

2009
TAB 6

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 FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 14326
ORDER NO. R-13166

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER FOR A COMPLIANCE ORDER AGAINST NACOGDOCHES OIL AND GAS, INC. [OGRID 256689] FINDING THAT OPERATOR IS IN VIOLATION OF 19.15.8.9 NMAC, 19.15.25.8 NMAC, AND 19.15.7.24 NMAC; REQUIRING THAT OPERATOR PLUG AND ABANDON ALL 121 OF ITS WELLS IN NEW MEXICO BY A DATE CERTAIN; AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS, AND FORFEIT ANY APPLICABLE FINANCIAL ASSURANCE, PURSUANT TO SECTION 70-2-14(B) NMSA 1978.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 9, 2009, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim, and again on August 20, 2009 before examiner David K. Brooks.

NOW, on this 15th day of September 2009, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners,

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") seeks an order requiring Nacogdoches Oil and Gas, Inc. ("NOG" or "Nacogdoches" or "Operator") to plug and abandon all 121 of its wells identified on Exhibit "A" attached to this order [Titled Nacogdoches Case No. 14326 -121 Inactive wells in violation of OCD Rule 19.15.25.8 NMAC at the time OCD Filed the Application] or alternatively transfer these wells to

another unaffiliated operator by a date certain, or in the event that Operator fails to do so, pursuant to Section 70-2-14(B) NMSA 1978, authorizing the Division to plug and abandon all such wells and forfeit any applicable financial assurances.

(3) The Division appeared at the hearing through legal counsel and presented the following testimony.

(a) Nacogdoches Oil and Gas, Inc. acquired 183 wells from Mountain States Petroleum on August 31, 2007, and is the current operator of these wells at the time of the hearing;

(b) On April 20, 2009, **121** of these wells as shown in **EXHIBIT "A"** attached to this order were inactive in violation of Division Rule 19.15.25.8 NMAC;

(c) Further, on April 20, 2009, **39** of these wells as shown in **EXHIBIT "B"** attached to this order required single well financial assurances for state and fee lands because they were in violation of Division Rule 19.15.8.9(C);

(d) Nacogdoches also failed to report production on a monthly basis in violation of Division Rule 19.15.7.24 NMAC; and

(e) Nacogdoches is out of compliance with Division Rule 19.15.5.9 NMAC.

(4) On April 23, 2009, the Division filed an application for a compliance order against Nacogdoches Oil and Gas, Inc. This case was initially heard on July 9, 2009.

(5) The witness for the Division testified that on July 8, 2009, just a day before the hearing, Nacogdoches still has **86** wells in the inactive well list in violation of Division Rule 19.15.25.8 NMAC, and **28** wells still required single well financial assurances in violation of Division Rule 19.15.8.9(C).

(6) The Division's financial assurance administrator testified by affidavit that Nacogdoches Oil and Gas, Inc. posted \$50,000 blanket plugging financial assurance Number LOCA276171, through Compass Bank, 24 Greenway Plaza, Suite 1601, Houston Texas 77046. She also testified that as of April 23, 2009, the date of filing this application, NOG has 39 wells that required single well financial assurances, and by July 8, 2009, NOG has 28 wells that still required single well financial assurances. She further testified that the blanket financial assurance and any single well financial assurances posted by NOG have been provided in the form of Letters of Credit.

(7) Nacogdoches Oil and Gas, Inc. appeared at the hearing through legal counsel and presented the following testimony:

(i) Nacogdoches Oil and Gas, Inc. acquired the 183 wells from Mountain States Petroleum on August 31, 2007, however, the Division did not recognize Nacogdoches as the

operator of those wells until March 18, 2008. As a consequence, all the production was reported under Mountain States Petroleum, the prior operator of these wells;

(ii) Nacogdoches has worked very hard to return the wells to production or injection after acquiring the Wells from Mountain States Petroleum;

(iii) Recently Nacogdoches filed an application for a salt water disposal well, but the application was continued indefinitely because Nacogdoches was out of compliance with Division Rule 19.15.5.9;

(iv) Several wells could come into compliance with the Division Rules if the salt water disposal well is approved namely: (1) some of the shut-in producing wells could be put on production again, (2) the injection wells that failed Mechanical Integrity Tests (MITs) or that have constant sand problems could be replaced with the new salt water disposal well;

(v) If additional wells are allowed to be put on production by approving the salt water disposal well, the project will be economical. The project can produce between 300 to 400 barrels of oil per day; and

(vi) Nacogdoches has spent approximately \$8 million in capital investment for the purchase of hardware, pipe, flow lines, plugging equipment, acid trucks, pulling units, and bulldozers, and this does not include the purchase price of the property.

(8) After the hearing on July 9, 2009, the case was continued to August 20, 2009, to enable the Operator to come into compliance with all the Division Rules. Specific instructions given to the Operator to ensure that it complies with the Division Rules include the following: (1) bring all its inactive wells into compliance with Rule 19.15.25.8 NMAC; (2) post all additional financial assurances; and (3) file all the production and injection reports on form C-115. If on August 20, 2009, the Operator had complied with all these requirements to the satisfaction of the Compliance and Enforcement Manager, this case would therefore be dismissed. Should the Operator fail to comply with all these requirements on this date, then this case would be taken under advisement and an order entered.

The Division determined the following:

(9) At the August 20, 2009 hearing, it was determined that the Operator failed to comply with all the Division Rules, the specific instructions and requirements outlined on July 9, 2009, and therefore, the case was accordingly taken under advisement.

(10) Evidence presented by the Division at the hearing on August 20, 2009, indicated that there were still 48 inactive wells in violation of Division Rules 19.15.5.9 NMAC, and 19.15.25.8 NMAC. These wells are shown on **EXHIBIT "C"** attached to this order.

(11) Nacogdoches did bring 38 wells out of 86 wells into compliance by August 20, 2009 [86-48 =38].

(12) Nacogdoches complied with the financial assurance requirements even though some single well financial assurances were posted on the morning of August 20, 2009, just before the hearing.

(13) Nacogdoches has complied with the monthly reporting requirements of the Division.

(14) The Operator however, could not demonstrate that it has complied with all the Division Rules, and for failure to comply with all the Rules, and specific requirements by August 20, 2009, the Operator is still in violation of Division **Rule 19.15.5.9 NMAC**. As a consequence, the Operator should be ordered to take one of the following actions with respect to each of the 48 inactive wells on or before December 31, 2009:

- (a) Plug and abandon the wells.
- (b) Obtain OCD approved temporary abandonment status for the wells.
- (c) Return the wells to regular production or injection.
- (d) Transfer the wells to another unaffiliated operator.

