

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE DISTRICT II SUPERVISOR FOR A COMPLIANCE ORDER
AGAINST KIMLAR OIL COMPANY FINDING THAT THE OPERATOR IS IN
VIOLATION OF 19.15.4.201 NMAC AS TO FOUR WELLS, REQUIRING
OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201
NMAC BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE,
DECLARING THE WELLS ABANDONED AND AUTHORIZING THE
DIVISION TO PLUG THE WELLS IN EDDY COUNTY, NEW MEXICO.**

CASE NO. 13885

**APPLICATION FOR COMPLIANCE ORDER
AGAINST KIMLAR OIL COMPANY**

1. Kimlar Oil Company ("Operator") is a sole proprietor and is operating the following wells ("subject wells") in New Mexico under OGRID 152098:

- Gourley Federal #003, A-31-22S-28E, 30-015-22660
- Gourley Federal #004, J-31-22S-28E, 30-015-22661
- Gourley Federal #005, J-31-22S-28E, 30-015-23501
- Gourley Federal #006, I-31-22S-28E, 30-015-23707.

Exhibit 1, Well List.

2. Operator's wells in New Mexico are federal wells; Operator is not required to post and has not posted financial assurances to secure its obligation to plug and abandon the wells. *Exhibit 2, Affidavit of Dorothy Phillips.*

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 following wells operated by Operator in New Mexico have been inactive for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with Division Rule 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with Division Rule 19.15.4.203 NMAC:

- Gourley Federal #003, A-31-22S-28E, 30-015-22660
- Gourley Federal #004, J-31-22S-28E, 30-015-22661
- Gourley Federal #005, J-31-22S-28E, 30-015-23501
- Gourley Federal #006, I-31-22S-28E, 30-015-23707.

Exhibit 3, Affidavit of Jane Prouty.

5. Division Rule 19.15.3.101(H) NMAC authorizes the Director to order the Operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain.

6. NMSA 1978, Section 70-2-12(B)(18) and NMSA 1978, Section 70-2-38 authorize the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

WHEREFORE, Tim Gum, District II Supervisor of the Division, hereby applies to the Director to enter an Order:

- A. Determining that the subject wells are not in compliance with Division Rule 19.15.4.201 NMAC;
- B. Requiring Operator Kimlar Oil Company to plug and abandon each of the subject wells by a date certain;
- C. If the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set in the Order, declaring the wells abandoned and authorizing the Division to plug the subject wells in accordance with a

Division-approved plugging program and restore and remediate the locations; and

- D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 8th day of February 2007 by



Cheryl O'Connor
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) 476-3480

Attorney for The New Mexico Oil
Conservation Division

- Case No. 13895. Application of the New Mexico Oil Conservation Division for a Compliance Order against Kimlar Oil Company. The Applicant seeks an Order finding that Operator is in violation of Division Rule 19.15.4.201 NMAC as to four wells, requiring operator to bring the four wells into compliance with Division Rule 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug said wells in the event of non-compliance. The affected wells are: Gourley Federal #003, A-31-22S-28E, API # 30-015-22660; Gourley Federal #004, J-31-22S-28E, API # 30-015-22661; Gourley Federal #005, J-31-22S-28E, API # 30-015-23501; Gourley Federal #006, I-31-22S-28E, API # 30-015-23707. The wells are located approximately ten miles southeast of Carlsbad, off of CR 605, in Eddy County, New Mexico.

Well List

152098 KIMLAR OIL COMPANY
TOTAL WELL COUNT:4
PRINTED ON:THURSDAY, OCTOBER 12, 2006

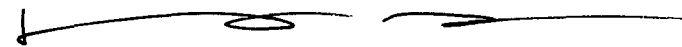
Property	Well Name	Lease Type	ULSTR	OCD UL	API	Well Type	Pool	Last Prod/Inj	Oil POD	Gas / POD B
18404	GOURLEY FEDERAL #003	F	A-31-22S-28E	A	30-015-22660	O	30655 HERRADURA BEND;DELAWARE	5/2004	2021710	
	GOURLEY FEDERAL #004	F	J-31-22S-28E	J	30-015-22661	S	96100 SWD;DELAWARE	5/2004		
	GOURLEY FEDERAL #005	F	J-31-22S-28E	J	30-015-23501	O	30655 HERRADURA BEND;DELAWARE	5/2004	2021710	
	GOURLEY FEDERAL #006	F	I-31-22S-28E	I	30-015-23707	O	30655 HERRADURA BEND;DELAWARE	5/2004	2021710	

Plugging Application
OCD Exhibit No. 1

operator of the Gourley Federal #003, Gourley Federal #004, Gourley Federal #005, and Gourley Federal #006.

