

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

CASE NO. 7542
Order No. R-6978

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT BENSON-MONTIN-GREER DRILLING CORPORATION, HARTFORD ACCIDENT AND INDEMNITY COMPANY, AND ALL INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE FOLLOWING WELLS: DUSTIN NO. 1, LOCATED IN UNIT K, SECTION 6, AND THE GALLEGOS CANYON UNIT NO. 2, LOCATED IN UNIT K, SECTION 35, BOTH IN TOWNSHIP 29 NORTH, RANGE 12 WEST, AND THE SEGAL NO. 1, LOCATED IN UNIT K, SECTION 10, AND THE PRICE NO. 1, LOCATED IN UNIT N, SECTION 15, BOTH IN TOWNSHIP 31 NORTH, RANGE 13 WEST, SAN JUAN COUNTY, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on May 12, 1982, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 26th day of July, 1982, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That Benson-Montin-Greer Drilling Corporation is the owner and operator of the Dustin No. 1, located in Unit K, Section 6, Township 29 North, Range 12 West, and the Segal No. 1, located in Unit K, Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, San Juan County, New Mexico.

(3) That Hartford Accident and Indemnity Company is the surety on the Oil Conservation Division plugging bond on which Benson-Montin-Greer Corporation is principal.

(4) That the purpose of said bond is to assure the state that the subject wells will be properly plugged and abandoned when not capable of commercial production.

(5) That the Gallegos Canyon Unit Well No. 2 was never transferred from the ownership of Benson-Montin and said well is covered by no plugging bond at this time.

(6) That the current condition of each of said wells is such that waste may occur, correlative rights may be violated or fresh waters may be contaminated or lost if action is not taken to properly plug and abandon the same or return them to production.

(7) That there is some evidence that one or more of said wells may be successfully completed as producers within approximately 180 days.

(8) That in order to prevent waste and protect correlative rights said wells should be plugged and abandoned in accordance with a program approved by the Aztec District Office of the New Mexico Oil Conservation Division on or before October 30, 1982.

(9) That in the alternative the Supervisor of the Division's district office at Aztec may accept, on or before October 30, 1982, an acceptable plan to complete or recomplete any of said wells as a producer within 180 days following entry of this order.

IT IS THEREFORE ORDERED:

(1) That Benson-Montin-Greer Drilling Corporation and Hartford Accident and Indemnity Company are hereby ordered to plug and abandon the Dustin No. 1, located in Unit K, Section 6, Township 29 North, Range 12 West, and the Seal No. 1, located in Unit K of Section 10, and the Price No. 1, located in Unit N, Section 15, both in Township 31 North, Range 13 West, NMPM, San Juan County, New Mexico on or before October 30, 1982.

(2) That Benson-Montin-Greer Drilling Corporation and Hartford Accident and Indemnity Company, prior to plugging and abandoning the above-described wells, shall obtain from the Aztec office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Aztec office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

(3) That in the alternative, the Supervisor of the Division's district office at Aztec may permit any of said wells to be completed or recompleted as a producer provided that an acceptable plan for such work is filed with such office prior to October 30, 1982, provided that such work shall be completed within 180 days following entry of this order.

(4) Any such well failing to be completed or recompleted within such time period shall be plugged and abandoned as provided above within 60 days following the close of said 180 day period.

-3-

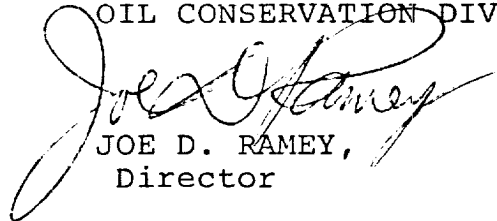
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Order No. R-6978

(5) That jurisdiction of this cause 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



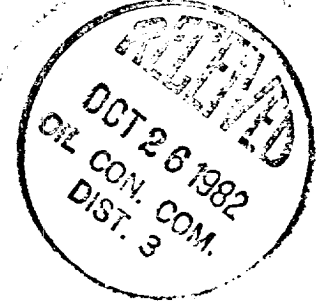
JOE D. RAMEY,
Director

S E A L

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

October 25, 1982



Mr. Joe D. Ramey, Director
NEW MEXICO OIL CONSERVATION DIVISION
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: NMOC CASE NO. 7542 AS TO #1 DUSTIN:
REQUEST FOR ADMINISTRATIVE EXTENSION
OF TIME TO PLUG

Dear Mr. Ramey:

A part of the captioned order requires the plugging of the No. 1 Dustin, Unit K, Section 6, Township 29N, Range 12W, San Juan County, on or before October 30, 1982, unless the well is completed as a producer prior to that time.

In our opinion the well warrants testing to determine if arrangements should be made to market the gas; however, until just recently we did not have complete authority to test the well because some of our leases under the well had expired. These leases have now been renewed and we are now in a position to test the well; but we do not have enough time left before October 30 to accomplish the testing, so we now request an extension of time to test this well.

We believe it will require six or eight weeks of testing to determine if the well's production will justify laying a pipeline from it to the nearest available market. We have been advised by all of the pipeline companies in the area that none of them will lay an extension from their systems to this well; but if the well produces satisfactorily we will consider laying our own line to the nearest purchaser's point of collection.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:

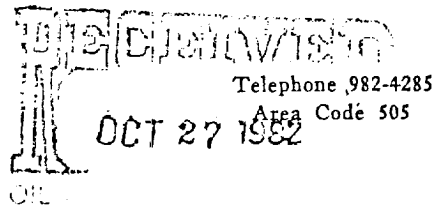

Albert R. Greer, President

ARG:tb

cc: Mr. Frank Chavez, New Mexico Oil Conservation Division/
Mr. Thomas Kellahin, Attorney-at-Law

KELLAHIN AND KELLAHIN
Attorneys at Law
El Patio - 117 North Guadalupe
Post Office Box 2265
Santa Fe, New Mexico 87501
October 27, 1982

Jason Kellahin
W. Thomas Kellahin
Karen Aubrey
James B. Grant



Mr. Joe D. Ramey
New Mexico Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

HAND DELIVERED

Re: NMOCD Case 7542
Division Order R-6978

Dear Mr. Ramey:

Our firm represents Benson-Montin-Greer Drilling Corporation. I have been informed by Mr. Greer that he has sent a crew to plug and abandon the Price No. 1 Well in accordance with Division Order R-6978.

However, upon physical inspection of the Price Well, Mr. Greer's crew discovered that the well was hooked into a residential pipeline for a residence and a store in the area of the well.

Mr. Greer is reluctant to simply terminate the use of the gas produced from this well by these residents and would like to pursue the possibility that they will take over responsibility for the well.

Because of the October 30, 1982, plugging deadline for this well, Mr. Greer respectfully requests a sixty day extension of the deadline in order to have enough time to contact the users of the gas from this well and arrange for their possible assumption of responsibility for its ultimate plugging.

Very truly yours,


W. Thomas Kellahin

WTK:rb

cc: Mr. Al Greer



BRUCE KING
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

October 29, 1982

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434



Mr. Al Greer
Benson-Montin-Greer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401

Dear Mr. Greer:

The Division will grant the extensions requested in your letter of October 25 and Mr. Kellahin's letter of October 27, 1982.

Please keep Mr. Frank Chavez of our Aztec office apprised of the progress being made toward either producing or plugging these wells.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

cc: Frank Chavez ✓