(15) Should the Operator fail to comply with this Order by December 31, 2009, then:

(a) its blanket plugging financial assurance, and any single well financial assurances applicable to wells remaining out of compliance with the Rules shall be forfeited;

(b) the Division may proceed to plug and abandon any well that remains out of compliance with Division Rules, and the Operator shall, immediately upon presentation of an invoice, reimburse the Division for all costs incurred in properly plugging and abandoning any such well, in excess of applicable financial assurance proceeds; and

(c) after notice to the Operator and opportunity for a hearing, unless the Operator demonstrates that it has, in fact, complied with all the requirements of this Order by December 31, 2009, the Division Director may order the Operator to shut in all of the wells that it operates until it replaces the blanket financial assurances herein declared forfeited, and furnishes any additional financial assurances required for continuation of its operations under applicable Division Rules.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Division, Nacogdoches Oil and Gas, Inc. is hereby ordered to take one of the following actions on or before December 31, 2009:

- (a) Plug and abandon the wells.
- (b) Obtain OCD approved temporary abandonment status for the wells.
- (c) Return the wells to regular production or injection.
- (d) Transfer the wells to another unaffiliated operator.

(2) Should the Operator fail to comply with this Order by December 31, 2009, then:

(a) its blanket plugging financial assurance, and any single well financial assurances applicable to the wells remaining out of compliance with the Rules shall be forfeited;

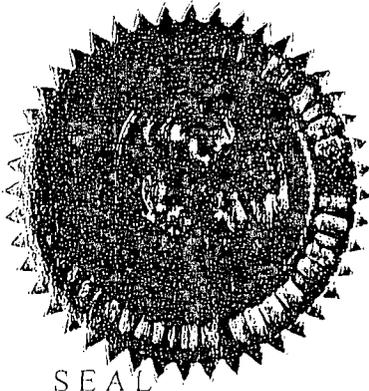
(b) the Division may proceed to plug and abandon any well that remains out of compliance with Division Rules, and the Operator shall, immediately upon presentation of an invoice, reimburse the Division for all costs incurred in properly plugging and abandoning any such well, in excess of applicable financial assurance proceeds; and

(c) after notice to the Operator and opportunity for a hearing, unless the Operator demonstrates that it has, in fact, complied with all the requirements of this Order by December 31, 2009, the Division Director may order the Operator to shut in all of the wells that it operates until it replaces the blanket financial assurances herein declared forfeited, and furnishes any additional financial assurances required for continuation of its operations under applicable Division Rules.

(3) On the other hand, should the Operator comply with all the provisions of this order by December 31, 2009, it shall be allowed to re-open its salt water disposal application which was continued indefinitely.

(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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director

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1.	SANTA FE #029	1.	30-031-20341
2.	SANTA FE PACIFIC RAILROAD #002	2.	30-031-20165
3.	SANTA FE PACIFIC RAILROAD #008	3.	30-031-20181
4.	SANTA FE PACIFIC RAILROAD #009	4.	30-031-20182
5.	SANTA FE RAILROAD #003	5.	30-031-05147
6.	SANTA FE RAILROAD #004	6.	30-031-05151
7.	SANTA FE RAILROAD #007	7.	30-031-05141
8.	SANTA FE RAILROAD #008	8.	30-031-05496
9.	SANTA FE RAILROAD #009	9.	30-031-05531
10.	SANTA FE RAILROAD #012	10.	30-031-20032
11.	SANTA FE RAILROAD #013	11.	30-031-20038
12.	SANTA FE RAILROAD #014	12.	30-031-20037
13.	SANTA FE RAILROAD #015	13.	30-031-20036
14.	SANTA FE RAILROAD #018	14.	30-031-20138
15.	SANTA FE RAILROAD #019	15.	30-031-20139
16.	SANTA FE RAILROAD #020	16.	30-031-20140
17.	SANTA FE RAILROAD #021	17.	30-031-20141
18.	SANTA FE RAILROAD #023	18.	30-031-20150
19.	SANTA FE RAILROAD #039	19.	30-031-20452
20.	SANTA FE RAILROAD #040	20.	30-031-20451
21.	SANTA FE RAILROAD #041	21.	30-031-20594
22.	SANTA FE RAILROAD #042	22.	30-031-20745
23.	SANTA FE RAILROAD #043	23.	30-031-20712
24.	SANTA FE RAILROAD #044	24.	30-031-20713
25.	SANTA FE RAILROAD #045	25.	30-031-20804
26.	SANTA FE RAILROAD #047	26.	30-031-20836
27.	SANTA FE RAILROAD #048	27.	30-031-20837
28.	SANTA FE RAILROAD #049	28.	30-031-20838
29.	SANTA FE RAILROAD #050	29.	30-031-20854
30.	SANTA FE RAILROAD #051	30.	30-031-20853
31.	SANTA FE RAILROAD A #074	31.	30-031-20021
32.	SANTA FE RAILROAD A #083	32.	30-031-20147
33.	SANTA FE RAILROAD A #084	33.	30-031-20372
34.	SANTA FE RAILROAD A #087	34.	30-031-20413
35.	SANTA FE RAILROAD A #097	35.	30-031-20855
36.	SANTA FE RR B #032	36.	30-031-20303
37.	SANTA FE RR B #033	37.	30-031-20369

