

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

**CASE NO. 13413
ORDER NO. R-12302**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR
A COMPLIANCE ORDER AGAINST ADVANCED EXPLORATION INC., LEA
COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on February 17 and March 3, 2005, at Santa Fe, New Mexico, before Examiners David R. Catanach and Richard Ezeanyim, respectively.

NOW, on this 8th day of March, 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) Advanced Exploration Inc. is the current owner and operator of the War-Deck Well No. 1 (API No. 30-025-30626) located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 33, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico.

(3) The New Mexico Oil Conservation Division ("Division") seeks an order requiring Advanced Exploration Inc. to bring the War-Deck Well No. 1 into compliance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, to assess appropriate civil penalties, authorize the Division to plug the well in accordance with a Division-approved plugging program and forfeit the applicable financial assurance.

(4) A representative of the Division's Hobbs District Office appeared at the hearing via conference phone and presented evidence to support the Division's position that the War-Deck Well No. 1 should be plugged and abandoned.

- (5) Advanced Exploration Inc. did not appear at the hearing.
- (6) The evidence presented by the Division demonstrates that:
 - (a) Advanced Exploration Inc. drilled the War-Deck Well No. 1 in June, 1989 to a total depth of 3,974 feet to test the Yates formation;
 - (b) the War-Deck Well No. 1 has been inactive for a period of approximately fifteen (15) years;
 - (c) no production from the War-Deck Well No. 1 has ever been reported to the Division;
 - (d) the War-Deck Well No. 1 has not been placed on temporary abandonment status pursuant to 19.15.4.203 NMAC; and
 - (e) the War-Deck Well No. 1 is currently covered by a \$5,000 single well cash plugging bond (Bond No. OCD-199) that was executed by Mr. Joe D. Peterson, President of Advanced Exploration Inc. on June 12, 1989.
- (7) By virtue of the failure to use the well for beneficial purposes or to have an approved temporary abandonment permit, the subject well is presumed to have been abandoned by Advanced Exploration Inc.
- (8) The current condition of the well is such that if action is not taken to properly plug and abandon the well, 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 attempted to provide notice of this application to Mr. Joe D. Peterson and Advanced Exploration Inc. at their last known addresses by certified mail on or about January 24, 2005. The notices were returned to the Division as undeliverable.
- (10) Pursuant to 19.15.14.1207 NMAC, the Division published notice of this application in the Lovington Daily Leader on January 28, 2005.

(11) In order to prevent waste and to adequately protect correlative rights and the environment, the War-Deck Well No. 1 should be plugged and abandoned by Advanced Exploration Inc. in accordance with a plugging program approved by the supervisor of the Division's Hobbs District Office on or before April 15, 2005.

(12) Should Advanced Exploration Inc. not meet this April 15, 2005 plugging obligation, the Division Director should then be authorized to take such action as is deemed necessary to properly plug and abandon this well, forfeit the plugging bond for this well, and recover from the operator additional costs the Division may incur to properly plug and abandon this well.

IT IS THEREFORE ORDERED THAT:

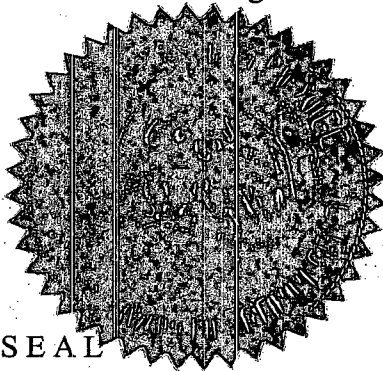
(1) Advanced Exploration Inc. is hereby ordered to plug and abandon the War-Deck Well No. 1 (API No. 30-025-30626) located 660 feet from the North line and 1980 feet from the East line (Unit B) of Section 33, Township 21 South, Range 35 East, NMPM, Lea County, New Mexico, on or before April 15, 2005.

(2) Advanced Exploration Inc., prior to plugging and abandoning the above-described well, 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) 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 well in accordance with 19.15.4.202 NMAC;
- (b) the Division shall take such action as necessary to forfeit the plugging bond for this well and utilize these funds to plug the well;
- (c) the Division is authorized to demand and collect reimbursement from the operator of its costs incurred in plugging the well and restoring and remediating the well site and associated production facilities; and

- (d) a penalty in the amount of \$1000 shall be assessed against the operator, payable to the Division by April 31, 2005.
- (4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.
- (5) DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

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

MARK E. FESMIRE, P.E.
Director

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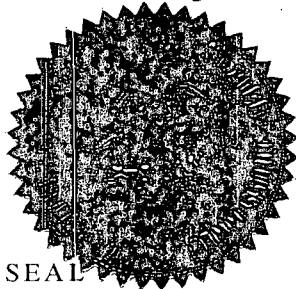
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- (d) a penalty in the amount of \$1000 shall be assessed against the operator, payable to the Division by April 31, 2005.
- (4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.
- (5) DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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OIL CONSERVATION DIVISION

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MARK E. FESMIRE, P.E.
Director