

**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. 13658
ORDER NO. R-12524**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR
AN ORDER REQUIRING SOUTHEASTERN PETROLEUM, INC. TO PLUG
TWO WELLS AND ORDERING A FORFEITURE OF APPLICABLE
FINANCIAL ASSURANCE IN EVENT OF OPERATOR'S NON-COMPLIANCE;
CHAVES, COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on March 2, 2006, at Santa Fe, New Mexico, before Examiner, Richard Ezeanyim.

NOW, on this 20th day of March, 2006, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

(1) Due notice has been given, and the Division has jurisdiction of this case and of the subject matter.

(2) In this application the Division seeks an order requiring Southeastern Petroleum, Inc. to plug two wells and remediate the locations thereof.

(3) Southeastern Petroleum, Inc. ("Operator") is the operator of the following wells ("the subject wells") located in Chaves County, New Mexico:

<u>Well Name</u>	<u>API No.</u>	<u>Location</u>
Pogo State #1	30-005-60915	660 FSL/660FEL P-16-7S-28E
Pogo State #2	30-005-61241	660FS&/1980FWL N-16-7S-28E

(4) Operator has not reported any production from, injection into, or other use of such wells since the dates indicated below:

<u>Well Name</u>	<u>API No.</u>	<u>Date of Last Production/Injection</u>
Pogo State #1	30-005-60915	July 1995
Pogo State #2	30-005-61241	December 1995

(5) Neither of the subject wells has been plugged, as required by OCD Rule 202 [19.15.4.202 NMAC], nor has Operator at any time applied to place either of the subject wells in approved temporary abandonment status pursuant to OCD Rule 203 [19.15.4.230NMAC].

(6) The Division holds single-well surety bonds in the amount of \$5,000 each to secure Operator's obligation to plug the subject wells. These bonds were issued by Underwriters' Indemnity Company ("Surety") and are Bonds Numbers B7654 and B7655 respectively.

(7) Operator and the Surety were duly notified of this hearing, but neither appeared.

(8) OCD Rule 201 [19.15.3.101 NMAC] requires that an operator shall either plug or place in approved temporary abandonment status any well within 90 days after that well has been continuously inactive for a period of one year.

(9) Section 70-2-14 NMSA 1978, as amended, provides that if an Operator fails to comply with a rule of the Division, the Director may, after notice and hearing, order the operator to plug and abandon any well, and, in event of operator's failure to comply, order forfeiture of any applicable financial assurance. OCD Rule 101.H [Subsection H of 19.15.3.101 NMAC] provides that if the Division determines at a hearing that the operator has failed to properly plug and abandon a well as required by Division Rules, the Director shall order the well to be plugged and the location restored within a time certain.

(10) The plugging procedures admitted in evidence at the hearing of this case as Exhibits 6 and 7 inclusive are division-approved plugging procedures for the subject wells.

IT IS THEREFORE ORDERED THAT:

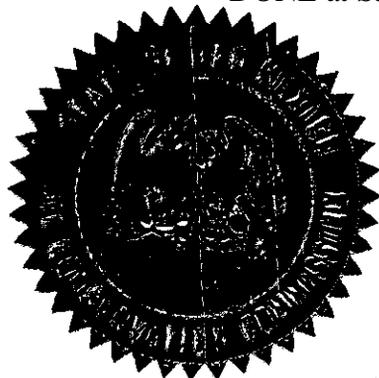
(1) Operator is directed to plug the subject wells and to remediate the well sites in accordance with Division rules and in accordance with Exhibits 6 and 7 (or as may be otherwise approved by the Division's District Supervisor for District II), within thirty days after the date of issuance of this order.

(2) If Operator and the Surety fail to comply with Ordering Paragraph (1) within the time provided, the financial assurance described in Finding Paragraph (6) shall

be forfeited. The Division may thereafter plug the subject wells and remediate the sites thereof as required, and may pursue all necessary actions to recover from Surety and, in event of a remaining deficiency, from Operator, all costs incurred in so doing.

(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.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Mark E. Fesmire", written over a horizontal line.

MARK E. FESMIRE, P.E.
Director