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38.	SANTA FE RR B #034	38.	30-031-20390
39.	SANTA FE RR B #035	39.	30-031-20391
40.	SANTA FE RR B #036	40.	30-031-20416
41.	SANTA FE RR B #037	41.	30-031-20415
42.	SOUTH HOSP AH UNIT #001	42.	30-031-05142
43.	SOUTH HOSP AH UNIT #002	43.	30-031-05139
44.	SOUTH HOSP AH UNIT #003	44.	30-031-05140
45.	SOUTH HOSP AH UNIT #004	45.	30-031-05145
46.	SOUTH HOSP AH UNIT #005	46.	30-031-05146
47.	SOUTH HOSP AH UNIT #006	47.	30-031-20009
48.	SOUTH HOSP AH UNIT #007	48.	30-031-20012
49.	SOUTH HOSP AH UNIT #008	49.	30-031-20015
50.	SOUTH HOSP AH UNIT #009	50.	30-031-20013
51.	SOUTH HOSP AH UNIT #010	51.	30-031-60017
52.	SOUTH HOSP AH UNIT #011	52.	30-031-20016
53.	SOUTH HOSP AH UNIT #012	53.	30-031-20020
54.	SOUTH HOSP AH UNIT #013	54.	30-031-20054
55.	SOUTH HOSP AH UNIT #014	55.	30-031-20053
56.	SOUTH HOSP AH UNIT #015	56.	30-031-20055
57.	SOUTH HOSP AH UNIT #016	57.	30-031-20056
58.	SOUTH HOSP AH UNIT #017	58.	30-031-20057
59.	SOUTH HOSP AH UNIT #021	59.	30-031-05134
60.	SOUTH HOSP AH UNIT #022	60.	30-031-05498
61.	SOUTH HOSP AH UNIT #024	61.	30-031-20091
62.	SOUTH HOSP AH UNIT #025	62.	30-031-20092
63.	SOUTH HOSP AH UNIT #026	63.	30-031-20093
64.	SOUTH HOSP AH UNIT #027	64.	30-031-20094
65.	SOUTH HOSP AH UNIT #028	65.	30-031-20095
66.	SOUTH HOSP AH UNIT #029	66.	30-031-20120
67.	SOUTH HOSP AH UNIT #030	67.	30-031-20121
68.	SOUTH HOSP AH UNIT #031	68.	30-031-20122
69.	SOUTH HOSP AH UNIT #032	69.	30-031-20125
70.	SOUTH HOSP AH UNIT #033	70.	30-031-20124
71.	SOUTH HOSP AH UNIT #035	71.	30-031-20119
72.	SOUTH HOSP AH UNIT #036	72.	30-031-20118
73.	SOUTH HOSP AH UNIT #037X	73.	30-031-20135

74.	SOUTH HOSPAH UNIT #038	74.	30-031-20151
75.	SOUTH HOSPAH UNIT #039	75.	30-031-20152
76.	SOUTH HOSPAH UNIT #046	76.	30-031-20360
77.	SOUTH HOSPAH UNIT #047	77.	30-031-20361
78.	SOUTH HOSPAH UNIT #048	78.	30-031-20362
79.	SOUTH HOSPAH UNIT #049	79.	30-031-20363
80.	SOUTH HOSPAH UNIT #050	80.	30-031-20364
81.	SOUTH HOSPAH UNIT #051	81.	30-031-20242
82.	SOUTH HOSPAH UNIT #052	82.	30-031-20243
83.	SOUTH HOSPAH UNIT #053	83.	30-031-20278
84.	SOUTH HOSPAH UNIT #054	84.	30-031-20407
85.	SOUTH HOSPAH UNIT #057	85.	30-031-20408
86.	SOUTH HOSPAH UNIT #058	86.	30-031-20409
87.	SOUTH HOSPAH UNIT #059	87.	30-031-20410
88.	SOUTH HOSPAH UNIT #060	88.	30-031-20411
89.	SOUTH HOSPAH UNIT #061	89.	30-031-20546
90.	SOUTH HOSPAH UNIT #062	90.	30-031-20545
91.	SOUTH HOSPAH UNIT #063	91.	30-031-20544
92.	SOUTH HOSPAH UNIT #064	92.	30-031-20547
93.	LONE PINE DAKOTA D UNIT #023	93.	30-031-20201
94.	HOSPAH SAND UNIT #039	94.	30-031-05171
95.	HOSPAH SAND UNIT #050	95.	30-031-05201
96.	SANTA FE #016	96.	30-031-20086
97.	SANTA FE #017	97.	30-031-20102
98.	HOSPAH SAND UNIT #003	98.	30-031-05205
99.	HOSPAH SAND UNIT #015	99.	30-031-05207
100.	HOSPAH SAND UNIT #017	100.	30-031-05213
101.	HOSPAH SAND UNIT #019	101.	30-031-05203
102.	HOSPAH SAND UNIT #025	102.	30-031-05212
103.	HOSPAH SAND UNIT #027	103.	30-031-05214
104.	HOSPAH SAND UNIT #028	104.	30-031-05216
105.	HOSPAH SAND UNIT #029	105.	30-031-05225
106.	HOSPAH SAND UNIT #032	106.	30-031-05224
107.	HOSPAH SAND UNIT #035	107.	30-031-05222
108.	HOSPAH SAND UNIT #037	108.	30-031-05219
109.	HOSPAH SAND UNIT #038	109.	30-031-05179
110.	HOSPAH SAND UNIT #052	110.	30-031-05182

EXHIBIT "A" Nacogdoches - Case No. 14326 - 121 Wells Inactive [in violation of OCD Rule 19.15.25.8] at time Application Filed by OC

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111. HOSPANH SAND UNIT #058	111. 30-031-20115
112. HOSPANH SAND UNIT #059	112. 30-031-20116
113. HOSPANH SAND UNIT #084	113. 30-031-20248
114. HOSPANH SAND UNIT #092	114. 30-031-20613
115. HOSPANH SAND UNIT #093	115. 30-031-20611
116. HOSPANH SAND UNIT #095	116. 30-031-20608
117. HOSPANH SAND UNIT #100	117. 30-031-20831
118. HOSPANH SAND UNIT #105	118. 30-031-20944
119. LONE PINE DAKOTA D UNIT #012	119. 30-031-20183
120. LONE PINE DAKOTA D UNIT #014	120. 30-031-20174
121. HOSPANH SAND UNIT #051	121. 30-031-05194