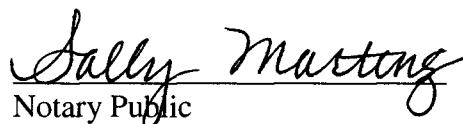
5. A Division data base, ONGARD (oil and natural gas administration and revenue data base), maintains data on the financial assurances posted by operators. I have researched ONGARD records to determine if Kimlar Oil Company has posted a bond on these wells. According to ONGARD, Kimlar Oil Company has not posted a bond on these wells, as they are on federal land.

FURTHER AFFIANT SAYETH NOT.



Dorothy Phillips

SUBSCRIBED AND SWORN before me this 8th day of February 2007.


Notary Public

My Commission Expires:

3-24-2010

CMD :
OG7OGRD

ONGARD
MAINTAIN OGRID

02/07/07 16:47:23
OGODLP -TPKR

OGRID:..... 152098
OGRID Name:..... KIMLAR OIL COMPANY
OMID:..... 70959 KIMLAR OIL COMPANY
OGRID Sort Name:.. KIMLAR OIL CO
DFA Vendor Code:..
Issuing User:.....
Issuing Agency:.. OCD
Addressee:..... LLOYD HILL
Mail Stop:.....
Address(1):..... 824 SO AVENUE C
Address(2):.....
City:..... KERMIT
State:..... TX
Zip Code:..... 79745
City/State/Zip:..
Country:.....
Phone:.....

Comment :

History :

Last Modified:.. 02-02-2004

Filing Medium..

Status:..... A ACTIVE

Effective:..... 02-07-1996

Bankruptcy:

Ever Filed?:... N

Status date:...

Fax:.....

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05 Comment	PF06 CONFIRM
PF07	PF08 History	PF09	PF10 OMID	PF11 ROLE	PF12 ROLES

Attachment "A"
to
Dorothy Phillips' Affidavit

Well List

152098 KIMLAR OIL COMPANY

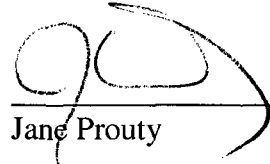
TOTAL WELL COUNT:4

PRINTED ON:WEDNESDAY, FEBRUARY 07, 2007

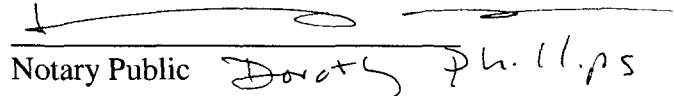
Property	Well Name	Lease Type	ULSTR	OCD UL	API	Well Type	Pool	Last Prod/Inj	Oil POD	Gas / POD E
18404	GOURLEY FEDERAL #003	F	A-31-22S-28E	A	30-015-22660	O	30655 HERRADURA BEND;DELAWARE	5/2004	2021710	
	GOURLEY FEDERAL #004	F	J-31-22S-28E	J	30-015-22661	S	96100 SWD;DELAWARE	5/2004		
	GOURLEY FEDERAL #005	F	J-31-22S-28E	J	30-015-23501	O	30655 HERRADURA BEND;DELAWARE	5/2004	2021710	
	GOURLEY FEDERAL #006	F	I-31-22S-28E	I	30-015-23707	O	30655 HERRADURA BEND;DELAWARE	5/2004	2021710	

6. I have researched the ONGARD records for production and injection information regarding the Gourley Federal #003, API # 30-015-22660; Gourley Federal #004, API # 30-015-22661; Gourley Federal #005, API # 30-015-23501; and Gourley Federal #006, API # 30-015-2370. ONGARD contains no production or injection records for these wells since May 2004.

FURTHER AFFIANT SAYETH NOT.


Jane Prouty

SUBSCRIBED AND SWORN before me this 8th day of February 2007.


Notary Public Dorothy Phillips

My Commission Expires:

4/2/07