

**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 I, FOR AN ORDER REQUIRING
OK OPERATING CO. TO PROPERLY PLUG TWO (2) WELLS IN LEA
COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID
WELLS AND ORDERING A FORFEITURE OF APPLICABLE SECURITY, IF
ANY.**

CASE NO. 12945

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APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. OK Operating Co. ("Operator") is the operator of the following wells located in Lea County, New Mexico:

Arco Federal Well No. 1 (API No. 30-25--27639) located 1973 feet from the North line and 660 feet from the West line (Unit E) of Section 4, Township 10 South, Range 38 East, Lea County, New Mexico.

Arco Federal Well No. 2 (API No. 30-25--27669) located 1973 feet from the North line and 1980 feet from the West line (Lot 3) of Section 4, Township 10 South, Range 38 East, Lea County, New Mexico.

2. Operator has no security posted with the Oil Conservation Division, but may have posted security for plugging of these wells with the United States Bureau of Land Management.

3. The subject wells have not produced any hydrocarbon or carbon dioxide substance since August of 1999 and are no longer usable for beneficial purposes. No permit for temporary abandonment of either of the said wells has been requested by the Operator or approved by the Division.

4. By virtue of Operator's failure to use the subject wells for production or other beneficial purposes or to secure current temporary abandonment permits, the wells are presumed abandoned, and are 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 I of the Division hereby applies to the Director to enter an order:

- A. Determining whether the subject wells should be plugged and abandoned.
- B. Upon a determination that the wells should be plugged, directing the Operator to plug the wells without delay, in accordance with a division-approved plugging program, and to cause the sites thereof to be remediated in accordance with Division Rule 202.B(3).
- C. Further ordering that if the Operator fails to plug and abandon the wells as ordered by the Director, the Division be authorized: (i) to plug the subject wells in accordance with a division-approved plugging program and to cause the site to be remediated; (ii) to declare forfeit the security 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 and of site remediation in excess of the amount of the security, if any.

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

RESPECTFULLY SUBMITTED,



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Case No. 12945. **Application of the New Mexico Oil Conservation Division for an Order Requiring OK Operating Co. to Properly Plug Two (2) Wells, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Wells in Default of Compliance by OK Operating Co., and Ordering a Forfeiture of Applicable Plugging Bond, if Any; Lea County, New Mexico.** The Applicant seeks an order requiring OK Operating Co., the operator of Two (2) inactive wells in Lea County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said wells if the operator fails to do so, forfeiting Operator's plugging bond, if any, and providing for such other relief as the Director deems appropriate. The affected wells are the following:

<u>Operator</u>	<u>Well Name</u>	<u>API No.</u>	<u>Location</u>
OK Operating Co.	Arco Federal No. 1	30-025-27639	E-04-10S-38E
OK Operating Co.	Arco Federal No. 2	30-025-27669	3-04-10S-38E

12 SEP 10 PM 4:19

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