

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE
ORDER AGAINST ELMIRA T WELCH, FOR A WELL OPERATED IN EDDY
COUNTY, NEW MEXICO**

CASE NO 15699

APPLICATION

The Oil Conservation Division Compliance and Enforcement Bureau (Bureau) through its undersigned attorney hereby files this application with the Oil Conservation Division (OCD or Division) pursuant to the provisions of NMSA 1978 §70 2-12 for a compliance order (1) determining operator Elmira T Welch (Operator) is out of compliance with 19 15 5 9 19 15 8 and 19 15 25 8 NMAC and NMSA 1978 § 70 2 14 (2) requiring the Operator to return to compliance with 19 15 5 9 19 15 8 19 15 25 8 NMAC and (3) in the event of non compliance finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance declaring the well abandoned and authorizing the OCD to plug the violating well in accordance with a Division-approved plugging program and restore and remediate the location recover costs from the Operator s financial assurance as permitted by 19 15 8 13 NMAC and seek indemnification as permitted by NMSA 1978 § 70 2-14(E) This application deals specifically with Operator s violations of 19 15 5 9 19 15 8 and 19 15 25 8 NMAC and does not include all violations that may exist The OCD retains its right to bring a compliance action for any other existing and future violations In support of this application the Bureau states

1 Operator operates one (1) well in Eddy County New Mexico under
OGRID No 7192 the Cheesman No 2 API No 30 015-02167 (Cheesman or subject
well)

2 Operator s address of record with OCD is 3501 146th St Lubbock TX
79423

3 NMSA 1978 § 70 2 14 requires that each person firm corporation or
association who operates any oil gas or service well within the state as a condition
precedent to drilling or producing the well furnish financial assurance in the form of an
irrevocable letter of credit or a cash or surety bond or a well specific plugging insurance
policy to the OCD running to the benefit of the state and conditioned that the well be
plugged and abandoned in compliance with OCD rules

4 19 15 8 9(D)(2)(a) NMAC stipulates that the amount of financial
assurance for a single well bond in Eddy County shall be five-thousand dollars
(\$5000 00) plus one dollar (\$1 00) per foot of measured depth of an existing well

5 Operator is currently required to provide the OCD with acceptable
financial assurance in the amount of seven thousand three hundred forty dollars
(\$7 340 00) for the Cheesman

6 Operator has furnished the OCD with one (1) single well bond for the
Cheesman bond no 427F250 4 from Travelers Indemnity Co for a total amount of five
thousand dollars (\$5000 00) Operator is deficient by two thousand three hundred forty
dollars (\$2 340 00)

7 19 15 5 9(A) NMAC states that an operator is in compliance with
Subsection A of 19 15 5 9 NMAC if the operator

(1) currently meets the financial assurance requirements of 19 15 8
NMAC

(2) is not subject to a division or commission order issued after notice and
hearing finding the operator to be in violation of an order requiring corrective
action

(3) does not have a penalty assessment that is unpaid more than 70 days
after issuance of the order assessing the penalty and

(4) has no more than the following number of wells out of compliance
with 19 15 25 8 NMAC that are not subject to an agreed compliance order setting
a schedule for bringing the wells into compliance with 19 15 25 8 NMAC and
imposing sanctions if the schedule is not met

- a two wells or 50 percent of the wells the operator operates whichever
is less if the operator operates 100 wells or less
- b five wells if the operator operates between 101 and 500 wells
- c seven wells if the operator operates between 501 and 1000 wells and
- d 10 wells if the operator operates more than 1000 wells

8 19 15 25 8 NMAC requires an operator to plug and abandon or
temporarily abandon a well within 90 days after (1) a 60-day period following the
suspension of drilling operations (2) a determination that a well is no longer usable for
beneficial purposes or (3) a period of one year in which a well has been continuously
inactive

9 The Cheesman well is out of compliance with 19 15 25 8 NMAC
exceeding the number of wells allowed under 19 15 5 9(A)(4) NMAC

10 On December 27 2016 the Bureau sent the Operator notice via first class mail that it was out of compliance with 19 15 5 9 NMAC and that the Bureau would seek formal compliance proceedings if no action was taken by the Operator to return to compliance within 60 days as required by 19 15 5 9(B) NMAC

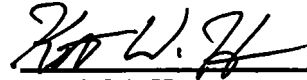
11 The Operator has not contacted the Bureau to resolve the outstanding compliance issues

WHEREFORE the Bureau by and through its compliance and enforcement manager hereby applies to the Director to enter an Order

- A determining that the Operator is in violation of 19 15 5 9 19 15 8 and 19 15 25 8 NMAC
- B Determining that Operator is in violation of NMSA 1978 § 70-2 14
- C requiring the Operator to provide the OCD with acceptable financial assurance within thirty (30) days of the issuance of an order
- D requiring the Operator to comply with 19 15 5 9 and 19 15 25 8 NMAC by plugging and abandoning the subject well within sixty (60) days of the issuance of an order
- E in the event of non-compliance with the sought Division order by the dates established by the OCD finding the Operator in violation of a Division order declaring the violating well abandoned and authorizing the Division to plug the subject well in accordance with a Division approved plugging program and restore and remediate the location and recover costs from the Operator s financial assurance as required by 19 15 8 13 NMAC and seek indemnification as permitted by NMSA 1978 § 70-2-14(E)

F for such other and further relief as the Director deems just and proper
under the circumstances

RESPECTFULLY SUBMITTED
this 11 day of April 2017 by



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Enforcement Bureau

Case No 15699 **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Elmira T Welch, for a Well Operated in Eddy County, New Mexico** The New Mexico Oil Conservation Division Compliance and Enforcement Bureau (Bureau) hereby files this application with the Oil Conservation Division (OCD or Division) pursuant to the provisions of NMSA 1978 §70 2-12 for a compliance order (1) determining operator Elmira T Welch (Operator) is out of compliance with 19 15 5 9 19 15 8 19 15 25 8 NMAC and NMSA 1978 § 70-2 14 (2) requiring Operator to return to compliance with 19 15 5 9 19 15 8 and 19 15 25 8 NMAC and (3) in the event of non compliance finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance declaring the well abandoned and authorizing the OCD to plug the violating well in accordance with a Division approved plugging program and restore and remediate the location recover costs from the Operator s financial assurance as permitted by 19 15 8 13 NMAC and seek indemnification as permitted by NMSA 1978 § 70 2 14(E)