

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

**CASE NO. 12531
ORDER NO. R-11494**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF THE DIVISION DISTRICT I FOR AN ORDER REQUIRING TEXAS WEST OIL & GAS CORP. TO RESTORE ONE WELLSITE IN LEA COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO RESTORE SAID WELLSITE, AND ORDERING A FORFEITURE OF ANY BOND(S) COVERING THIS WELLSITE .

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on November 2, 2000, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 28th day of November, 2000, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

- (1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.
- (2) Texas West Oil & Gas Corp. ("Operator") is the operator of the State "27" Well No. 1 (API No. 30-025-28758), located 330 feet from the South line and 330 feet from the East line of Section 27, Township 15 South, Range 37 East in Lea County, New Mexico.
- (3) The Operator has posted a surety bond in the amount of \$50,000.00 with American Employers' Insurance Co., the surety, as required by NMSA 1978, Section 70-2-14.
- (4) The subject well has been plugged, but the wellsite has not been properly restored in accordance with Division Rule 202, despite demands by the Division to the Operator to do so. The required restoration includes, but is not limited to, filling and leveling all pits and otherwise restoring the location to a safe and clean condition.
- (5) The purpose of the bond is to assure the Division that the well covered by that bond will be properly plugged and abandoned, including restoration of the wellsite, when not capable of commercial production or no longer utilized for some other beneficial purpose.

(6) At this time, the Division seeks an order directing the Operator to clean-up and otherwise restore the wellsite in accordance with a Division-approved program and, if the Operator fails to do so, authorizing the Division to proceed to restore this wellsite and: (i) make demand on the surety to recover the funds spent for the restoration; (ii) order the recovery of any costs in excess of the amount of the bond from the Operator; and (iii) impose fines on the Operator for failure to comply with this order.

(7) The Division's district office in Hobbs (District I) submitted evidence in support of the Division's position that the wellsite is not in compliance with Division Rule 202 and needs to be restored.

(8) Evidence was submitted that the Division made a good faith, diligent effort to serve the Operator and the surety at their last known addresses.

(9) The Operator did not appear at the hearing.

(10) The current condition of the wellsite is such that if action is not taken to properly restore the wellsite, livestock and wildlife may be subject to harmful contaminants, and water may be in danger of contamination.

(11) To protect the environment, the above-described wellsite should be restored in accordance with a program approved by the supervisor of the Division's Hobbs District Office on or before December 31, 2000.

(12) Should the Operator not meet this December 31, 2000 restoration obligation, the Division Director should then be authorized to take such action as is deemed necessary, make demand upon the subject bond, and recover from the operator any costs in excess of the amount of the bond to help defer such restoration cost incurred by the Division.

IT IS THEREFORE ORDERED THAT:

(1) Texas West Oil & Gas Corp. is hereby ordered to restore the wellsite that was the site of its State "27" Well No. 1 (API No. 30-045-28758), located 330 feet from the South line and 330 feet from the East line in Section 27, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico on or before December 31, 2000.

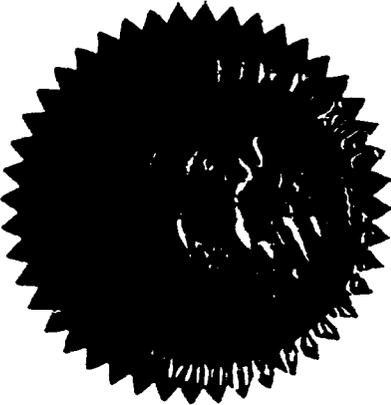
(2) Texas West Oil & Gas Corp., prior to restoring the above-described wellsite, shall obtain from the supervisor of the Division's district office in Hobbs, an approved restoration program and shall notify the Hobbs District Office of the date and time this work is to commence whereupon the Division may witness such work.

(3) Should Texas West Oil & Gas Corp. fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such actions as are necessary to have this wellsite properly restored. Further, the Division shall then be authorized to take such action as is deemed necessary to make demand on the \$50,000.00 bond with American Employers' Insurance Company, surety, and to recover from Texas West Oil & Gas Corp. any costs in excess of the amount of this bond to help defer such costs incurred by the Division for the restoration.

(4) Failure to comply with the provisions of this order shall subject Texas West Oil & Gas Corp. to a fine of \$1,000.00 per day per well until such work is completed (see Section 70-2-31, NMSA 1978).

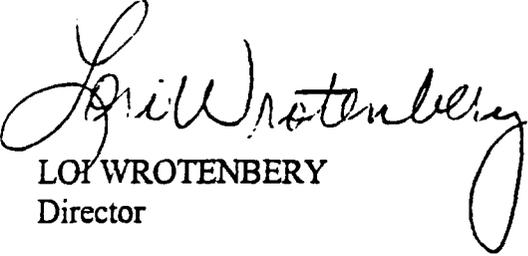
(5) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


LOIS WROTENBERY
Director