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1. HOSPAS SAND UNIT #015	1. 30-031-05207
2. HOSPAS SAND UNIT #017	2. 30-031-05213
3. HOSPAS SAND UNIT #019	3. 30-031-05203
4. HOSPAS SAND UNIT #025	4. 30-031-05212
5. HOSPAS SAND UNIT #027	5. 30-031-05214
6. HOSPAS SAND UNIT #028	6. 30-031-05216
7. HOSPAS SAND UNIT #029	7. 30-031-05225
8. HOSPAS SAND UNIT #032	8. 30-031-05224
9. HOSPAS SAND UNIT #035	9. 30-031-05222
10. HOSPAS SAND UNIT #052	10. 30-031-05182
11. HOSPAS SAND UNIT #095	11. 30-031-20608
12. HOSPAS SAND UNIT #105	12. 30-031-20944
13. SANTA FE #016	13. 30-031-20086
14. SANTA FE #017	14. 30-031-20102
15. SANTA FE #029	15. 30-031-20341
16. SANTA FE RAILROAD #004	16. 30-031-05151
17. SANTA FE RAILROAD #007	17. 30-031-05141
18. SANTA FE RAILROAD #008	18. 30-031-05496
19. SANTA FE RAILROAD #009	19. 30-031-05531
20. SANTA FE RAILROAD #013	20. 30-031-20038
21. SANTA FE RAILROAD #014	21. 30-031-20037
22. SANTA FE RAILROAD #015	22. 30-031-20036
23. SANTA FE RAILROAD #018	23. 30-031-20138
24. SANTA FE RAILROAD #019	24. 30-031-20139
25. SANTA FE RAILROAD #020	25. 30-031-20140
26. SANTA FE RAILROAD #021	26. 30-031-20141
27. SANTA FE RAILROAD #023	27. 30-031-20150
28. SANTA FE RAILROAD #039	28. 30-031-20452
29. SANTA FE RAILROAD #040	29. 30-031-20451
30. SANTA FE RAILROAD #041	30. 30-031-20594
31. SANTA FE RAILROAD #042	31. 30-031-20745
32. SANTA FE RAILROAD #043	32. 30-031-20712
33. SANTA FE RAILROAD #045	33. 30-031-20804
34. SANTA FE RAILROAD #047	34. 30-031-20836

EXHIBIT "B" Nacogdoches - Case No. 14326 -39 Wells in violation of financial assurance requirements at time OCD filed Application

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35. SANTA FE RAILROAD #048	35. 30-031-20837
36. SANTA FE RAILROAD #049	36. 30-031-20838
37. SANTA FE RAILROAD #050	37. 30-031-20854
38. SANTA FE RAILROAD #051	38. 30-031-20853
39. SANTA FE RAILROAD A #074	39. 30-031-20021

1.	HOSPANH SAND UNIT #038	1.	30-031-05179
2.	HOSPANH SAND UNIT #039	2.	30-031-05171
3.	HOSPANH SAND UNIT #051	3.	30-031-05194
4.	HOSPANH SAND UNIT #058	4.	30-031-20115
5.	HOSPANH SAND UNIT #084	5.	30-031-20248
6.	HOSPANH SAND UNIT #092	6.	30-031-20613
7.	HOSPANH SAND UNIT #093	7.	30-031-20611
8.	HOSPANH SAND UNIT #100	8.	30-031-20831
9.	LONE PINE DAKOTA D UNIT #012	9.	30-031-20183
10.	LONE PINE DAKOTA D UNIT #014	10.	30-031-20174
11.	LONE PINE DAKOTA D UNIT #023	11.	30-031-20201
12.	SANTA FE PACIFIC RAILROAD #009	12.	30-031-20182
13.	SANTA FE RAILROAD #023	13.	30-031-20150
14.	SANTA FE RAILROAD #044	14.	30-031-20713
15.	SANTA FE RAILROAD #051	15.	30-031-20853
16.	SANTA FE RAILROAD A #074	16.	30-031-20021
17.	SANTA FE RAILROAD A #083	17.	30-031-20147
18.	SANTA FE RAILROAD A #084	18.	30-031-20372
19.	SANTA FE RAILROAD A #087	19.	30-031-20413
20.	SANTA FE RAILROAD A #097	20.	30-031-20855
21.	SANTA FE RR B #032	21.	30-031-20303
22.	SANTA FE RR B #035	22.	30-031-20391
23.	SOUTH HOSPANH UNIT #002	23.	30-031-05139
24.	SOUTH HOSPANH UNIT #004	24.	30-031-05145
25.	SOUTH HOSPANH UNIT #005	25.	30-031-05146
26.	SOUTH HOSPANH UNIT #006	26.	30-031-20009
27.	SOUTH HOSPANH UNIT #008	27.	30-031-20015
28.	SOUTH HOSPANH UNIT #009	28.	30-031-20013
29.	SOUTH HOSPANH UNIT #012	29.	30-031-20020
30.	SOUTH HOSPANH UNIT #013	30.	30-031-20054
31.	SOUTH HOSPANH UNIT #017	31.	30-031-20057
32.	SOUTH HOSPANH UNIT #021	32.	30-031-05134
33.	SOUTH HOSPANH UNIT #022	33.	30-031-05498
34.	SOUTH HOSPANH UNIT #027	34.	30-031-20094

EXHIBIT "C" Nacogdoches - Case No. 14326-48 Wells Inactive [in violation of OCD Rule 19.15.25.8] as of 8/20/09
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35. SOUTH HOSPAN UNIT #029	35. 30-031-20120
36. SOUTH HOSPAN UNIT #033	36. 30-031-20124
37. SOUTH HOSPAN UNIT #036	37. 30-031-20118
38. SOUTH HOSPAN UNIT #037X	38. 30-031-20135
39. SOUTH HOSPAN UNIT #039	39. 30-031-20152
40. SOUTH HOSPAN UNIT #047	40. 30-031-20361
41. SOUTH HOSPAN UNIT #051	41. 30-031-20242
42. SOUTH HOSPAN UNIT #052	42. 30-031-20243
43. SOUTH HOSPAN UNIT #054	43. 30-031-20407
44. SOUTH HOSPAN UNIT #057	44. 30-031-20408
45. SOUTH HOSPAN UNIT #058	45. 30-031-20409
46. SOUTH HOSPAN UNIT #059	46. 30-031-20410
47. SOUTH HOSPAN UNIT #060	47. 30-031-20411
48. SOUTH HOSPAN UNIT #063	48. 30-031-20544



