

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

2006 JUL 17 PM 2:45

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR AN ORDER REQUIRING THE EDMAR COMPANY, LLC TO FURNISH FINANCIAL ASSURANCE, LEA AND EDDY COUNTIES, NEW MEXICO.

CASE NO. 13763

APPLICATION FOR AN ORDER REQUIRING THE EDMAR COMPANY, LLC TO FURNISH FINANCIAL ASSURANCE

1. The Edmar Company, LLC ("Operator") is the operator of the following wells in Lea and Eddy Counties, New Mexico:

<u>Well Name</u>	<u>API No.</u>	<u>County</u>	<u>Location</u>
Baum 6 Com #1	30-025-22264	Lea	2-6-14S-33E
Baum 6 Com #2	30-025-28389	Lea	H-6-14S-33E
Baum State Com #1	30-025-22886	Lea	L-4-14S-33E
Polar Bear State #1	30-015-30671	Eddy	K-36-16S-27E
Saunders 28 #1	30-025-26894	Lea	F-28-14S-33E

2. Operator does not have any financial assurance on file with the Oil Conservation Division (OCD) to secure its obligation to plug these wells.

3. On January 18, 1986, The Travelers Indemnity Company issued a \$50,000 blanket plugging bond, No. 518F8795, naming MWJ Producing Company as principal. That bond is on file with OCD.

4. On September 29, 1997, The Travelers Indemnity Company issued a rider to Bond No. 518F8795, amending the name of the principal to read "MWJ Producing Company and/or Arkland Producing Co., Inc. and/or Edmar, Inc. However, neither the bond nor the rider names The Edmar Company, LLC as principal.

5. Furthermore, NMSA 1978 Section 70-2-14 and OCD Rule 101 require each operator to furnish financial assurance.

6. On March 6, 2006 the Division notified Operator that the referenced three-party bond, because it was not specific to Operator and did not correctly name Operator, was not

acceptable as financial assurance, and demanded that Operator furnish proper financial assurance. Operator received the notification but did not reply.

6. Operator is in continuing violation of NMSA 1978 Section 70-2-14 and OCD Rule 101, because it is operating the above-described wells in New Mexico without having its own financial assurance on file with OCD.

WHEREFORE, the Division requests an order directing The Edmar Company, LLC to furnish financial assurance conforming to the requirements of NMSA 1978 Section 70-2-14 and OCD Rule 101 within a time certain, and further directing that if it fails to furnish financial assurance within the time provided, all wells that it operates be immediately shut in until such financial assurance is furnished.

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

Case No. 13763. **Application of the New Mexico Oil Conservation Division for an Order Requiring The Edmar Company, LLC to Furnish Financial Assurance, Lea and Eddy Counties, New Mexico.** The Applicant seeks an order requiring The Edmar Company, LLC to furnish financial assurance to secure its obligation to plug wells that it operates, or, in default thereof, ordering the wells shut in. The following wells are affected:

<u>Well Name</u>	<u>API No.</u>	<u>Location</u>	
Baum 6 Com #1	30-025-22264	Lea	2-6-14S-33E
Baum 6 Com #2	30-025-28389	Lea	H-6-14S-33E
Baum State Com #1	30-025-22886	Lea	L-4-14S-33E
Polar Bear State #1	30-015-30671	Eddy	K-36-16S-27E
Saunders 28 #1	30-025-26894	Lea	F-28-14S-33E

2006 JUL 17 PM 2 46