

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

CASE NO. 14078
ORDER NO. R-12979

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC, FINDING OPERATOR IN VIOLATION OF DIVISION RULE 19.15.4.201 NMAC AS TO THIRTY-TWO WELLS; REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; REQUIRING OPERATOR TO PLUG SAID WELLS AND RESTORE AND REMEDIATE THE WELL SITES IF OPERATOR FAILS TO BRING SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO FORFEIT THE FINANCIAL ASSURANCE AND PLUG SAID WELLS IN THE EVENT OF OPERATOR'S NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 26 2008, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 7th day of August 2008, 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") seeks an order requiring ERS Resources, L.L.C ("operator") OGRID 225298 to comply with Division Rule 19.15.4.201 NMAC by a date certain, either by temporarily plugging and abandoning the wells, permanently plugging and abandoning the wells, or returning the wells to Division approved beneficial use, for each of the following thirty-two (32) listed wells.

Well Name	API Number	Location
• Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E
• Artesia Metex Unit No. 006;	30-015-00941;	K-24-18S-27E
• Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
• Artesia Metex Unit No. 011;	30-015-01940;	3-19-18S-28E
• Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
• Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E
• Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
• Artesia Metex Unit No. 016;	30-015-00942;	M-24-18S-27E
• Artesia Metex Unit No. 020;	30-015-01196;	P-24-18S-27E
• Artesia Metex Unit No. 021;	30-015-01942;	4-19-18S-28E
• Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
• Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
• Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E
• Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
• Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
• Artesia Metex Unit No. 029;	30-015-01194;	B-25-18S-27E
• Artesia Metex Unit No. 031;	30-015-02139;	1-30-18S-28E
• Artesia Metex Unit No. 032;	30-015-02140;	C-30-18S-28E
• Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
• Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
• Artesia Metex Unit No. 039;	30-015-00948;	G-25-18S-27E
• Artesia Metex Unit No. 040;	30-015-00954;	H-25-18S-27E
• Artesia Metex Unit No. 041;	30-015-02136;	2-30-18S-28E
• Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
• Artesia Metex Unit No. 044;	30-015-01190;	I-26-18S-27E
• Artesia Metex Unit No. 045;	30-015-00959;	L-25-18S-27E
• Artesia Metex Unit No. 049;	30-015-02141;	K-30-18S-28E
• Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E
• Artesia Metex Unit No. 052;	30-015-00960;	M-25-18S-27E
• Artesia Metex Unit No. 054;	30-015-00956;	O-25-18S-27E
• Artesia Metex Unit No. 056;	30-015-00987;	A-35-18S-27E
• Artesia Metex Unit No. 058;	30-015-00991;	C-36-18S-27E

(3) The Division records indicate that the operator has posted a \$50,000 blanket plugging bond issued by the U.S. Specialty Insurance Company.

(4) Of the subject wells above, the operator has also posted individual bonds through the U.S. Specialty Insurance Company for the following wells:

Well Name	API Number	Location
• Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E
• Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
• Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
• Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E
• Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
• Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
• Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
• Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E
• Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
• Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
• Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
• Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
• Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
• Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E

(5) The division also seeks an order requiring the operator to plug and abandon the subject wells. Should the operator fail to bring its inactive wells into compliance with Rule 19.15.4.201 NMAC by a date set in the order; the Division should be authorized to plug the wells and declare forfeiture of applicable financial assurance.

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

(a) ERS Resources, L.L.C. is the current operator of the thirty-two (32) wells listed in finding paragraph (2), and was the operator during the time period relevant to these proceedings;

(b) The subject wells have been inactive for a continuous period of one (1) year plus ninety (90) days.

(c) The wells have not been temporarily plugged and abandoned, permanently plugged and abandoned, or returned to the Division approved beneficial use.

(d) ERS Resources, L.L.C. has been bought by Orbit Petroleum recently; however, ERS Resources, L.L.C. is still responsible to comply with the Division Rule 201.

(7) The operator did not appear at the hearing.