Energy, Minerals and Natural Resources Oil Conservation Division

2002-2009- HEARING ORDERS

Index

Black = ACO; Blue = ACOI

Tab	Date	Operator - OGRID	Order No.	Nature Of Violation	Action Required
2008					
1	02/25/08 11/06/08	Southwestern, Inc.	R-12909 Case No. 14007 R-12909-A	Violation of Rule 201.B Failure to maintain, properly plug or abandon inactive wells.	Order requiring operator to plug wells by 04/30/08, and allowing OCD to plug them if operator fails and collect a \$6K penalty. Amendment A grants Division formal authority to collect the \$6K civil penalty
2	02/25/08	Rojo Grande Company, LLC	R-12908 Case No. 13980	Violation of Rule 201.B Failure to maintain, properly plug or abandon inactive wells.	Order requiring operator to plug wells by 05/31/08, and allowing OCD to plug them if operator fails.
3	03/03/08 08/14/08 06/18/09 09/02/09	C & D Management Company d/b/a Freedom Ventures Company	R-12913 Case No. 14055 R-12913-A Case No. 14055 De Novo R-12913-B R-12913-C	Violation of Rule 201.B Failure to maintain, properly plug or abandon inactive wells.	Order requiring operator to plug wells by 05/31/08, and allowing OCD to plug them if operator fails and collect a \$33K penalty. Order requiring operator to plug and abandon wells and file correct reports on or before September 14, 2008. Pay \$16K civil penalty on for before September 15, 2008. Unopposed Motion to Continue 07/16/09 Unopposed Motion to Continue 10/07/09
4	04/01/08	Chaparral Energy, LLC	R-12928 Case No. 14006	Failure to file completion report (C-105) or request for allowable (C-104) Rules 19.15.13.1105 and 19.15.13.1104	In order OCD's request for compliance order for C-105 dismissed (Operator had filed the C-105 shortly after hearing). Hearing examiner imposed a \$4K civil penalty, payable by 4.30.08. Operator paid the \$4K civil penalty on 4.18.08.
5	04/07/08 06/17/09 09/15/09	Yeso Energy, Inc.	R-12930 Case No. 14008 R-12930-A Case No. 14294 R-12930-B Case No. 14294	Violation of Rule 1115 by failure to timely file production reports; and Rule 1104, 804.A and 701 by continuing to operate producing or injection wells after the Division has suspended its permits for those wells by reason of its earlier reporting infractions. Compliance Order finding operator in violation of Division Rules 7.24 (failure to timely file production reports) and 25.8 (inactive wells).	Order operator to pay \$3K civil penalty for failure to file production reports and \$33K civil penalty for knowing and willful injection of water without a valid permit; payment due by 4.20.08. Operator ordered to appear at the August 20, 2009 examiner hearing and ordered to present evidence of compliance with Division Rules 7.24, 8.9, and 25.8. Operator ordered to properly plug and abandon its wells or transfer them to a nonaffiliated operator by 3/15/10.
6	04/17/08	Southwest Royalties	R-12933 Case No. 14077	Violation of Rule 201.B Failure to maintain, properly plug or abandon inactive wells.	Case dismissed.
7	04/28/08	Tom R. Cone	R-12935 Case No. 14076	Violation of Rule 201 Failure to maintain, properly plug or abandon inactive wells.	Order requiring operator to plug and abandon the subject wells, or secure approved temporary abandonment status or return the wells to production on or before June 30, 2008.
8	05/05/08	Marbob Energy Corporation	R-12938 Case No. 14102	Order authorizing a Centralized Surface Waste Management Facility	Case dismissed.

Tab	Date	Operator - OGRID	Order No.	Nature Of Violation	Action Required
9	05/19/08	Tucumcari Exploration, LLC	R-12940 Case No. 14005		Case Dismissed.
10	05/19/08	Pogo Producing Company	R-12943 Case No. 14111		Case Dismissed.
11	06/12/08	Reubin Collins D/B/A/ RCJ Enterprises	R-12959 Case No. 14051		Case Dismissed.
12	06/16/08 07/25/08 11/07/08	Jackie Brewer D/B/A Sandlot Energy	R-12961 Case No. 14074 R-12961-A R-12961-B	Knowingly and Willfully Violated Rule 19.15.3.116 NMAC	Order requiring corrective action on 10 wells by August 30, 2008; Remediation in accordance with plan submitted to and approved by Artesia District Office; penalty of \$48,000 on or before July 30, 1008. Amendment A staying payment of penalty assessment. Operator paid \$12K civil penalty on 11.20.08 Amendment B requires remediation by 5.7.09 and pmt of \$12K civil penalty by 11.21.08
13	06/19/08 09/11/08 09/30/08	Marks and Garner Production Ltd. Company	R-12963 Case No. 14041 R-12963-A R-12963-B	Violation of Rule 201 and 19.15.13.1115 NMAC Failure to maintain, properly plug or abandon inactive wells.	OCD order requiring operator to plug and abandon 19 wells; post additional single well plugging bonds on or before July 30, 2008; penalty of \$19,000 on or before July 30, 2008. Amendment B – OCC order Amendment denies request for extension of deadlines concerning compliance and payment of civil penalty.
14	06/20/08	C.W. Trainer	R-12964 Case No. 14103	Violation of Rules 101.B and 201, and 202 and 116.D	Order requiring operator to file single-well financial assurance by July 25, 2008; site restoration; fully complete the clean-up of the release.
15	06/23/08	Americo Energy Resources, LLC	R-12966 Case No. 14079	Knowingly and willfully violated Rule 19.15.3.116 NMAC	Order requiring operator to take corrective action by August 30, 2008; remediate well sites; penalty of \$11,000 on or before July 30, 2008
16	06/30/08	Kimlar Oil Company	R-12967 Case No. 14054	Violation of Rule 116 – Contamination	Order requiring operator to complete cleanup by July 31, 2008; install and/or implement a spill prevention system by January 1, 2009.
17	07/02/08	Buckeye Disposal, LLC	R-12968 Case No. 14108	Violation of Rules 101.B and 201	Order requiring operator to file single-well financial assurance by July 31, 2008; compliance with Rule 202
18	08/07/08 11/18/08	Quannah, Inc.	R-12977 Case No. 14110 R-12977-A	Disposing of produced water into a tank connected to a disposal system without authorization from the operator of the tank or the operator of the disposal system.	Order requiring operator to \$1K penalty on or before August 15, 2008; Permit (C-133) to transport oilfield waste is suspended for a term of 6 months until February 14, 2009. Amendment A dismisses case.
19	08/07/08	ERS Resources, LLC	R-12979 Case No. 14078	Violation of Rules 201	Order requiring operator to comply with rule 201 by November 11, 2008
20	10/08/08	Calvin F. Tennison	R-13003 Case No. 14137	Violation of Rules 101, 1115, 201, and 50	Order requiring operator to comply with rules by January 1, 2009
21	10/09/08	Parrish, H. Dwayne and Rhonda K.	R 13006 Case No. 14164	Violation of Rules 201 & 703	Order requiring operator to comply with rule s by March 31, 2009
22	10/10/08 02/24-25/09	Xeric Oil & Gas Corporation	R-13005 Case No. 14106 R-13005-A Case No. 14106 De Novo	Violation of Rules 101,201, and 1115	Order requiring operator to file single-well financial assurances by 11.28.08; submit true and accurate reports electronically by 12.31.08; pay civil penalty of \$88K by 1.30.09. Order requiring operator to file single-well financial assurances by 6.12.09; submit reports electronically by 4.12.09; OCD to plug if operator does not comply.
23	10/10/08 01/12/09	McElvain Oil & Gas Properties, Inc.Xeric Oil & Gas Corporation	R-13007 Case No. 14186 R-13007-A Case 14186	Operator has not requested a continuance and that the subpoena filed by counsel fails to allow reasonable time for compliance in light of that fact.	Order Granting Motion to Quash Subpoena
24	11/18/08	Star Acquisition VII, LLC	R-13051 Case No. 14117	Case Dismissed	

