

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

FEB 18 1995

Oil Conservation Division

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER REQUIRING THE EL CHEAPO WELL NO. 1 LOCATED IN UNIT F OF SEC. 35, T-18-S, R-27-E, EDDY COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED, AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND ORDERING A FORFEITURE OF THE PLUGGING BOND.**

CASE NO. 11490

**APPLICATION FOR PLUGGING AND FORFEITURE OF BOND**

1. Salkar, Inc. (the "Operator") is the operator of the El Cheapo Well No.1 located in Unit F of Sec. 35, T-18-S, R-27-E, Eddy County, New Mexico.

2. Operator has posted a surety bond in the amount of \$5,000 from The Travelers Indemnity Co., Surety (Bond No. 427F242-4) for said well in compliance with Section 70-2-14 NMSA 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 wells operated by Operator.

3. The subject well has not produced hydrocarbon or carbon dioxide 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.

4. 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.

5. By authority of Section 70-2-14 NMSA 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.

6. Demand has been made or attempted to be 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:

A. Determining whether or not the El Cheapo Well No. 1 should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that said well should be plugged, directing Operator to plug said well.

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

i. to plug said well;

ii. to declare forfeit on said bond, if any, and to take such action to

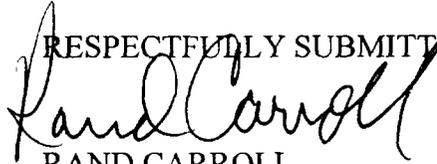
foreclose on said bond, and

iii. to recover from the Operator any costs of plugging said well in excess

of the amount of the bond, if any.

D. 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

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