

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

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST TOM R. CONE, FINDING THAT OPERATOR VIOLATED RULE 19.15.4.201 NMAC AS TO FOUR WELLS, REQUIRING OPERATOR TO BRING THE WELLS INTO COMPLIANCE BY A DATE CERTAIN, AND IN THE EVENT OF OPERATOR'S NON-COMPLIANCE WITH SAID ORDER, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS, EDDY COUNTY, NEW MEXICO.

CASE NO. 14026

APPLICATION FOR COMPLIANCE ORDER AGAINST TOM R. CONE

1. Tom R. Cone (hereinafter, "Operator") is a sole proprietor operating wells in New Mexico under OGRID 188152.

2. Operator is the operator of record of the following subject wells:

- Donnelly Pan American No. 001Y; 30-015-05739; G-5-19S-31E
- Federal 18 No. 002; 30-015-10228; K-18-19S-31E
- Federal 18 No. 004; 30-015-20226; G-18-19S-31E
- North Shugart Queen Unit No. 011; 30-015-05600; N-21-18S-31E

3. The subject wells are federal wells. Operators of federal wells within New Mexico are generally not required to post financial assurance to secure the plugging of these wells. While Operator has not posted financial assurance on most of his federal wells to secure their plugging, he has posted a five thousand dollars (\$5,000.00) letter of credit (CSB 189) on the North Shugart Queen Unit No. 011 well, through Corner Stone Bank, in Southwest City, Missouri.

4. OCD Rule 19.15.4.201 NMAC requires the operator of a well which has been continuously inactive for a period of one year and 90 days to plug and abandon the well or place the well on OCD-approved temporary abandonment status.

5. 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.

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

7. The subject wells have had no reported production or injection for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with OCD Rule 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with OCD Rule 19.15.4.203 NMAC.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an Order:

- A. Finding Operator in non-compliance with 19.15.4.201 NMAC;
- B. Requiring Operator to return to compliance with 19.15.4.201 NMAC by a date certain;
- C. Requiring Operator to plug and abandon the subject wells by a date certain if Operator fails to return to compliance with 19.15.4.201 NMAC by a date certain;
- D. In the event of Operator's non-compliance, declaring the wells abandoned and authorizing the Division to plug and abandon the subject wells;

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

RESPECTFULLY SUBMITTED,

This Fourth day of January 2008 by

A handwritten signature in black ink, appearing to read 'Sonny Swazo', is written over a horizontal line.

Sonny Swazo
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Case No. 14076. Application of the New Mexico Oil Conservation Division for a Compliance Order against Tom R. Cone. The Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to four wells, requiring Operator to bring the four wells into compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to plug said wells in the event of Operator's non-compliance with the Order. The affected wells are:

- Donnelly Pan American No. 001Y; 30-015-05739; G-5-19S-31E
- Federal 18 No. 002; 30-015-10228; K-18-19S-31E
- Federal 18 No. 004; 30-015-20226; G-18-19S-31E
- North Shugart Queen Unit No. 011; 30-015-05600; N-21-18S-31E

The Donnelly Pan American No. 001Y, the Federal 18 No. 002, and the Federal 18 No. 004, are located approximately 13 miles southeast of Loco Hills, in Eddy County, New Mexico.

The North Shugart Queen Unit No. 011 is located approximately 9 miles southeast of Loco Hills, in Eddy County, New Mexico.