Tab	Date	Operator - OGRID	Order No.	Nature Of Violation	Action Required
25	11/20/08	Americo Energy Resources, LLC	R-13058 Case No. 14189	Violation of Rules 201 & 101	Order requiring operator to comply with rule 201 by May 1, 2009 and pay \$17,800 by December 15, 2008.
26	12/29/08	General Operating Company, Gene A. Snow and/or Snow Oil & Gas, Inc.	R-13069 Case No. 14129	Inactive abandoned well	Order granting OCD authorization to properly plug and abandon the Kleeman Well No. 1, and remediate the site.
2007					
1	01/25/07	Thornton Hopper	R-12706 Case No. 13844	Violation of Rule 201.B Failure to maintain, properly plug or abandon inactive wells.	Order requiring operator to plug wells by 03/01/07, and allowing OCD to plug them if operator fails. No bonding available, other than possible federal bond.
2	02/23/07	C.W. Trainer	R-12720 Case No. 13846	Violation of Rule 201.B Failure to maintain, properly plug or abandon inactive wells.	Require operators to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before May 31, 2007.
3	05/01/07	Kimlar Oil Company	R-12751 Case No. 13885	Compliance	Dismissal of Case No. 13885
4	06/15/07 07/30/07 09/13/07 06/23/08 11/05/08	Pronghorn Management Corp.	R-12767 Case No. 13858 R-12767-A R-12767-B R-12767-C R-12767-D	Violation of Rule 201 Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before October 2, 2007. Order to Show Cause De Novo case 13858 dismissed Revoked authority De Novo cases 13859 & 14052 dismissed
5	06/15/07 06/23/08 11/05/08	Pronghorn Management Corp.	R-12768 Case No. 13859 R-12768-C Case 13859 & Case 14052 R-12768-D Case 13859 & Case 14052	Violation of 70-2-31(B)(2), 19.15.13.1115.ANMAC, and 19.15.4.201 NMAC	Require operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before December 30, 2007; Pay penalty of \$72,000 on or before July 30, 2007; File corrected production reports on the 11 wells, and provide contact information for private lessors affected by the false production reports on or before July 30, 2007. Case dismissed. Operator shall no longer be allowed to operate as an oil and gas operator in NM; allowable le on all wells and its authority to transport oil or gas from all wells are immediately revoked, and all it s wells shall be shut-in. Cases dismissed.
6	06/25/07	Salado Operating LLC	R-13887 Case No. 12769	Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before August 1, 2007.
7	06/25/07	Willow Creek Resources, Inc.	R-12771 Case No. 13715	Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring the subject well into compliance with 19.15.4.201 NMAC on or before October 1, 2007.
8	07/02/07	Reubin Collins dba RCJ Enterprises, LLC	R-12772 Case No. 13886	Failure to maintain, properly plug or abandon inactive wells.	Require operators to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before October 1, 2007.
9	07/05/07 11/08/07 05/09/08	Northstar Oil and Gas	R-12779 Case No. 13920 R-12779-A Case No. 13920 de novo R-12779-B Case No. 13920 de novo	Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before September 5, 2007. Require operator to bring each of the subject wells into compliance with 19.15.4.202 NMAC on or before December 15, 2007. Require operator to reseed the Barbara #1 well site with seed of plants native to the area by 6.9.08; operator does not have to reseed the Davie, #1; operator to pay the \$10K civil penalty by 6.9.08; OCD shall not release the financial assurance until operator reseeds and provides written notification to OCD upon completion of the seeding & pays the \$10K civil penalty. Paid.
10	06/25/07	Willow Creek Resources, Inc.	R-12771 Case No. 13715	Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before October 1, 2007.
11	08/20/07	Yeso Energy, Inc.	R-12801 Case No. 13921	Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC on or before September 30, 2007.
2006					

