

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

**CASE NO. 13412
ORDER NO. R-12282**

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING TOMMY L. WILLYARD AND TOMMY L. WILLYARD JR. DBA R.W. OIL COMPANY TO BRING FOUR WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC, ASSESSING AN APPROPRIATE CIVIL PENALTY IN THE EVENT OF NON-COMPLIANCE, AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND ORDERING A FORFEITURE OF THE APPLICABLE PLUGGING BOND; CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 3, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 8th day of February, 2005, 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) The Division seeks an order requiring Tommy L. Willyard and Tommy L. Willyard Jr. dba R.W. Oil Company to bring the following wells into compliance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, to assess appropriate civil penalties and authorize the Division to plug the wells in accordance with a Division-approved plugging program and forfeit the applicable financial assurance:

Reno Federal #001, API 30-005-00548, Unit L
Reno Federal #002, API 30-005-10151, Unit M
Reno Federal #003, API 30-005-10152, Unit K
Reno Federal #004, API 30-005-10153, Unit N

All these wells are located in Section 3, Township 15 South, Range 31 East, NMPM, Chaves County, New Mexico.

(3) In accordance with the provisions of 19.15.14.1207 NMAC, notice of this application was provided to the operator and to the surety; neither appeared at the hearing.

(5) The evidence presented by the Division demonstrates that:

- a) the operator of record for the four subject wells is "Tommy L. Willyard" or "Tommy L. Willyard Jr.", doing business as RW Oil Company;
- b) the four subject wells have been inactive for a period in excess of one year plus 90 days;
- c) the four subject wells have not been plugged and abandoned pursuant to 19.15.4.202 NMAC;
- d) the four subject wells have not been placed on temporary abandonment status pursuant to 19.15.4.203 NMAC;
- e) the operator of the four subject wells posted a \$50,000 blanket bond, number BO4841, issued by Underwriters Indemnity Company;
- f) Bond BO4841 applies only to wells located on state leases, on land patented by the United States of America to private individuals or on land otherwise owned by private individuals;
- g) the four wells at issue are located on federal land and are not covered by bond BO4841; and
- h) the Division has withdrawn its request to forfeit bond BO4841.

(6) The four subject wells should be brought into compliance with 19.15.4.201 NMAC on or before April 4, 2005.

(7) Should the operator not meet this April 4, 2005 compliance deadline, the Division Director should then be authorized to plug and abandon the subject wells in accordance with a Division-approved plugging program.

IT IS THEREFORE ORDERED THAT:

(1) "Tommy L. Willyard" or "Tommy L. Willyard Jr." doing business as RW Oil Company is required to bring the following wells into compliance with 19.15.4.201 NMAC on or before April 4, 2005 by either returning them to beneficial use, securing temporary abandonment status for them in accordance with 19.15.4.203 NMAC, or by plugging and abandoning them in accordance with 19.15.4.202 NMAC:

Reno Federal #001, API 30-005-00548, Unit L
Reno Federal #002, API 30-005-10151, Unit M
Reno Federal #003, API 30-005-10152, Unit K
Reno Federal #004, API 30-005-10153, Unit N

All these wells are located in Section 3, Township 15 South, Range 31 East, NMPM, Chaves County, New Mexico.

(2) Prior to beginning work on these wells, the operator shall obtain approval for any such work from the supervisor of the Division's district office in Hobbs and shall notify the Hobbs District Office of the date and time this work is to commence, so the Division may witness the work.

(3) In the event the operator fails to comply with the ordering paragraphs above, then:

a) the Division is authorized to plug and abandon the subject wells in accordance with 19.15.4.202 NMAC;

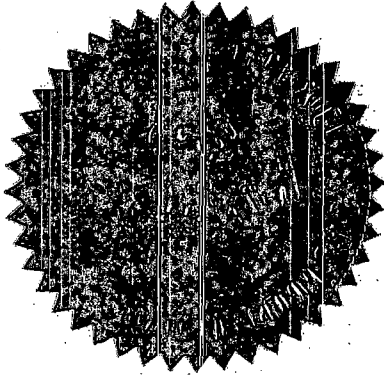
b) a fine in the amount of \$1000 shall be assessed against the operator, payable to the Division prior to April 31, 2005; and

c) the Division is authorized to demand and collect reimbursement from the operator of its costs incurred in plugging the wells and restoring and remediating the well sites and associated production facilities.

Case No. 13412
Order No. R-12282
Page 4 of 3

(4) 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

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

MARK E. FESMIRE, P.E.
Director