

**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. 15186(REOPENED)
ORDER NO. R-13894-B**

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ("OCD") FOR A COMPLIANCE ORDER AGAINST DESERT ROSE RESORT LLC DBA KOA KAMPGROUND, FINDING THAT THE OPERATOR IS IN VIOLATION OF DIVISION RULE 19.15.16.11 NMAC AS TO ONE WELL, REQUIRING OPERATOR TO BRING SAID WELL INTO COMPLIANCE WITH 19.15.16.11 NMAC BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELL ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELL IN SAN JUAN COUNTY, NEW MEXICO.

APPLICATION OF OCD COMPLIANCE AND ENFORCEMENT BUREAU TO SHOW CORRECTED SERVICE AND ALLOW OCD TO COLLECT FINANCIAL ASSURANCE

ORDER OF THE DIVISION

BY THE DIVISION:

This case originally came on for hearing at 8:15 a.m. on August 21, 2014, at Santa Fe, New Mexico, before Examiner Michael McMillan.

This amended case came on for hearing at 8:15 a.m. on October 15, 2015, at Santa Fe, New Mexico, before Examiner McMillan.

NOW, on this 6th day of November, 2015, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) The Division has jurisdiction of this case and its subject matter.
- (2) By Order No. R-13894 issued in Case No. 15186 on September 17, 2014, the Division ordered Desert Rose Resort, LLC DBA KOA Kampground ("Desert Rose") to plug and abandon its Hare Well No. 001 ("subject well" API No. 30-045-08185) located 247 feet from the South line and 1438 feet from the East line

(Unit O) of Section 14, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, within 60 days from the issuance of Order No. R-13894.

(3) Order No. R-13894 further stipulated that should Desert Rose fail to comply with the plugging requirement, the Division may plug and abandon the subject well, and collect the applicable financial assurance and recover costs from Desert Rose in accordance with Division Rule 19.15.8.13 NMAC.

(4) Subsequent to the issuance of Order No. R-13894, it was discovered that the Bureau:

- a) Incorrectly described Desert Rose's financial assurance for the subject well as "financial assurance in the form of a \$5,000 cash bond. Wells Fargo Farmington Bond No. "OCD-726"; and
- b) Incorrectly served notice of the hearing in Case No. 15186 to a Wells Fargo Bank, NA branch located at 100 E. Broadway, Farmington, New Mexico 87401.

(5) The Bureau has filed a request to reopen Case No. 15186 to correct service and notice to Wells Fargo Bank, NA, successor in interest to Wells Fargo Bank New Mexico, NA ("Wells Fargo"), and advise Wells Fargo of its intent to call financial assurance for the plugging of the subject well.

(6) The Division finds that:

- a) the correct address for service to Wells Fargo is at its corporate headquarters at 101 N. Phillips Avenue, Sioux Falls, South Dakota 57104;
- b) the Division has plugged and abandoned the subject well and has incurred costs of seventy-two thousand four hundred fifty-six dollars and no cents (\$72,456.00);
- c) Wells Fargo has been provided correct notice in accordance with Division Rules 19.15.4.9 NMAC and 19.15.4.12 NMAC, and has been given the opportunity to appear at a hearing;
- d) Wells Fargo did not appear at the hearing in this matter;
- e) the Division should be authorized to collect the applicable financial assurance for the subject well.

(7) The Bureau's application in this case should be granted.

(8) All other provisions of Order No. R-13894, as amended, should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

- (1) The application of the OCD Compliance and Enforcement Bureau to reopen Case No. 15186 to provide correct service to Wells Fargo is hereby granted.
- (2) The Division is authorized to collect the applicable financial assurance for the Hare Well No. 001.
- (3) The remaining provisions of Order No. R-13894, as amended, shall remain in full force and effect.
- (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

David R. Catanach

DAVID R. CATANACH
Director