Tab	Date	Operator - OGRID	Order No.	Nature Of Violation	Action Required
1	03/20/06	Fi-Ro Corporation	R-12523 Case No. 13657	Failure to maintain, properly plug or abandon inactive wells.	Require operator to plug he subject wells and to remediate the well sites in accordance with Division rules on or before April 20, 2006.
2	03/20/06	Southeastern Petroleum, Inc.	R-12524 Case No. 13658	Failure to maintain, properly plug or abandon inactive wells.	Require operator to plug the subject wells and to remediate the well sites in accordance with Division rules on or before July 30, 2007.
3	06/21/06	Estate of Reuben F. Momsen	R-12572 Case No. 13713	Failure to maintain, properly plug or abandon inactive wells.	Require operator to plug and abandon the subject well in accordance with 19.15.4.202 NMAC on or before August 1, 2006.
4	06/21/06	Heartland Energy Corp.	R-12571 Case No. 13712	Failure to maintain, properly plug or abandon inactive wells.	Require operator to plug and abandon the subject wells in accordance with 19.15.4.202 NMAC on or before August 1, 2006.
5	06/21/06	Tenneco Oil Company	R-12573 Case No. 13714	Failure to maintain, properly plug or abandon inactive wells.	Require operator to plug and abandon the subject well in accordance with 19.15.4.202 NMAC on or before August 1, 2006.
6	08/03/06	Platinum Exploration, Inc.	R-12603 Case No. 13728	Failure to maintain, properly plug or abandon inactive wells.	A penalty in the amount of \$5,000 shall be assessed against the operator, payable to the Division on or before August 31, 2006.
7	11/13/06 01/17/07 04/19/07	Tempo Energy, Inc., Peterson Petroleum Company and/or Joe D. Peterson	R-12659 Case No. 13711 R-12659-A Case No. 13711 De Novo R-12659-B Case No. 13711 De Novo	Failure to maintain, properly plug or abandon inactive wells. Requested temporary stay.	Require operator to plug and abandon the subject well on or before February 13, 2007. Stay granted until OCC's final action. Required operator to plug subject well and ordered forfeiture of bond in the event of its failure to plug the well.
8	12/27/06	Americo Energy Resources, LLC	R-12685 Case No. 13819	Failure to maintain, properly plug or abandon inactive wells.	A penalty in the amount of \$3,000 shall be assessed against the operator, payable to the Division within thirty-(30) days from the date of the order (12/27/06).
2005					
1	01/18/05	B. Bernard Langford	R-12271 Case No. 13336	Failure to maintain, properly plug or abandon inactive well.	Require operator to bring one well into compliance with 19.15.4.201 NMAC, and assessing appropriate civil penalties
2	01/18/05	Millard Deck Este	R-12276 Case No. 13361	Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring two wells into compliance with 19.15.4.201 NMAC, and assessing appropriate civil penalties
3	01/18/05	Tahoe Energy, Inc. & Kenneth A. Freeman DBA Tahoe Energy Inc.	R-12270 Case No. 13354	Failure to maintain, properly plug or abandon inactive well.	Require operators to bring one well into compliance with 19.15.4.201 NMAC, and assessing appropriate civil penalties
4	01/18/05	Carbon Energy, Inc. & Carbon Energy	R-12272 Case No. 13337	Failure to maintain, properly plug or abandon inactive wells.	Require operators to bring two wells into compliance with 19.15.4.201 NMAC, and assessing appropriate civil penalties
5	01/25/05	Verde Grande, Inc.	R-12279 Case No. 13257	Failure to maintain, properly plug or abandon inactive well.	Require operator to bring one well into compliance with 19.15.4.201 NMAC, and assessing appropriate civil penalties
6	01/28/05	Bristol Resources Chaparral Energy, L.L.C.	R-12280 Case No. 13061	Contamination of ground water in drinking water wells and in monitor wells located on the South Langlie Jal Unit, with chlorides and total dissolved solids in excess of NM Water quality Control Commission standards. Tank batteries with associated produced water and petroleum spills, an unlined flare pit and produced water line leaks located hydrologically up-gradient from some of the wells.	Order the responsible party or parties to complete and perform an abatement plan pursuant to Division Rule 19. ordering Smith & Marris, Inc. pay a fine of \$197,000, submit an approved State I Investigation Report to the Division's Environmental Bureau by May 1, 2005.
7	02/08/05	Tommy L. Wollyard and Tommy L. Wilyard Jr. DBA R. W. Oil Company	R-12282 Case No. 13412	Failure to maintain, properly plug or abandon inactive wells.	Require operators to bring four wells into compliance with 19.15.4.201 NMAC, and assessing appropriate civil penalties

Tab	Date	Operator - OGRID	Order No.	Nature Of Violation	Action Required
8	03/08/05	Advanced Exploration, Inc.	R-12302 Case No. 13413	Failure to maintain, properly plug or abandon inactive well.	Require operator to bring one well into compliance with 19.15.4.201 NMAC, and assessing appropriate civil penalties. A penalty in the amount of \$1,000 shall be assessed against the operator, payable to the Division by April 31, 2005.
9	05/06/05	Eclipse Oil and Gas, Inc.	R-12349 Case No. 13456	Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring ten wells into compliance with 19.15.4.201 NMAC, on or before May 15, 2005
10	06/16/05	Stevens Operating Corporation	R-12569 Case No. 13675	Failure to maintain, properly plug or abandon inactive wells.	Require operator to properly plug and abandon seven wells on or before August 1, 2006. Obtain the Division's district office in Artesia, an approved plugging program and shall notify the office of the date and time this work is to commence.
2004					
1	01/05/04	I.T. Properties	R-12077 Case No. 13128	Failure to maintain, properly plug or abandon inactive wells.	Require operator to bring two wells to properly plug and abandon two wells on or before February 1, 2004. Obtain the Division's district office in Artesia, an approved plugging program and shall notify the office of the date and time this work is to commence.
2	02/24/04	Gordon M. Cone	R-12107 Case No. 13190	The well is such that a hazardous situation exists, 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.	The NM OCD is authorized to take such action as is deemed necessary to properly plug and abandon the Beery-State Well No. 1-A (API No. 30-025-05514)
3	08/12/04	Saba Energy of texas, Inc.	R-12132-A Case No. 13163	Wells have not produced any oil or gas, nor has any substance been injected into any of such wells, since August 1998. The subject wells have not been plugged, and none have been approved for temporary abandonment. If the subject wells are not plugged, or otherwise brought into compliance, fluids could escape from the formation in which they are encountered into other formations or to the surface, endangering fresh water and the environment.	Operator is ordered to properly plug and abandon the wells within thirty (30) days after issuance of the order. Operator is ordered to bring each well into compliance with Division Rules by either (a) plugging such well in accordance with a Division-approved plugging program, in accordance with Rules 201 and 202, (b) restoring such well to production, or (c) causing such well to be placed in approved temporary abandonment status in accordance with Division Rule 203, no later an the respective dates
4	12/09/04	Maralo, LLC	R-12152-A Case No. 13142	Surface owner's complaint that water samples taken from a water well adjacent to the tank battery showed elevated levels of chlorides. OCD observed one rim of hard oil-contaminated soil around three (3) unlined pits. OCD water samples confirmed some chloride contamination of groundwater above the NM Water Quality Control Commission standards.	Order requiring operator to remediate Hydrocarbon Contamination at an abandoned well and batter site. Operator is ordered, within 45 days to submit to the Environmental Bureau for approval or revision and approval a plan to delineate the extent of the contamination existing at the site and its associated facilities including areas used for pits, tank batteries and the like. The operator is order 2ithin 6 months of having the plan approved, to complete the activities necessary to delineate all the contamination of the site associated with the production of hydrocarbons including a determination of possible ground water contamination. Operation is ordered to provide a plan for remediation of the contamination to the Environmental Bureau within 90 days of completing the delineation.
5	12/16/04	Orbit Energy Inc.	R-12250 Case No. 13373	Five wells have been inactive for a period in excess of one year plus 90 days and have not been placed on temporary abandonment status.	Require operators to bring wells into compliance and assessing a \$5,000 civil penalty.
2003					

