

**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 PITCO PRODUCTION COMPANY TO PROPERLY PLUG ONE
WELL IN SANDOVAL COUNTY, NEW MEXICO, AUTHORIZING THE
DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF
APPLICABLE PLUGGING BOND, IF ANY.**

CASE NO. 12720

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Pitco Production Company (“Operator”) is the operator of the following well (hereinafter the “subject well”), located in McKinley County, New Mexico:

- (1) State 36-22-06 No. 1 (API No. 30-043-20386), located 810 feet from the South line and 800 feet from the West line (Unit M) of Section 36, Township 22, North, Range 6 West, Sandoval County, New Mexico.

2. The Division has been unable to find a record of a bond currently in force to secure the obligation of Operator to plug and abandon the subject well.

3. The subject well has not produced any hydrocarbon or carbon dioxide substance for more than one year and is no longer usable for beneficial purposes. No permit for temporary abandonment has been requested by the Operator or approved by the Division.

4. By virtue of Operator's failure to use the well for production or other beneficial purposes or to secure a current temporary abandonment permit, the well is presumed abandoned, and is required to be plugged.

5. Division Rule 201.B, issued pursuant to the authority of NMSA 1978, Secs. 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year or are no longer usable for beneficial purposes be properly plugged.

6. Division Rule 101.M, issued pursuant to the same authority, authorizes the Division, after notice and hearing, to order the operator to plug and abandon any well or wells not in compliance with Rule 201, and to direct the Division to cause such well or wells to be plugged in accordance with a Division approved plugging program if, after the time provided in such order, the operator and its surety, if any, have failed to do so.

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

- A. Determining whether the subject well should be plugged and abandoned in accordance with a Division-approved plugging program.
- B. Upon a determination that the well should be plugged, directing the Operator to plug the well without delay.
- C. Further ordering that if the Operator or its surety, if any, fails to plug and abandon the well as ordered by the Director, the Division be authorized:
 - (i) to plug the subject well in accordance with a division-approved plugging program;
 - (ii) to declare forfeit the bond furnished by the Operator, if any, to the extent necessary to fully reimburse the Division for

its expenses incurred in accomplishing the foregoing; and (iii) to take necessary and appropriate measures to recover from the Operator any costs of plugging the subject well in excess of the amount of the bond, if any, or the full amount thereof if no bond exists.

- D. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,



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CASE 12720 : **Application of The New Mexico Oil Conservation Division, through the Supervisor of District III, for an Order Requiring Pitco Production Company to Properly Plug One Well in Sandoval County, New Mexico, Authorizing the Division to Plug Said Well and Ordering a Forfeiture of Applicable Plugging Bond, if Any.** Applicant seeks and order directing the operator, Pitco Production Company, to plug and abandon its State 36-22-06 No. 1 Well (API No. 30-043-20386) located 810 feet from the South line and 800 feet from the West line (Unit M) of Section 36, Township 22 North, Range 6 West, Sandoval County, New Mexico, in accordance with a division approved plugging program, authorizing the Division to plug said well if the applicant and its surety, if any, fail to do so, and directing the forfeiture of operator's plugging bond, if any.