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

Oil Conservation Division

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER REQUIRING THE STATE B-7717 #1 WELL, LOCATED IN SEC. 2, TOWNSHIP 19 SOUTH, RANGE 29 EAST, EDDY COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED, AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

CASE NO. 11230

APPLICATION FOR PLUGGING

1. Leonard Oil Co. (hereinafter called "Operator") is the operator of the State B-7717 #1 Well, located in Sec. 2, Township 19 South, Range 29 East, Eddy County, New Mexico.

2. The subject well has not produced hydrocarbon substance or has otherwise been inactive for more than one year or is no longer usable for beneficial purposes and no permit for temporary abandonment has been requested by the Operator and approved by the Division.

3. By virtue of the failure to use the well for beneficial purposes or to have an approved current temporary abandonment permit, the subject well is presumed to have been abandoned and is required to be plugged.

4. By authority of Section 70-2-12 N.M.S.A. 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for

beneficial purposes to be properly plugged.

5. Demand has been made upon the Operator to either place the subject well to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisor of District II of the Oil Conservation Division applies to the Director to enter an order:

1. Determining whether or not the State B-7717 #1 well should be plugged in accordance with a Division-approved plugging program.

2. Upon determination that said well should be plugged directing Leonard Oil Co. as Operator to plug said well.

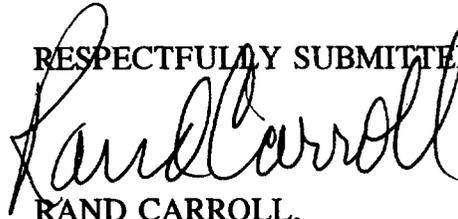
3. Further ordering that if operator fails to plug and abandon said well as ordered by the Director, that the Division be authorized:

a. to plug said well;

b. to recover from the Operator any costs of plugging in excess  
of the amount of the bond, if any.

4. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is written in a cursive style with a large initial "R".

RAND CARROLL,

Legal Counsel

New Mexico Oil Conservation Division

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