



DIRECTOR
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OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
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LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

October 26, 1976

Mr. K. J. Donnelly, Attorney
Surety Claims Department
The Hanover Insurance Company
440 Lincoln Street
Worcester, Massachusetts 01605

Subject: NMOCC Case No. 3295,
Powers-Marshall Well No. 1,
Harding County, New Mexico.

Dear Mr. Donnelly:

Your letter dated October 21, 1976, is at hand. With respect to the request (third Paragraph) in that letter, please be advised that:

- (a) The State of New Mexico does not recognize the term "capped wells" nor is there any reference thereto in the Commission's regulations. We classify wells as producing, shut-in producers, temporarily abandoned, or plugged and abandoned. I have no knowledge of who your principal's former attorney is, but it might be wise for you to ascertain just what he means by a "capped well" since he advised you that the subject location was thus treated.
- (b) The data or proof that the Commission has to justify its claim that the captioned Order has not yet been complied with is an inspection report - complete with photographs - of the subject well and location. The most recent inspection was on July 15th this year, and a zerox copy of a Polaroid picture taken then is attached. Granted, this is not a very good copy of the original, but perhaps you will be able to see that the well casing is standing open, the cellar

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has not been filled (except partially with wind-blown and water-carried detritus) and miscellaneous junk clutters the location. The original photograph is a part of the well file so it cannot be sent. A visit to the site would be sufficient to convince anyone that this location was simply abandoned, any reports to the contrary notwithstanding.

- (c) The Commission does not have equipment or facilities available for any type of well servicing, nor is such activity permitted by law. Consequently, we are in no position to quote cost figures or estimates for this sort of work. Our bonding requirements assume that the operator intends to comply with the State laws and failure on the operator's part to do so automatically shifts responsibility to the bonding agent. I believe there are cases on record where the courts have so ruled.

Please note that Order No. R-2970-A, which resulted from the public hearing on November 23, 1965, spelled out in detail the minimum acceptable plugging program. It also requires (Item 2) that the Oil Conservation Commission District Supervisor be notified of the proposed date and time of plugging.

I trust the foregoing will be of some assistance to you. If further information is needed, do not hesitate to contact this office.

Very truly yours,

CARL ULVOG
District Supervisor

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