

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION FOR AN ORDER REQUIRING JIMMY ROBERSON ENERGY CORPORATION TO PROPERLY PLUG TWO (2) WELLS, IMPOSING CIVIL PENALTIES AND ORDERING A FORFEITURE OF APPLICABLE SECURITY; LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 19, 2003, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 8th day of July, 2003, 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) Jimmy Roberson Energy Corporation of Jal, New Mexico is the current owner and operator of the following two wells located in Lea County, New Mexico:

- (a) Rice Well No. 3 (API No. 30-025-05444), located 990 feet from the North line and 480 feet from the East line (Unit A) of Section 13, Township 18 South, Range 37 East, NMPM; and
- (b) Hardin "B" Well No. 4 (API No. 30-025-07354), located 990 feet from the North and 1650 feet from the West line (Unit C) of Section 18, Township 18 South, Range 38 East, NMPM.

(3) The New Mexico Oil Conservation Division ("Division") seeks an order directing the operator to plug the subject wells in accordance with a Division-approved plugging program and, if the operator fails to do so, authorizing the Division to proceed to plug and abandon these wells, order the forfeiture of the plugging bond(s) for these wells, and impose a civil penalty on the operator for failure to comply with this order.

(4) A representative of the Division's Hobbs District Office appeared at the hearing via conference phone and one additional witness from the Santa Fe Office of the Division presented evidence to support the Division's position that these wells should be plugged and abandoned.

(5) The evidence presented by the Division demonstrates that the two wells have been inactive for at least seventeen months.

(6) The operator has not applied to the Division for temporary abandonment permits for either of these wells.

(7) By virtue of the failure to use these wells for beneficial purposes or to have an approved temporary abandonment permit, Jimmy Roberson Energy Corporation is presumed to have abandoned these two wells.

(8) The current condition of the wells is such that if action is not taken to properly plug and abandon these wells, 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.

(9) The Division has on several occasions attempted to contact Jimmy Roberson Energy Corporation to advise it that the subject wells are not in compliance with Division rules, and to request that action be taken to bring these wells into compliance. To date the Division has been unable to contact anyone from Jimmy Roberson Energy Corporation.

(10) The Division sent notice of this hearing to Jimmy Roberson Energy Corporation at an address in Jal, New Mexico. The hearing notice was refused and returned to the Division. Jimmy Roberson Energy Corporation made no appearance at the hearing.

(11) These wells were initially part of Division Case No. 12981, but were dismissed at the applicant's request. The resulting Division Order No. R-11915, issued February, 26, 2003, included numerous other wells operated by Jimmy Roberson Energy Corporation and forfeited the \$50,000 blanket plugging bond issued by Underwriters Indemnity Company (Bond No. B7121).

(12) In order to prevent waste and to adequately protect correlative rights and the environment, the two subject wells should be plugged and abandoned by Jimmy Roberson Energy Corporation in accordance with a plugging program approved by the supervisor of the Division's Hobbs District Office on or before September 1, 2003.

(13) Should Jimmy Roberson Energy Corporation not meet this September 1, 2003 plugging obligation, the Division Director should then be authorized to take such action as is deemed necessary to properly plug and abandon these wells, and recover from the operator additional costs the Division may incur to properly plug and abandon these wells.

IT IS THEREFORE ORDERED THAT :

(1) Jimmy Roberson Energy Corporation is hereby ordered to plug and abandon the following-described wells in Lea County, New Mexico, on or before September 1, 2003.

- (a) Rice Well No. 3 (API No. 30-025-05444), located 990 feet from the North line and 480 feet from the East line (Unit A) of Section 13, Township 18 South, Range 37 East, NMPM; and
- (b) Hardin "B" Well No. 4 (API No. 30-025-07354), located 990 feet from the North and 1650 feet from the West line (Unit C) of Section 18, Township 18 South, Range 38 East, NMPM.

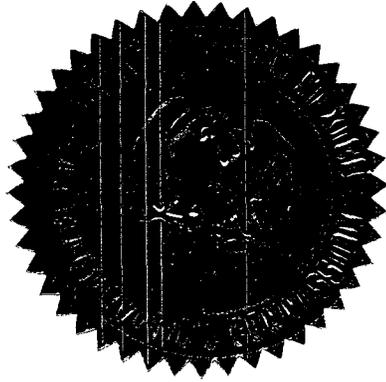
(2) Jimmy Roberson Energy Corporation, prior to plugging and abandoning the above-described wells, shall obtain from the supervisor of the Division's district office in Hobbs, an approved plugging program and shall notify the Hobbs District Office of the date and time this work is to commence whereupon the Division may witness such work.

(3) Should Jimmy Roberson Energy Corporation fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such actions as are necessary to: (i) have these wells properly plugged and abandoned and the sites thereof remediated as provided in Division Rule 201; (ii) forfeit any existing plugging bonds for these wells to the extent necessary to reimburse the Oil and Gas Reclamation Fund for all costs incurred in plugging these wells and remediating the sites; and (iii) recover from the operator additional costs the Division may incur to properly plug and abandon the wells and remediate the sites.

(4) Failure to comply with the provisions of this order shall subject Jimmy Roberson Energy Corporation to a fine of \$1,000.00 per day per well until such work is completed (see Section 70-2-31, NMSA 1978).

(5) 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

Lori Wrotenbery

LORI WROTENBERY
Director