

**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 UNDER NMSA 1978, SECTION 70-2-14(B) AGAINST PLATINUM EXPLORATION INC., FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.25 NMAC, 19.15.7.24 NMAC, 19.15.8.9 NMAC, 19.15.29.11 NMAC, AND 19.15.16.8 NMAC, REQUIRING OPERATOR TO PROPERLY PLUG AND ABANDON ALL ITS WELLS BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, LEA COUNTY, NEW MEXICO.**

CASE NO. 14380

**APPLICATION FOR COMPLIANCE ORDER  
AGAINST PLATINUM EXPLORATION, INC.**

2009 AUG 12 2:41  
RECEIVED OGD

1. Platinum Exploration, Inc. (Platinum) operates the following wells in Lea County, New Mexico under OGRID 227103:

- Barnhill #001, L-1-14S-37E, 30-025-28198
- Cooper #001, 3-2-17S-38E, 30-025-28166
- Gulf State #003, 3-4-16S-38E, 30-025-07270
- O A Woody #001, E-35-16S-38E, 30-025-26361
- Post #001, N-1-14S-37E, 30-025-27984
- Post #002, M-1-14S-37E, 30-025-28295
- Post #3, D-12-14S-37E, 30-025-28576
- Rose Eaves #002, P-35-16S-38E, 30-025-07291
- Smith #001, F-13-14S-37E, 30-025-28478
- Warren State #001, P-35-15S-37E, 30-025-34034

2. According to information posted on the website of the New Mexico Public Regulation Commission, Platinum Exploration, Inc. is a foreign profit corporation in good standing, with the following registered agent: CT Corporation System, 123 East

Marcy, Santa Fe, NM 87501. Its corporate officers are Harold James Rasmussen and Gegory J. Rasmussen.

3. According to the records of the Oil Conservation Division (OCD), the address of record for Platinum is 550 West Texas Avenue, Suite 500, Midland, TX, 79701. This address is consistent with the address that appears on Platinum's recent regulatory filings.

4. According to OCD records, Platinum has posted a \$50,000 blanket letter of credit to secure the plugging and abandonment of its wells. Platinum has not posted any single well financial assurances.

5. NMSA 1978, Section 70-2-14(B) provides, in relevant part, "If any of the requirements of the Oil and Gas Act [70-2-1 NMSA 1978] or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules."

**Violation of 19.15.25 NMAC (inactive well requirements), or in the alternative, Violation of 19.15.7.24 NMAC (monthly reporting requirements):**

6. Rule 19.15.25.8 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.

7. Rule 19.15.25.10.D NMAC provides that, as soon as practical, but not later than one year after the completion of plugging operations, the operator shall level the location, remove deadmen and other junk, and take other measures necessary or required by the OCD to restore the location to a safe and clean condition. In addition,

the operator is required to close all pits and below-grade tanks. See 19.15.25.10.E NMAC.

8. Rule 19.15.25.11 NMAC provides that within 30 days after completing all restoration work the operator shall file with the OCD a record of the work done. The OCD shall not approve the record of plugging or release a bond until the operator has filed the necessary reports and the OCD has inspected and approved the location.

9. The ten wells operated by Platinum have not reported production or injection for a continuous period in excess of one year plus 90 days, and are neither plugged and abandoned in accord with 19.15.25.10 NMAC nor on approved temporary abandonment status in accord with 19.15.25.13 NMAC.

10. Rule 19.15.8.13 NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.25.8 NMAC and restore and remediate the location by a date certain.

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

12. Platinum is filing monthly C-115s, which should indicate any production or injection. If its wells are producing or injecting, and Platinum is failing to report that production or injection on its C-115s, it is in violation of the reporting requirements of 19.15.7.24 NMAC: "An operator shall file a form C-115 for each non-plugged well completion for which the division has approved a form C-104 and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other

injection well within the state, setting forth complete information and data indicated on the forms in the order, format and style the director prescribes.”

