

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

CASE NO. 13980
ORDER NO. R-12908

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR
A COMPLIANCE ORDER AGAINST ROJO GRANDE COMPANY, LLC, EDDY
COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 10, 2008, at Santa Fe, New Mexico, before Examiners David K. Brooks and William V. Jones.

NOW, on this 25th day of February, 2008, the Oil Conservation Division ("Division") Director, having considered the testimony, the record, and the recommendations of the Examiners,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The New Mexico Oil Conservation Division through the enforcement and compliance manager ("applicant"), seeks an order requiring Rojo Grande Company, LLC ("operator") to bring the Ramapo Well No. 6 (API No. 30-015-30964) located in Unit N of Section 36, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico, into compliance with Division Rule 201 by a date certain, and in the event of non-compliance, authorizing the Division to:

- (a) plug and abandon the subject well and reclaim the well location;
- (b) forfeit any applicable financial assurance for plugging and reclamation costs; and
- (c) take necessary and appropriate measures to recover from the operator any costs of plugging the subject well and cleanup of the well site in excess of the amount of any applicable financial assurance.

(3) At first, the applicant could not locate Rojo Grande Company, LLC; the notification mailed to the address on file with the Division was returned. Then applicant discovered a phone number, and subsequently the correct address, in Madisonville, Texas. The first continuance of this hearing was requested by the applicant in order to formally notify Rojo Grande of this hearing.

(4) Rojo Grande did not enter an appearance in this case or show up at the hearing. No other party entered an appearance in this case.

(5) The following can be concluded from evidence presented at the hearing by the Division, and from available Division records:

(a) Rojo Grande Company, LLC, which is a corporation operating in New Mexico under OGRID 182162, operates only one active (not-plugged) well in New Mexico – the subject well.

(b) This well was drilled in November of 2000 to a total depth of 600 feet, casing was run and cemented, and the well was completed in the Seven Rivers formation. The well produced for about a year and has not reported production since November of 2001. The well has since not been returned to active status, temporarily abandoned, or plugged and abandoned as required by the Division in Rule 201 for wells inactive longer than 1 year plus 90 days.

(c) A Single Well Cash Bond for the subject well in the amount of \$5,000 was posted effective October of 1977. The current cash depository is Western Bank in Artesia, New Mexico.

(d) The applicant reported that Rojo Grande repeatedly has stated its intention to return this well to compliance.

(e) At this time, subsequent to the hearing, the Division well file shows no additional entries and shows no evidence this well has been re-activated, plugged, or temporarily abandoned.

(6) The evidence presented concerning this well shows that this operator remains in violation of Rule 201.

(7) Rojo Grande Company, LLC should be formally ordered to bring this well into compliance with 19.15.4.201 NMAC on or before May 31, 2008, either by placing the well back into production, temporarily abandoning, or plugging and abandoning the well.

(8) Should Rojo Grande Company, LLC not meet this May 31 compliance deadline, pursuant to Division Rule 101(H) the Division Director should then be authorized to (i) plug and abandon the subject well in accordance with a Division-approved plugging program, (ii) forfeit any applicable bond or letter of credit for plugging and abandonment costs, and (iii) take necessary and appropriate measures to recover from

the operator any costs of plugging the subject well in excess of the amount of any applicable financial assurance.

IT IS THEREFORE ORDERED THAT:

(1) Rojo Grande Company, LLC (“operator”) [OGRID 182162] is hereby directed to bring the following well into compliance with 19.15.4.201 NMAC on or before May 31, 2008:

Ramapo Well No. 6 (API No. 30-015-30964) located in Unit N of Section 36, Township 17 South, Range 27 East, NMPM, Eddy County, New Mexico.

(2) Prior to beginning work on this well, the operator shall obtain approval for any such work from the supervisor of the Division’s Artesia district office and shall notify the District Office of the date and time this work is to commence so the Division may witness the work.

(3) In the event the operator fails to bring this well into compliance as directed above or obtain, prior to May 31, 2008, from the Division director, approval of a schedule to bring this well into compliance, then:

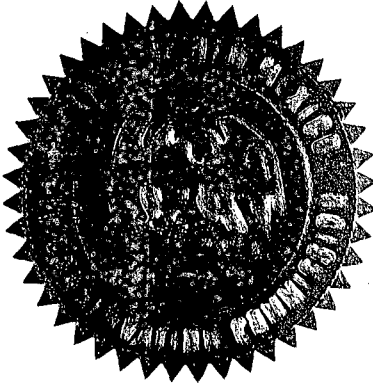
(a) the Division is authorized to plug and abandon the subject well and reclaim the well location;

(b) the Division is authorized to forfeit any applicable financial assurance for plugging and abandonment and reclamation costs; and


(c) the Division is authorized to take necessary and appropriate measures to recover from the operator any costs of plugging the subject well and cleanup of the well site in excess of the amount of any applicable financial assurance.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director

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