

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**CASE NO. 12496
ORDER NO. R-11502**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF DIVISION DISTRICT III IN AZTEC, NEW MEXICO ON ITS OWN MOTION FOR AN ORDER: (I) REQUIRING JOSEPH P. DRISCOLL d/b/a SOUTHWEST PRODUCTION COMPANY TO PROPERLY PLUG AND ABANDON TWO CERTAIN WELLS IN SAN JUAN COUNTY, NEW MEXICO; OR (II) AUTHORIZING THE DIVISION TO PLUG AND ABANDON BOTH WELLS, AND ORDERING A FORFEITURE OF ANY PLUGGING BOND (S) COVERING THESE WELLS.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on September 21, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of December, 2000, 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) Joseph P. Driscoll d/b/a Southwest Production Company of Farmington, New Mexico ("Southwest Production") is the current owner and operator of the two following described wells in San Juan County, New Mexico:

- (a) Wright State Com. Well No. 1 (API No. 30-045-06590), located 790 feet from the North and East lines (Unit A) of Section 16, Township 27 North, Range 12 West, NMPM; and
- (b) Fannie Ward Well No. 1 (API No. 30-045-09481), located 1800 feet from the South line and 1520 feet from the West line (Unit K) of Section 18, Township 30 North, Range 11 West, NMPM.

(3) In compliance with Section 70-2-14, NMSA 1978, and Division Rule 101 the operator has posted with the Division a blanket plugging bond in the amount of \$50,000.00 issued by Gulf Insurance Company of Dallas, Texas, as surety (Bond No. 54-44-98).

(4) The purpose of a plugging bond is to assure that an operator will properly plug and abandon its well or wells when not capable of commercial production or no longer utilized for some other beneficial purpose.

(5) At this time, the Division seeks an order directing the operator to plug these 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 and: (i) declare forfeiture of Southwest Production's plugging bond and order foreclosure; (ii) order the recovery of any costs of plugging these wells in excess of the amount of the bond; and (iii) impose fines on the operator for failure to comply with this order.

(6) This matter was styled such that in the absence of objection this case would be taken under advisement. Representatives of the Division's district office in Aztec (District III) and the Division's office in Santa Fe prepared a detailed report and summary supporting its position that the subject wells should be plugged and abandoned.

(7) The operator did not appear at the hearing.

(8) Neither well has produced hydrocarbons or has otherwise been active for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(9) By virtue of the failure to use the subject wells for beneficial purposes or to have approved temporary abandonment permits, the subject wells are presumed to have been abandoned by Southwest Production.

(10) The current conditions of these wells are 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.

(11) In order to prevent waste and to adequately protect correlative rights and the environment, both of the above-described wells should be plugged and abandoned by Southwest Production in accordance with a program approved by the supervisor of the Division's Aztec District Office on or before January 15, 2001.

(12) Should Southwest Production not meet this January 15, 2001 plugging obligation, the Division Director should then be authorized to take such action as is deemed necessary to foreclose on the subject plugging bonds and recover from the operator the plugging cost incurred by the Division.

IT IS THEREFORE ORDERED THAT:

(1) Joseph P. Driscoll d/b/a Southwest Production Company of Farmington, New Mexico ("Southwest Production") is hereby ordered to plug and abandon the two following described wells in San Juan County, New Mexico on or before January 15, 2001:

- (a) Wright State Com. Well No. 1 (**API No. 30-045-06590**), located 790 feet from the North and East lines (Unit A) of Section 16, Township 27 North, Range 12 West, NMPM; and
- (b) Fannie Ward Well No. 1 (**API No. 30-045-09481**), located 1800 feet from the South line and 1520 feet from the West line (Unit K) of Section 18, Township 30 North, Range 11 West, NMPM.

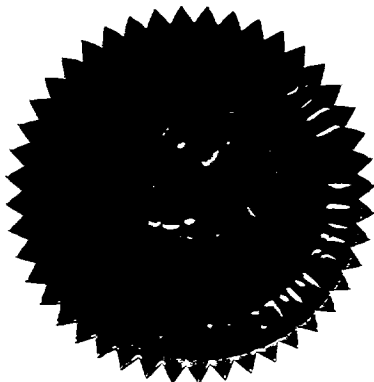
(2) Southwest Production, prior to plugging and abandoning the two above-described wells, shall obtain from the supervisor of the Division's District Office in Aztec, an approved plugging program and shall notify the Aztec District Office of the date and time this work is to commence whereupon the Division may witness such work.

(3) Should Southwest Production 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 have these wells properly plugged and abandoned. Further, the Division shall then be authorized to take such action as is deemed necessary to foreclose on the \$50,000.00 blanket plugging bond issued by Gulf Insurance Company of Dallas, Texas, as surety (Bond No. 54-44-98), and to recover from the operator any costs in excess of the amount of this bond to help defer plugging costs incurred by the Division.

(4) Failure to comply with the provisions of this order shall subject Southwest Production 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.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lopi Wrotenbery
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Director