

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING
AMMONITE ENERGY TEXAS, INC. TO PROPERLY PLUG ONE (1) WELL IN
LEA COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG
SAID WELL AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING
BOND.**

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OIL CONSERVATION DIV.

CASE NO. 12947

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Ammonite Energy Texas, Inc. ("Operator") is the operator of the following well located in Lea County, New Mexico:

Dickinson Cattle Co 33 Well No. 2, located 660 feet from the South line and 560 feet from the West line (Unit M) of Section 33, Township 14 South, Range 38 East, Lea County, New Mexico (API No. 30-025-27818).

2. Operator has posted a blanket surety bond in the amount of \$50,000 in compliance with NMSA 1978, Sec. 70-2-14 and O.C.D. Rule 101, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules of the Oil Conservation Division ("Division") with respect to the proper plugging and abandonment of the its wells. Underwriters Indemnity Company is the surety on said bond, which is numbered B7335.

3. The Dickinson Cattle Co. 33 Well No. 2 has not produced any hydrocarbon or carbon dioxide substance for more than fifteen years. Said well was

permitted as an injection well in 1987, but has not been used for injection since prior to 2000. The well is no longer usable for beneficial purposes. No permit for temporary abandonment of the said well has been requested by the Operator or approved by the Division.

4. By virtue of Operator's failure to use the well for production or other beneficial purposes or to secure a current temporary abandonment permit, the well is presumed abandoned, and is required to be plugged.

5. Division Rule 201.B, issued pursuant to the authority of NMSA 1978, Secs. 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year or are no longer usable for beneficial purposes be properly plugged.

6. Division Rule 101.M, issued pursuant to the same authority, authorizes the Division, after notice and hearing, to order the operator to plug and abandon any well or wells not in compliance with Rule 201, and to direct the Division to cause such well or wells to be plugged in accordance with a Division approved plugging program if, after the time provided in such order, the operator and its surety, if any, have failed to do so.

WHEREFORE, the Supervisor of District I of the Division hereby applies to the Director to enter an order:

- A. Determining whether the subject well should be plugged and abandoned.
- B. Upon a determination that the well should be plugged, directing the Operator to plug the well without delay, in accordance with a division-approved plugging program, and to cause the site thereof to be remediated in accordance with Division Rule 202.B(3).

- C. Further ordering that if the Operator or its surety fails to plug and abandon the well as ordered by the Director, the Division be authorized: (i) to plug the subject well in accordance with a division-approved plugging program and to cause the site to be remediated; (ii) to declare forfeit the bond furnished by the Operator to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (iii) to take necessary and appropriate measures to recover from the Operator any costs of plugging the subject well and of site remediation in excess of the amount of the bond, if any.
- D. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,



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Conservation Division

Case No. 12947. **Application of the New Mexico Oil Conservation Division for an Order Requiring Ammonite Energy Texas, Inc. to Properly Plug One (1) Well, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Well in Default of Compliance by Ammonite Energy Texas, Inc., and Ordering a Forfeiture of Applicable Plugging Bond, if Any; Lea County, New Mexico.** The Applicant seeks an order requiring Ammonite Energy Texas, Inc., the operator of One (1) inactive well in Lea County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said well if the operator fails to do so, forfeiting Operator's plugging bond, if any, and providing for such other relief as the Director deems appropriate. The affected well is the following:

<u>Operator</u>	<u>Well Name</u>	<u>API No.</u>	<u>Location</u>
Ammonite Energy Texas, Inc.	Dickinson Cattle Co. 33 Well No. 2	30-025-27818	M-33-14S-38E

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