

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 III
FOR AN ORDER REQUIRING FIVE WELLS OPERATED BY NERDHLIC
COMPANY, INC. (API NOS. 30-031-20774, 30-031-05091, 30-031-20576,
30-031-20531 AND 30-031-20414) LOCATED IN SECTIONS 13, 15, 18 AND
19, IN TOWNSHIP 16 NORTH, RANGES 9 OR 10 WEST, MCKINLEY
COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED, AUTHORIZING
THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE
OF THE PLUGGING BOND IF ANY.

RECEIVED

CASE NO. 11354

JUL 18 1995

Oil Conservation Division APPLICATION FOR PLUGGING AND

FORFEITURE OF BOND

1. Nerdhlic Company, Inc. (hereinafter called "Operator") is the operator of the following wells located in McKinley County, New Mexico:

Inditos Well No. 1 located in Unit H, 2310 FNL and 330 FEL of Sec. 15, T-16-N, R-9-W;

Bullseye A Well No. 2 located in Unit P, 990 FSL and 990 FEL of Sec. 13, T-16-N, R-10-W;

Bullseye Well No. 9 located in Unit O, 330 FSL and 1650 FEL of Sec. 18, T-16-N, R-9-W;

Bullseye Well No. 8 located in Unit D, 330 FNL and 990 FWL of Sec. 19, T-16-N, R-9-W; and

Bullseye Well No. 2 located in Unit N, 540 FSL and 1560 FWL of Sec. 18, T-16-N, R-9-W.

2. Nerdhlic Company, Inc. as Operator, has posted a blanket cash 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. Operator has deposited with the United New Mexico Bank, Santa Fe, New Mexico, the sum of \$50,000 in Certificate of Deposit or Savings Account No. 32200803 and has assigned said account to the Oil Conservation Division as security for said bond.

4. The subject wells have not produced hydrocarbon substance or have otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permits for temporary abandonment have been requested by the Operator and approved by the Division.

5. By virtue of the failure to use the wells for beneficial purposes or to have approved current temporary abandonment permits, the subject wells are presumed to have been abandoned and are 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 wells to

beneficial use, comply with the requirements for and obtain approvals for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

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

1. Determining whether or not the above-described wells should be plugged in accordance with a Division-approved plugging program;

2. Upon determination that said well should be plugged directing Nerdhlic Company, Inc. as Operator to plug said well within 45 days of the date of the Director's order.

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

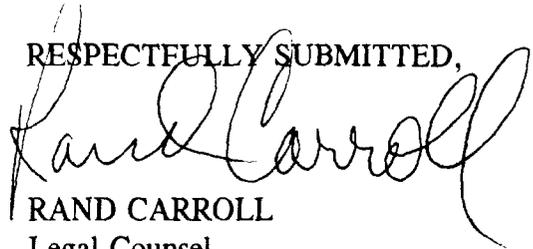
a. to plug said wells;

b. to declare forfeiture 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.

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

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, New Mexico 87505

(505) 827-8156