

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION ON ITS OWN MOTION TO PERMIT
KNIGHTS BRIDGE PETROLEUM CORPORATION,
JAMES MARCHBANKS AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY THE
TRIPLE CROWN WELL NO. 1 IN QUAY COUNTY,
NEW MEXICO SHOULD NOT BE PLUGGED AND
ABANDONED IN ACCORDANCE WITH A DIVISION-
APPROVED PLUGGING PROGRAM.

CASE NO. 9610
ORDER NO. R-8931

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on April 12, 1989, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 11th day of May, 1989, 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) Knights Bridge Petroleum Corporation and James Marchbanks are the owners and operators of the Triple Crown Well No. 1, located 660 feet from the South line and 1980 feet from the East line (Unit O) of Section 6, Township 9 North, Range 31 East, NMPM, Quay County, New Mexico.
- (3) In compliance with the Oil Conservation Division's Rules and Regulations, Knights Bridge Petroleum Corporation, as operator of said well, posted a one-well cash plugging bond in the amount of \$10,000.00 into a Certificate of Deposit with the First National Bank of Tucumcari, Tucumcari, New Mexico, and has assigned said account to the Oil Conservation Division as security for said bond.
- (4) The purpose of said bond is to assure the state that the subject well will be properly plugged and abandoned when not capable of commercial production.

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(5) At this time, the Division seeks an order directing the operator or operators to pay the costs of such plugging and if the Operator fails to do so, ordering forfeiture of the Operator's bond and authorizing the Division to make demand upon First National Bank of Tucumcari to pay the Division so much of the funds of said Certificate of Deposit as is necessary to pay the costs of plugging said well.

(6) The Triple Crown Well No. 1 has not produced hydrocarbon substance for more than six months, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(7) Knights Bridge Petroleum Corporation has filed Chapter 11 Bankruptcy in the United States Bankruptcy Court for the Northern District of Texas.

(8) By virtue of the failure to obtain production or to have an approved current temporary abandonment permit, the Triple Crown Well No. 1 is presumed to have been abandoned.

(9) The current condition of said well is such that waste may occur, correlative rights may be violated or fresh waters may be contaminated if action is not taken to properly plug and abandon the same.

(10) In order to prevent waste, to protect correlative rights, and to protect fresh waters, the above-described well should be plugged and abandoned in accordance with a program approved by the Supervisor of the New Mexico Oil Conservation Division District IV Office in Santa Fe, on or before July 15, 1989, or the well should be returned to active drilling status.

IT IS THEREFORE ORDERED THAT:

(1) Knights Bridge Petroleum Corporation and James Marchbanks are hereby ordered to plug and abandon the Triple Crown Well No. 1 located 660 feet from the North line and 1980 feet from the East line (Unit O) of Section 6, Township 9 North, Range 31 East, NMPM, Quay County, New Mexico, or in the alternative, to return the well to active drilling status on or before July 15, 1989.

(2) Knights Bridge Petroleum Corporation and James Marchbanks, prior to plugging and abandoning the above-described well, shall obtain from the Supervisor of the District IV office in Santa Fe, a Division-approved program for said plugging and abandoning and shall notify said Santa Fe office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

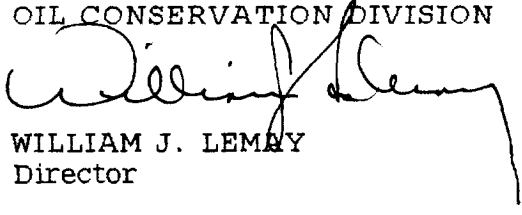
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(3) Should either party fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such actions as are deemed necessary to have the well properly plugged at which time the Director of the Division shall make demand upon the First National Bank of Tucumcari in Tucumcari, New Mexico, to pay to the Division so much of the funds of the Certificate of Deposit given as collateral for a single-well plugging bond as necessary to pay the costs of plugging said well.

(4) 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


WILLIAM J. LEMAY
Director

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