

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

CASE NO. 13711
ORDER NO. R-12659

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") FOR AN ORDER REQUIRING TEMPO ENERGY, INC., PETERSON PETROLEUM COMPANY AND/OR JOE D. PETERSON TO PLUG AND ABANDON ONE (1) WELL, AND ORDERING FORFEITURE OF APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF OPERATOR'S NON-COMPLIANCE, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 12, 2006, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 13th day of November 2006, 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 Tempo Energy, Inc., Peterson Petroleum Company, and/or Joe D. Peterson to plug and abandon the San Simon State #6 (API # 30-025-29839), located 2310 feet from the North line and 990 feet from the East line in Unit H of Section 4, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico, in accordance with a Division-approved plugging program.
- (3) The Division appeared at the hearing through legal counsel and presented the following testimony.
 - (a) Tempo Energy, Inc. is the current operator of the San Simon State #6;
 - (b) The San Simon State #6 was drilled in 1987, and initially produced 8 barrels of oil per day, 25 Mcf of gas per day, and 26 barrels of water

per day;

- (c) The Division issued Form C-104 - Request For Allowable and Authorization To Transport Oil and Natural Gas to Tempo Energy, and in this form, Joe D. Peterson was listed as consultant/agent ;
- (d) The Division made several attempts but failed to contact anybody from Peterson Petroleum Company or Joe D. Peterson;
- (e) The San Simon State #6 has not produced anything since 1987; and
- (f) The well has never been placed in temporary abandonment, or plugged and permanently abandoned.

(4) The Division records indicate that Traveler's Indemnity Company posted a blanket plugging bond number 980F9988 in the amount of \$50,000 on behalf of Tempo Energy, Inc.

(5) Traveler's Indemnity Company appeared on behalf of Tempo Energy through legal counsel and presented the following testimony.

- (i) Tempo Energy, Inc. does not own, operate, have any interest in, nor did it drill the San Simon State #6;
- (ii) Tempo Energy has never had an address in New Mexico, and all the addresses listed on the forms filed for the San Simon State #6 have New Mexico return addresses;
- (iii) The San Simon State #6 is listed under OGRID number 22212, but Tempo Energy only operates wells in New Mexico under OGRID number 22223;
- (iv) Joe D. Peterson was an independent contractor hired by Tempo Energy, Inc. to do drilling consulting in New Mexico and Texas; and
- (v) Joe Peterson fraudulently used Tempo Energy's bond information and drilled the San Simon State #6.

(6) The Division finds that:

- (a) An operator can have two OGRID numbers, namely the main OGRID number and an associate OGRID number;
- (b) The San Simon State #6 was covered under the Blanket plugging bond number 980F9988; and

(c) Peterson Petroleum Company has no OGRID number as an operator and has never operated any wells in New Mexico.

(7) The Division concludes that Tempo Energy, Inc. is the owner and operator of the San Simon State #6, and should be ordered to plug and abandon the well.

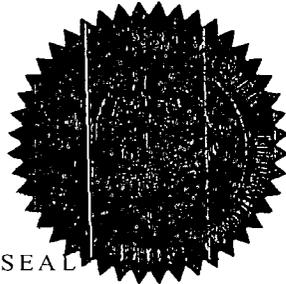
IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Division, Tempo Energy, Inc. is hereby ordered to plug and abandon the San Simon State #6 located 2310 feet from the North line and 990 feet from the East line, Unit H of Section 4, Township 22 South, Range 35 East, NMPM, Lea County, New Mexico.

(2) Should Tempo Energy, Inc. fail to plug and abandon the San Simon State #6 within 90 days of this order, the Division shall be authorized to plug and abandon the well, and the blanket plugging bond number 980F9999 shall be forfeited.

(3) 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