

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 AN ORDER REQUIRING THE MARJOHN STATE NO. 1 WELL LOCATED IN UNIT A OF SEC. 11, T-13-S, R-28-E, CHAVES COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED, AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

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MAR 24 1995

Oil Conservation Division

CASE NO. 11252

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Stevens Operating Corporation, (hereinafter called "Operator") is the operator of the Marjohn State No. 1 well located in Unit A of Sec. 11, T-13-S, R-28-E, Chaves County, New Mexico.

2. Stevens Operating Corporation, as Operator, as posted a blanket surety bond in the amount of \$50,000 in compliance with Section 70-2-14 N.M.S.A. 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the well operated by said Operator.

3. American Employers' Insurance Company is surety on said bond, Bond No. AR-7139661.

4. 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.

5. 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.

6. 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.

7. 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 Marjohn State No. 1 should be plugged in accordance with a Division-approved plugging program.

2. Upon determination that said well should be plugged directing Stevens Operating

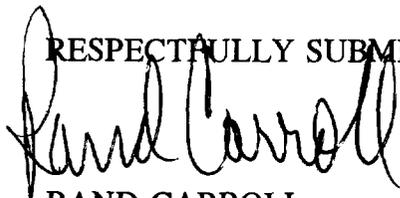
Corporation, as operator to plug said well.

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 wells;
- b. to declare forfeit on said bond and to take such action to foreclose on said bond; and
- c. 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,



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