### 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 SUPERVISIOR 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. 13835

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 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 # 30-015-23501; 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	Α	30-015-22660	0	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	0	30655	HERRADURA BEND; DELAWARE	5/2004	2021710	
	GOURLEY FEDERAL #006	F	I-31-22S-28E	I	30-015-23707	0	30655	HERRADURA BEND; DELAWARE	5/2004	2021710	

Plugging Application OCD Exhibit No. 1

# 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 II, 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 LOCATED IN EDDY COUNTY, NEW MEXICO.

CASE NO. 13885

#### **Affidavit of Dorothy Phillips**

STATE OF NEW MEXICO	)
	) ss
COUNTY OF SANTA FE	)

Dorothy Phillips, being first duly sworn on oath, states as follows:

- 1. I have been employed as the bond administrator at the Santa Fe, New Mexico office of the Oil Conservation Division ("OCD") for the past four years.
- 2. My duties include maintaining records of financial assurance documents filed by operators pursuant to NMSA 1978, Section 70-2-14.
- 3. I researched OCD's financial assurance records to determine if financial assurance documents were filed for the wells at issue in the above-captioned case:
  - 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

all the wells are in Eddy County, New Mexico.

4. OCD's electronic permitting database, "E-Permitting," identifies the wells associated with a particular operator that have not been plugged. Attachment "A" to this affidavit is a printout of the E-Permitting screen showing Kimlar Oil Company as

Plugging Application OCD Exhibit No. 2

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.

50110 011 0110 0110 0110 0110 0110 0110
FURTHER AFFIANT SAYETH NOT.
Dorothy Phillips
SUBSCRIBED AND SWORN before me this day of February 2007.
Sally Marting Notary Public
My Commission Expires:

3-24-2010

CMD : ONGARD OG7OGRD MAINTAIN OGRID

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

OGRID:..... 152098 Comment : OGRID Name:..... KIMLAR OIL COMPANY OMID:..... 70959 KIMLAR OIL COMPANY

OGRID Sort Name: . KIMLAR OIL CO History:

DFA Vendor Code:. Last Modified:. 02-02-2004

Issuing User:....

Issuing Agency:.. OCD

Addressee:..... LLOYD HILL

Mail Stop:....

Filing Medium.. Address(1):..... 824 SO AVENUE C Status:..... A ACTIVE

Address(2):.... Effective:.... 02-07-1996

City:.... KERMIT Bankruptcy:

State:.... TX Ever Filed?:... N Zip Code:..... 79745 Status date:...

City/State/Zip:.. Country:....

Phone:.... 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
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	GOURLEY FEDERAL #005	F	J-31-22S-28E	J	30-015-23501	0	30655	HERRADURA BEND;DELAWARE	5/2004	2021710	
	GOURLEY FEDERAL #006	F	I-31-22S-28E	I	30-015-23707	0	30655	HERRADURA BEND; DELAWARE	5/2004	2021710	

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, 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, EDDY COUNTY, NEW MEXICO.

CASE NO. 13885

#### **Affidavit of Jane Prouty**

STATE OF NEW MEXICO	)
	) ss
COUNTY OF SANTA FE	)

I, Jane Prouty, being first duly sworn on oath, states as follows:

- 1. I am employed as the Supervisor of Production and Permitting at the Santa Fe, New Mexico office of the Oil Conservation Division ("OCD").
- 2. My duties include maintaining records of oil and gas production and injection on wells located in New Mexico.
- 3. The OCD's information on production and injection comes from monthly production reports filed by the well operators.
- 4. In 1993 the OCD began using the ONGARD (Oil and Natural Gas Administration and Revenue Database) to record oil and gas production and injection by well. Since 1993, production and injection data from the monthly production reports filed by operators has been entered into ONGARD.
- 5. When the OCD began using the ONGARD system in 1993, it converted existing production and injection data into ONGARD for those wells that were not shown as "plugged" according to the OCD records available at that time. The pre-1993 production and injection information for each such well was totaled and appears in ONGARD under the last month of production or injection for that well.

Plugging Application OCD Exhibit No. 3

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 \_\_\_\_\_ day of February 2007.

Notary Public Doroth Ph. 11. ps

My Commission Expires: