

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 THE CARANTA #1 WELL LOCATED IN UNIT J OF SECTION 23, TOWNSHIP 32 NORTH, RANGE 01 WEST, RIO ARRIBA 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. _____

APPLICATION FOR PLUGGING

1. CMS Oilfield Services Inc. (hereinafter called "Operator") is the operator of the Caranta #1 well located in Unit J of Section 23, Township 32 North, Range 01 West, Rio Arriba County, New Mexico.

2. CMS Oilfield Services Inc. as Operator, has posted a one-well plugging bond in the amount of \$5,000 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. 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.

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 70-2-12 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.

6. 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 III of the Oil Conservation Division applies to the Director to enter an order:

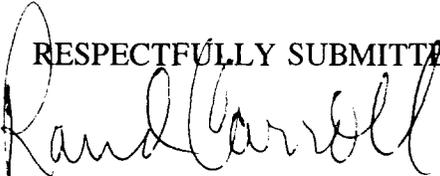
1. Determining whether or not the Caranta #1 well should be plugged in accordance with a Division-approved plugging program:

2. Upon determination that said well should be plugged directing CMS Oilfield Services Inc. 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 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.

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

RESPECTFULLY SUBMITTED,


RAND CARROLL
Legal Counsel
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505
(505) 827-8156