

**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
KELLY H. BAXTER TO PROPERLY PLUG SEVEN (7) WELLS, IMPOSING
CIVIL PENALTIES IN EVENT OF FAILURE TO COMPLY, AUTHORIZING
THE DIVISION TO PLUG SAID WELLS AND ORDERING A FORFEITURE OF
APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO**

CASE NO. 12792

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Kelly H. Baxter ("Operator") is the operator of seven (7) wells located in Lea County, New Mexico, specifically described by name, API number and exact location in Exhibit A hereto. Exhibit A is incorporated herein by this reference and made a part of this Application for all purposes.

2. Operator has posted a surety bond in the amount of \$50,000 for all of its operations in the State of New Mexico 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 wells operated by Operator. Underwriters Indemnity Company is the surety on said bond, and said bond is number BO3872, executed January 12, 1993. Said bond was terminated effective April 21, 1994, as to any property or wells acquired, started or drilled by Operator after that date, but remains in effect as to any property or wells acquired, started or drilled by Operator prior

to that date. All of the above-described wells were operated by Kelly H. Baxter prior to April 21, 1994.

5. The subject wells have not produced any hydrocarbon or carbon dioxide substance for more than one year and are no longer usable for any beneficial purpose. On July 5, 2000, Kelly H. Baxter filed with the District I office of the Oil Conservation Division forms C-103 proposing to temporarily abandon these wells. Although the temporary abandonment proposals were approved by the District Supervisor of District I, the required work has never been accomplished.

6. By virtue of Operator's failure to use the subject wells for production or other beneficial purposes, or to perform the temporary abandonment procedures, the wells are presumed abandoned, and are required to be plugged.

7. 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.

8. 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 wells should be plugged and abandoned in accordance with a Division-approved plugging program.
- B. Upon a determination that the wells should be plugged, directing the Operator to plug the wells without delay, and to fully restore and remediate the wellsite as provided in Division Rule 202.B(3).
- C. Further ordering that if the Operator or its sureties fail to plug and abandon the well as ordered by the Director, civil penalties be assessed against the operator in the amount of \$1,000 per day for each day after thirty (30) days from the date of such order that the wells, or any of them, remain unplugged.
- C. Further ordering that if the Operator or its sureties fail to plug and abandon the well as ordered by the Director, the Division be authorized:
 - (i) to plug the subject wells in accordance with a division-approved plugging program, and to fully restore and remediate the well site as provided in Division rules; (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 wells and of restoring and remediating the wellsites, in excess of the amount of the bonds and collateral, if any.
- D. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505)-476-3450

Attorney for The New Mexico Oil
Conservation Division

Exhibit A to Application
 Kelly H. Baxter

API WELL #	Well Name	Well #	Operator Name	Type	Stat.	County	Surf. Owner	UL	Sec	Twp	N/S	Rng	/E	Feet	NS	Ft	EW
30-025-21925-00-00	STATE FP	001	KELLY H BAXTER	O	A	Lea	S	O	23	16	S	33	E	660	S	1980	E
30-025-25238-00-00	WALLEN FEE	001	KELLY H BAXTER	O	A	Lea	P	D	28	20	S	34	E	330	N	990	W
30-025-25283-00-00	WALLEN FEE	002	KELLY H BAXTER	O	A	Lea	P	C	28	20	S	34	E	330	N	1650	W
30-025-27961-00-00	STATE 26	001	KELLY H BAXTER	S	A	Lea	S	B	26	12	S	32	E	660	N	2310	E
30-025-28227-00-00	STATE WES	001	KELLY H BAXTER	O	S	Lea	S	A	20	14	S	33	E	660	N	660	E
30-025-29664-00-00	SPEIGHT	001	KELLY H BAXTER	O	A	Lea	P	A	15	13	S	38	E	660	N	660	E
30-025-29935-00-00	SPEIGHT	002	KELLY H BAXTER	S	A	Lea	P	H	15	13	S	38	E	1650	N	330	E