(8) The Division concludes that ERS Resources, L.L.C. is the operator of the thirty-two (32) wells listed in Finding Paragraph (2). The Division also finds that

the operator violated 19.15.4.201NMAC by not temporarily abandoning the wells, permanently plugging and abandoning the wells, or returning the wells to Division approved beneficial use.

(9) The operator should be ordered to temporarily abandon the subject wells, permanently plug and abandon the wells, or return the wells to Division approved beneficial use, on or before November 15, 2008. Should the operator fail to comply with Rule 19.15.4.201 NMAC by November 15, 2008, then the Division should be authorized to plug and abandon the subject wells and declare forfeiture of any applicable financial assurance.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Division, ERS Resources, L.L.C, ("operator") OGRID 225298 is hereby ordered to comply with Division Rule 19.15.4.201NMAC by November 15, 2008, either by placing the wells in Division approved temporary abandonment status, permanently plugging the wellbores, or returning the wells to Division approved beneficial use, for each of the following thirty-two (32) listed wells.

Well Name	API Number	Location
• Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E
• Artesia Metex Unit No. 006;	30-015-00941;	K-24-18S-27E
• Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
• Artesia Metex Unit No. 011;	30-015-01940;	3-19-18S-28E
• Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
• Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E
• Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
• Artesia Metex Unit No. 016;	30-015-00942;	M-24-18S-27E
• Artesia Metex Unit No. 020;	30-015-01196;	P-24-18S-27E
• Artesia Metex Unit No. 021;	30-015-01942;	4-19-18S-28E
• Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
• Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
• Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E
• Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
• Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
• Artesia Metex Unit No. 029;	30-015-01194;	B-25-18S-27E
• Artesia Metex Unit No. 031;	30-015-02139;	1-30-18S-28E
• Artesia Metex Unit No. 032;	30-015-02140;	C-30-18S-28E
• Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
• Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
• Artesia Metex Unit No. 039;	30-015-00948;	G-25-18S-27E
• Artesia Metex Unit No. 040;	30-015-00954;	H-25-18S-27E
• Artesia Metex Unit No. 041;	30-015-02136;	2-30-18S-28E

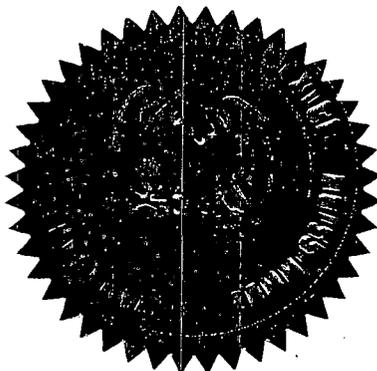
- Artesia Metex Unit No. 042; 30-015-02138; F-30-18S-28E
- Artesia Metex Unit No. 044; 30-015-01190; I-26-18S-27E
- Artesia Metex Unit No. 045; 30-015-00959; L-25-18S-27E
- Artesia Metex Unit No. 049; 30-015-02141; K-30-18S-28E
- Artesia Metex Unit No. 051; 30-015-00966; P-26-18S-27E
- Artesia Metex Unit No. 052; 30-015-00960; M-25-18S-27E
- Artesia Metex Unit No. 054; 30-015-00956; O-25-18S-27E
- Artesia Metex Unit No. 056; 30-015-00987; A-35-18S-27E
- Artesia Metex Unit No. 058; 30-015-00991; C-36-18S-27E

(2) Should the operator fail to comply with Rule 19.15.4.201NMAC by November 15, 2008, then the Division is hereby authorized to plug and abandon the subject wells and declare forfeiture of any applicable financial assurance.

(3) For any well that the operator permanently plugs, the operator shall also comply with the requirements of Rule 202.B(3) and (4) regarding site remediation within the time provided by these rules. Should the operator fail to remediate the sites to the Division's satisfaction within the time provided in Rule 202.B(3), the Division is hereby authorized to complete the site restoration and declare forfeiture of any applicable financial assurance.

(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 black ink, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director