

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

CASE NO. 8863 (REOPENED)
ORDER NO. R-8210-A

IN THE MATTER OF CASE 8863 BEING
REOPENED UPON THE APPLICATION OF
ALANA OIL AND GAS CORPORATION TO
VACATE OR MODIFY DIVISION ORDER
NO. R-8210 ENTERED IN SAID CASE
8863, RIO ARriba COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 9, 1987, at Santa Fe, New Mexico before Examiner Michael E. Stogner.

NOW, on this 9th day of December, 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 this case was consolidated with Reopened Cases Nos. 8864 and 9074 for the purpose of testimony.

(3) By Order No. R-8210, issued in Case 8863 and dated April 25, 1986, the Division ordered Alana Oil and Gas Corporation as the owner and the operator of the Samantha Wells Nos. 1, 2 and 3, located 1580 feet from the South line and 1202 feet from the West line (Unit L), 1985 feet from the South line and 2290 feet from the West line (Unit K), and 1105 feet from the South line and 2490 feet from the West line (Unit N), respectively, all in Section 26, Township 28 North, Range 1 East, NMPM, and the Alana Well No. 1 located 511 feet from the South line and 2144 feet from the West line (Unit N) of Section 11, Township 27 North, Range 1 East, NMPM, all in Rio Arriba County, New Mexico, and Fidelity and Deposit Company, as the surety on each of the Oil Conservation Division one well plugging bonds for said wells, to either plug and abandon or recomplete as producers each well on or before May 25, 1986.

(4) Subsequent to the original hearing date in this case (April 2, 1986) and prior to May 25, 1986, no effort by the

operator to either recomplete or complete the subject wells as producers was made, therefore, pursuant to the provisions of said Order No. R-8210 it became necessary for the Division's Aztec District Office to take the necessary steps to properly plug and abandon the subject wells.

(5) At this time the applicant, Alana Oil and Gas Corporation, seeks to either vacate or modify said Order No. R-8210 so that it may be allowed to either complete or recomplete the subject wells as producers.

(6) At the time of this hearing the applicant failed to present adequate testimony or evidence to show that it presently has sufficient capital to operate the subject wells.

(7) The applicant also failed to present sufficient evidence to support a finding that the subject wells could be operated in a prudent manner.

(8) Further delay in plugging the subject wells could increase the risk of waste occurring, correlative rights being violated, or the contamination of fresh waters.

(9) This application should therefore be denied and Division Order No. R-8210 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) The application of Alana Oil and Gas Corporation to vacate or modify Division Order No. R-8210, dated April 25, 1987, so that they may be allowed to either complete or recomplete the Samantha Wells Nos. 1, 2 and 3, located 1580 feet from the South line and 1202 feet from the West line (Unit L), 1985 feet from the South line and 2290 feet from the West line (Unit K), and 1105 feet from the South line and 2490 feet from the West line (Unit N), respectively, all in Section 26, Township 28 North, Range 1 East, NMPM, and the Alana Well No. 1 located 511 feet from the South line and 2144 feet from the West line (Unit N) of Section 11, Township 27 North, Range 1 East, NMPM, all in Rio Arriba County, New Mexico, is hereby denied.

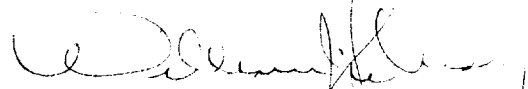
(2) Said Order No. R-8210 shall remain in full force and effect.

(3) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year
hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

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