Tab	Date	Operator - OGRID	Order No.	Nature Of Violation	Action Required
1	05/14/03	<p>Bass Enterprises Production Company, Dominion Oklahoma Texas Exploration and Production, Inc. (formally Louis Dreyfus Natural Gas Corporation), Nadel and Gussman Permian, L.L.C., Strata Production Company, Beach Exploration, Inc., Chi Operating, Inc., Egi Resources, Inc., Mewbourne Oil Company, Devon Energy Production Company, LP (formally Mitchell energy Corporation), Ocean Energy, Inc., Pogo Producing Company, and St. Mary Land and Exploration Company, Dalton Bell of Artesia, New Mexico for Happy Oil Company, Inc., JDR Ltd., and Smith and Marrs, Inc., Eddy LaRue of Artesia, NM d.b.a. C. E. LaRue Operating for E. E. LaRue & B.M. Munchy, Jr., Lewis Fulton of Artesia, NM for CFM Oil Company and C.O. Fulton, Sonny Hope of Artesia NM for Vintage Drilling, LLC, Jim Pierce of Roswell, NM for MEW Enterprises and McQuadrangle, LC and Russell Whited of Roswell, NM for MEW Enterprises, Jackie Brewer of Lovington, NM for Sandlott Energy, Guy Baber of Hobbs, NM for Pronghorn Management Coporation, Dwayne Parris of Artesia NM for H. Dwayne and Rhonda K. Parrish, Mack Energy Corporation, Southwest Royalties, Inc., and Prairie Sun, Inc., Aghorn Operating, Inc., AROC (Texas), Inc. ,BC Development, LP, Bill and Patsy Rich, Brothers Production Company, Inc., Calvin F. Tennison</p> <p>Cibola Energy Corporation Dakota Resources, Inc. (I) David G. Hammond, Dennis Langlitz Dorothy Boyce, Elk Oil Company Fi-Ro-Corporation, Great Western Drilling Company, Hanson Energy Harvey E. Yates Company, Hudson Oil Company of Texas, I.T. Properties, J. Cleo Thompson, Jalapeno Corporation, Jenkins Brothers Drilling Company, John A. Yates, Jr., Judah Oil</p> <p>KC Resources, Inc., Kersey and Company, Kersey and Donohue, Kimbell Oil Company of Texas, Klabzuba Oil & Gas, Inc., Limark Corporation, Mar Oil and Gas Corporation, Matador Operating Company, Mineral Technologies, Inc., Naumann Oil & Gas, Inc., Nearburg Producing Company, Permian Resources, Inc., Petroleum Development Corporation, Quality Production Corporation, Ralph E. Williamson, Ray Westall, Shackelford Oil Company, Stephens & Johnson Operating Company, Tom Brown, Inc.</p> <p>United Oil & Mineral Limited Partnership Western Reserves Oil Company, Inc. Yates Drilling Company</p>	R-11934 Case No. 12811	Violation of Rule 201.B Failure to maintain, properly plug or abandon inactive wells.	Require operators to bring 388 wells into compliance with Rule 201.B, and assessing appropriate civil penalties

2	05/15/03	Kelly H. Baxter	R-11840-A Case No. 12792	Failure to maintain, properly plug or abandon inactive wells.	Plug, abandon, site clean up, and remediation of seven wells on or before November 15, 2003. Obtain the Division's district office in Hobbs, an approved plugging program and shall notify the office of the date and time this work is to commence.
3	11/25/03	Weststar Exploration Company	R-12062 Case No. 13164	Failure to maintain, properly plug or abandon inactive wells.	Plug and abandon the T.P. "A" State Well No. 2 (API) NO. 30-025-22013) before January 1, 2004. Obtain the Division's district office in Hobbs, an approved plugging program and shall notify the office of the date and time this work is to commence.
4	12/01/03	A.L. Daugherty	R-5464-A Case No. 13167	By Order No. R-5464 issued in Case No. 5922 on June 14, 1977, the Division authorized A. L. Daugherty to dispose of produced water in an intermittent salt lake. The Order also authorized Operator to construct settling tanks to residual oil contained within the produced water.	The OCD seeks an order rescinding A. L. Daugherty's disposal/oil treatment permit; and releasing the \$25,000 surety bond no. 11132683654 for this facility. Mr. Seeligson, at the direction of the Division's Santa Fe Environmental Bureau, has cleaned up the disposal/oil treatment site; and based upon a closure plan submitted by Mr. Seeligson, and based upon an inspection of the facility by OCD personnel, the Division's Santa Fe Environmental Bureau, by letter dated August 8, 2003, approved the closure of the disposal/oil treatment site.
2002					
1	01/09/02	Sierra Blanca Operating Company	R-11709 Case No. 12770	Failure to maintain, properly plug or abandon inactive wells.	Plug and abandon ninety wells on or before March 1, 2002. Obtain the Division's district office in Hobbs, an approved plugging program and shall notify the office of the date and time this work is to commence.
2	06/21/02	I.T. Properties	R-11520-A Case No. 12459	Failed Packer Leakage Test	Plug and abandon well within 120 days from the date of order. Obtain the Division's district office in Artesia an approved plugging program and shall notify the office of the date and time this work is to commence.
3	10/08/02 05/15/03 06/15/06	Kelly H. Baxter	R-11840 Case No. 12792 R-11840-A R-11840-B	Inactive wells. Failure to maintain, properly plug or abandon inactive wells.	Require operator to plug and abandon seven wells on or before November 15, 2002. Operator to plug and abandon by November 15, 2003. Require operators to bring seven wells into compliance with 19.15.4.201 NMAC, and assessing appropriate civil penalties. A penalty in the amount of \$5,000 shall be assessed against the operator, payable to the Division no later than thirty (30) days from the order.
4	12/02/02	Skyline Energy, LLC	R-11865 Case No. 12949	Failure to maintain, properly plug or abandon inactive wells.	Plug and abandon ninety wells on or before January 15, 2003. Obtain the Division's district office in Hobbs, an approved plugging program and shall notify the office of the date and time this work is to commence.

ENERGY, MINERALS AND NATURAL RESOURCES

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