**Violation of 19.15.8.9 NMAC (financial assurance requirements):**

13. Rule 19.15.8.9 NMAC requires operators to post financial assurances for wells on privately owned or state owned lands in New Mexico that have not been plugged and released, conditioned that the well will be plugged and abandoned and the location restored and remediated in compliance with OCD rules.

14. Effective January 1, 2008, the operator of a state or fee well that has been inactive for a period of more than two years must post a one-well financial assurance for the well, even if the well is also covered by a blanket financial assurance. See Rule 19.15.8.9.C NMAC.

15. Effective January 1, 2008, the amounts required under Rule 19.15.8.9.D NMAC for single well financial assurances increased. The current amount required for a well in Lea County is \$5,000 plus \$1 per foot of measured depth. See 19.15.8.9.D(2) NMAC.

16. All ten of the wells operated by Platinum are state or fee wells that have been inactive for more than two years; therefore they all require single well financial assurances under 19.15.8.9 NMAC. Platinum has not posted single well financial assurances for any of its wells.

**Violation of 19.15.29.11 NMAC (corrective action for releases)**

17. Rule 19.15.29.11 NMAC requires the responsible person to complete division-approved corrective action for releases that endanger public health or the environment.

18. The OCD conducted inspections of the Post lease on June 24, 2009 and July 27, 2009. During both inspections, the OCD found releases, including oil leaking from the wellhead of the Post #003. The OCD sent two letters to Platinum notifying operator of the leak and requiring Platinum to take corrective action. As of this writing, the site has not been cleaned up.

**Violation of 19.15.16.8 NMAC (well sign requirements)**

19. Rule 19.15.16.8 NMAC requires operators to identify wells and related facilities by signs.

20. Platinum has not posted well signs identifying it as the operator of at least three of its wells: the Barnhill #001, the Post #002, and the Post #003.

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

- A. Determining that Platinum is in violation of 19.15.25 NMAC, 19.15.8.9 NMAC, 19.15.29.11 NMAC , and 19.15.16.8 NMAC;
- B. Requiring Platinum to properly plug and abandon all its wells by a date certain, pursuant to NMSA 1978, Section 70-2-14(B);
- C. Authorizing the OCD to properly plug and abandon all wells operated by Platinum and forfeit the applicable financial assurances if Platinum fails to meet the deadline for compliance set in the order; and
- D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,  
this 12<sup>th</sup> day of August 2009 by

  
Gail MacQuesten  
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) 476-3451

Attorney for The New Mexico Oil  
Conservation Division

Case No. 14380. Application of the New Mexico Oil Conservation Division for a Compliance Order against Platinum Exploration, Inc. The Applicant seeks an order under NMSA 1978, Section 70-2-14(B) finding that the operator is in violation of 19.15.25 NMAC, 19.15.7.24 NMAC, 19.15.8.9 NMAC, 19.15.29.11 NMAC and 19.15.16.8 NMAC, requiring operator to properly plug and abandon all the wells it operates in New Mexico by a date certain, and in the event of non-compliance authorizing the division to plug and abandon the wells and forfeit the applicable financial assurance. The affected wells are: Barnhill #001, L-1-14S-37E, 30-025-28198; Cooper #001, 3-2-17S-38E, 30-025-28166; Gulf State #003, 3-4-16S-38E, 30-025-07270; O A Woody #001, E-35-16S-38E, 30-025-26361; Post #001, N-1-14S-37E, 30-025-27984; Post #002, M-1-14S-37E, 30-025-28295; Post #003, D-12-14S-37E, 30-025-28576; Rose Eaves #002, P-35-16S-38E, 30-025-07291; Smith #001, F-13-14S-37E, 30-025-28478; Warren State #001, P-35-15S-37E, 30-025-34034. The Barnhill #001 and the Post #001, #002 and #003 are located approximately 12 miles northeast of Lovington. The Cooper #001 is located approximately 10 miles north of Hobbs. The remaining wells are located approximately 10 miles east of Lovington. All of the wells are located in Lea County, New Mexico.