

**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
ECLIPSE OIL AND GAS, INC. TO PLUG AND ABANDON TEN WELLS IN
ACCORDANCE WITH THE REQUIREMENTS OF 19.15.4.202 NMAC BY A
DATE CERTAIN, AND AUTHORIZING THE DIVISION TO PLUG THE
WELLS AND FORFEIT THE APPLICABLE SECURITY IN THE EVENT THE
OPERATOR FAILS TO COMPLY; LEA COUNTY, NEW MEXICO.**

CASE NO. 13456

2005 FEB 10 PM 2 17

**APPLICATION FOR COMPLIANCE ORDER
AGAINST ECLIPSE OIL AND GAS, INC.**

1. The records of the Oil Conservation Division (“Division”) identify Eclipse Oil & Gas, Inc. (“Eclipse”) as the operator of record for the following wells, all located in Lea County, New Mexico (hereinafter “subject wells”):

State D SWD #001, API # 30-025-36171, UL I, Sec. 9, Twp. 14S, R33E
Lion State #1, API 30-025-01119, UL J, Sec. 9, Twp. 14S, R33E
Lion A State #2, API 30-025-01120, UL P, Sec. 9, Twp. 14S, R33E
Saunders State #1, API 30-025-28205, UL N, Sec. 9, Twp. 14S, R33E
Saunders State #2, API 30-025-28622, UL E, Sec. 16, Twp. 14S, R33E
Saunders State #3, API 30-025-28631, UL O, Sec. 9, Twp. 14S, R33E
Saunders A State #1, API 30-025-28206, UL J, Sec. 16, Twp. 14S, R33E
Tenneco Sunshine #1, API 30-025-25316, UL I, Sec. 1, Twp. 12S, R32E
Tenneco Sunshine #2, API 30-025-25374, UL P, Sec. 1, Twp. 12S, R32E
Tenneco Sunshine #3, API 30-025-25427, UL N, Sec. 1, Twp. 12S, R32E

2. Eclipse posted a \$50,000 blanket bond, number B7299, issued by Underwriters Indemnity Company, to secure its obligation to plug and abandon its wells in compliance with Division rules.

3. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.

4. The subject wells have been inactive for a continuous period exceeding one year plus 90 days.

5. One of the subject wells, the State D SWD #001, API # 30-025-36171, has neither been plugged and abandoned pursuant to 19.15.4.202 NMAC nor temporarily abandoned pursuant to 19.15.4.203 NMAC.

6. The nine remaining subject wells have not been plugged in accordance with 19.15.4.202 NMAC because although the wellbores have been plugged for more than one year, the well sites have not been cleaned, a final inspection conducted, and the appropriate reports filed.

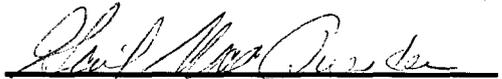
7. Division rule 19.15.101(M) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC by a date certain, and to direct the Division to forfeit the applicable financial assurance and plug such well in accordance with a Division-approved plugging program if, after the time provided in such order, the operator has failed to plug the well.

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

- A. Determining that the subjects wells are not in compliance with 19.15.4.201 NMAC;
- B. Requiring Eclipse to plug and abandon each of the subject wells in accordance with 19.15.4.202 NMAC by a date certain;

- C. Further, if the subject wells are not plugged and abandoned by the date set in the order:
- (1) Authorizing the Division to plug the State D SWD #001, API # 30-025-36171, UL I, Sec. 9, Twp. 14S, R 33E in accordance with a Division-approved plugging program and complete the plugging of the remaining subject wells in accordance with 19.15.4.202 NMAC;
 - (2) Authorizing the Division to forfeit the applicable security; and
- D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 10th day of February, 2005 by


Gail MacQuesten
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Case No. 13456. Application of the New Mexico Oil Conservation Division for a Compliance Order against Eclipse Oil and Gas, Inc. The Applicant seeks an order requiring Eclipse Oil and Gas, Inc. to plug and abandon ten wells in accordance with 19.15.4.202 NMAC by a date certain; authorizing the Division to plug said wells and forfeit the applicable financial assurance in the event the operator fails to comply; and for such other relief as the Director deems appropriate. The affected wells are:

State D SWD #001, API # 30-025-36171, UL I, Sec. 9, Twp. 14S, R 33E
Lion State #1, API 30-025-01119, UL J, Sec. 9, Twp. 14S, R33E
Lion A State #2, API 30-025-01120, UL P, Sec. 9, Twp. 14S, R33E
Saunders State #1, API 30-025-28205, UL N, Sec. 9, Twp. 14S, R33E
Saunders State #2, API 30-025-28622, UL E, Sec. 16, Twp. 14S, R33E
Saunders State #3, API 30-025-28631, UL O, Sec. 9, Twp. 14S, R33E
Saunders A State #1, API 30-025-28206, UL J, Sec. 16, Twp. 14S, R33E
Tenneco Sunshine #1, API 30-025-25316, UL I, Sec. 1, Twp. 12S, R32E
Tenneco Sunshine #2, API 30-025-25374, UL P, Sec. 1, Twp. 12S, R32E
Tenneco Sunshine #3, API 30-025-25427, UL N, Sec. 1, Twp. 12S, R32E

The wells are located approximately 15-25 miles northwest of Lovington in Lea County, New Mexico.