at the hearing by legal counsel.

(5) These two (2) wells are located on State of New Mexico mineral leases.

(6) The Division presented evidence showing that Orbit Enterprises, Inc. has posted a blanket cash bond in the amount of \$ 50,000.00 for all of its operations in the State of New Mexico in compliance with NMSA 1978, Section 70-2-14 and New Mexico Oil Conservation Division ("Division") Rule 101, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the rules of the Division with respect to the proper plugging and abandonment of wells operated by Orbit Enterprises, Inc. United New Mexico Bank is the depository on this cash collateral deposit, held in account number 0100064979.

(7) The purpose of this bond is to assure the Division that any and all wells operated by Orbit Enterprises, Inc. will be properly plugged and abandoned when not capable of commercial production or no longer utilized for some other beneficial purpose.

(8) The above-described State BA Well No. 1 (**API No. 30-041-10003**) was initially drilled by The Atlantic Refining Company of Roswell, New Mexico, to a total depth of 4,430 feet in 1964 and completed as a gas producer in the San Andres Formation. The well was placed into the Todd-Upper San Andres Gas Pool (86240) by Division form C-104 signed on January 12, 1967.

(9) The State BA Well No. 2 (**API No. 30-041-20048**) was initially drilled as the Dalport-State Well No. 1 to a total depth of 4,338 feet by Franklin, Aston & Fair, Inc., Roswell, New Mexico, and was completed in the Todd-Lower San Andres Associated Pool (59440) November 9, 1967. The well was recompleted May 13, 1968 by Atlantic Richfield Company as a gas producer in the Todd-Upper San Andres Gas Pool (86240).

(10) Division Administrative Order NSL-419, signed on June 10, 1968 approved the non-standard well location for Well No. 2 in the Todd-Upper San Andres (Gas-86240) Pool.

(11) Both wells were approved for down-hole commingling of the Lower and the Upper San Andres - Division Order No. R-4250 (Case 4638), February 1, 1972. The operator of record at that time was Holder Petroleum Corporation, Lovington, New Mexico.

(12) After several operator and operator name changes, Division Form C-104 approved October 6, 1993, records Orbit Enterprises, Inc. as operator of Wells No. 1 and 2.

(13) Jane Prouty, Computer Operations Specialist for the Division in Santa Fe, testified that the last month of reported production for Wells No. 1 and 2 was May and April of 1997 respectively. Division records indicate that at that time Well No. 1 had produced a total of 743,129 Mcf gas and 13,624 barrels of liquid hydrocarbons and Well No. 2 had produced a total of 396,776 Mcf gas and 6,204 barrels of liquid hydrocarbons.

(14) Chris Williams, District Manager of the Division's District office in Hobbs (District I), testified that: (i) the applicant's exhibits pertaining to well history were correct in this matter; (ii) these wells have been inactive for five (5) years and should be plugged; and (iii) the Division-approved plugging procedure will ensure these wells are properly and safely plugged.

(15) By virtue of the failure to use these wells for beneficial purposes or to obtain approval for temporary abandonment, Orbit Enterprises, Inc. is presumed to have abandoned the subject wells.

(16) The current condition of these two (2) wells are such that if action is not taken to properly plug and abandon them, 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.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the New Mexico Oil Conservation Division ("Division"), Orbit Enterprises, Inc. of Tatum, New Mexico, is hereby ordered on or before February 21, 2003, to plug and abandon each of the following-described wells in accordance with the program presented at the hearing by the Division's (District I) office in Hobbs.

- (a) State BA Well No. 1 (**API No. 30-041-10003**), located 990 feet from the North and East lines (Unit A) of Section 34; and

(b) State BA Well No. 2 (**API No. 30-041-20048**), located 1980 feet from the North line and 660 feet from the East line (Unit H) of Section 34.

(2) As to any wells that Orbit Enterprises, Inc. fails to bring into compliance as required by this Order, the Division shall then take such actions as are necessary to cause these wells to be properly plugged and abandoned. Further, the Division shall then be authorized to take such action as is deemed necessary to: (i) declare forfeiture of the blanket cash bond issued Orbit Enterprises, Inc. by United New Mexico Bank (account No. 0100064979), to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii) take necessary and appropriate measures to recover from Orbit Enterprises, Inc. any costs of plugging the subject wells in excess of the amount of this bond, if any.

(3) Failure to comply with the provisions of this order shall subject Orbit Enterprises, Inc. to a fine of \$1,000 per day per well, commencing from the date of this order until such work is completed (NMSA 1978, Section 70-2-31, as amended).

(4) Jurisdiction of this case 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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, reading "Lori Wrotenbery".

LORI WROTENBERY
Director