

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

**CASE NO. 12974
ORDER NO. R-11909**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION FOR AN ORDER REQUIRING HULEN H. LEMON TO PROPERLY PLUG AND ABANDON ONE (1) WELL, IMPOSING CIVIL PENALTIES IN THE EVENT OF FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG THIS WELL IN DEFAULT OF COMPLIANCE BY OPERATOR AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on December 5, 2002, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 24th day of February, 2003, 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 New Mexico Oil Conservation Division ("Division") on its own motion seeks an order directing Hulen H. Lemon of Midland, Texas, to plug the following-described well in accordance with a Division-approved plugging program:

Gregg Dodd Well No. 1 (API No. 30-025-24137), located 1977 feet from the South and East lines (Unit J) of Section 30, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico.

(3) Should Hulen H. Lemon fail to plug and abandon this well, the Division seeks an order authorizing the Division to plug and abandon this well and: (i) declare forfeiture of the bond furnished by Hulen H. Lemon to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii)

take necessary and appropriate measures to recover from Hulen H. Lemon any costs of plugging this well in excess of the amount of the bond, if any.

(4) Hulen H. Lemon was not present and was not represented by legal counsel at the hearing.

(5) The Division presented evidence showing that Hulen H. Lemon posted for this well a one-well surety plugging bond through American Employers' Insurance Company in the amount of \$5,000 (bond number AE-71346-25) in compliance with NMSA 1978, Section 70-2-14 and New Mexico Oil Conservation Division ("Division") Rule 101, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the rules of the Division with respect to the proper plugging and abandonment of this well operated by Hulen H. Lemon. The purpose of this bond is to assure the Division that this well will be properly plugged and abandoned when not capable of commercial production or no longer utilized for some other beneficial purpose.

(6) The above-described Gregg Dodd Well No. 1 (API No. 30-025-24137) was initially drilled by Saxon Oil Company of Abilene, Texas, to a total depth of 4,405 feet in 1972 and completed as an oil producer in the Flying M-San Andres Pool (24620). By Division form C-104 approved August 17, 1979, the operator of this well was changed from Saxon Oil Company to Hulen H. Lemon.

(7) Jane Prouty, Computer Operations Specialist for the Division in Santa Fe, testified that the last month of reported production for this well was November 1983. Division records indicate that this well has produced a total of 45 Mcf of gas and 14,897 barrels of oil.

(8) Chris Williams, District Manager of the Division's District I office in Hobbs, testified that: (i) the applicant's exhibits pertaining to well history were correct in this matter; and (ii) this well has been inactive for at least five (5) years and should be plugged.

(9) By virtue of the failure to use this well for beneficial purposes or to obtain approval for temporary abandonment, Hulen H. Lemon is presumed to have abandoned the subject well.

(10) The current condition of this well is such that if action is not taken to properly plug and abandon the well, waste will probably occur, correlative rights will be violated, livestock and wildlife may be subject to harmful contaminants, and fresh waters may be in danger of contamination.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the New Mexico Oil Conservation Division ("Division"), Hulen H. Lemon of Midland, Texas, is hereby ordered on or before April 1, 2003, to plug and abandon the following-described well in accordance with an approved plugging program.

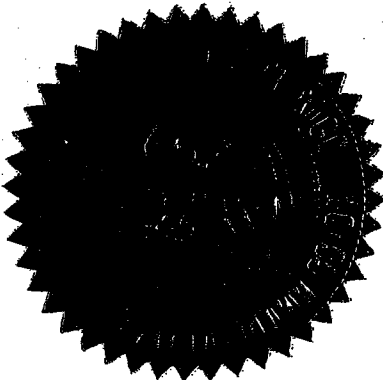
Gregg Dodd Well No. 1 (API No. 30-025-24137), located 1977 feet from the South and East lines (Unit J) of Section 30, Township 9 South, Range 33 East, NMPM, Lea County, New Mexico.

(2) If Hulen H. Lemon fails to bring this well into compliance as required by this Order, the Division shall then take such actions as are necessary to cause this well to be properly plugged and abandoned. Further, the Division shall then be authorized to take such action as is deemed necessary to: (i) declare forfeiture of the surety bond issued Hulen H. Lemon by American Employers' Insurance Company (bond number AE-71346-25), to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii) recover from Hulen H. Lemon any costs of plugging the subject well in excess of the amount of this bond, if any.

(3) Failure to comply with the provisions of this order shall subject Hulen H. Lemon to a fine of \$1,000 per day, commencing from the date of this order until such work is completed (NMSA 1978, Section 70-2-31, as amended).

(4) Jurisdiction of this case is retained for the entry of further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenberg

LORI WROTENBERY
Director