

**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 II FOR AN ORDER REQUIRING RPM ENERGY, INC. TO PROPERLY PLUG SIX WELLS (THREE WELLS LOCATED IN UNITS I, J AND D IN SECTION 16 AND THREE WELLS LOCATED IN UNITS L, J AND F IN SECTION 21, ALL IN TOWNSHIP 16 SOUTH, RANGE 26 EAST, EDDY COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELLS, AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. 11944

**APPLICATION FOR PLUGGING AND FORFEITURE OF BOND**

1. RPM Energy, Inc. (the "Operator") is the operator of the six wells located in Units I, J and D in Section 16, Township 16 South, Range 26 East, and Units L, J and F in Section 21, Township 16 South, Range 26 East, Eddy County, New Mexico.

2. Operator has posted a surety bond in the amount of \$50,000 for said wells 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. United States Fire Insurance Company is surety on the bond, Bond No. 610 08020478.

3. The subject wells have not produced hydrocarbon or carbon dioxide substance or have otherwise been inactive for more than one year or are 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 wells for beneficial purposes or to have approved current temporary abandonment permits, the subject wells are presumed to have been abandoned and are 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 wells 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 wells should be plugged in accordance with a Division-approved plugging program.

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

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

i. to plug said wells;

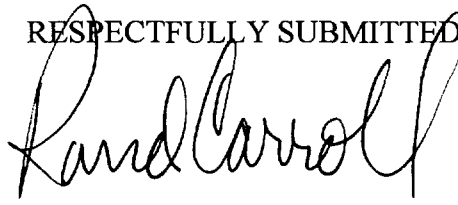
ii. to declare forfeit on said bond, if any, and to take such action to

foreclose on said bond, and

iii. to recover from the Operator any costs of plugging said wells in excess of the amount of the bond, if any.

D. For such other and further relief as the Division deems just and proper, including the assessment of fines.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll". The signature is written in a cursive, flowing style with some loops and flourishes.

RAND CARROLL  
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New Mexico Oil Conservation Division  
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(505) 827-8156

**DOCKET: EXAMINER HEARING - THURSDAY - MARCH 5, 1998**

8:15 AM - 2040 South Pacheco

Santa Fe, New Mexico

Dockets Nos 7-98 and 8-98 are tentatively set for March 19, 1998 and April 2, 1998. Applications for hearing must be filed at least 23 days in advance of hearing date. The following cases will be heard by an Examiner:

- CASE 11932:** Application of Pioneer Natural Resources USA, Inc. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Abo formation underlying the NE/4 SW/4 of Section 18, Township 20 South, Range 39 East to form a standard 40-acre oil spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said unit is to be dedicated to a well to be drilled to a depth sufficient to test the Abo formations (approximately 8,000 feet) at a standard location in said Section 18. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 4 miles southeast of Nadine, New Mexico.
- CASE 11933:** Application of Bass Enterprises Production Co. for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in Section 13, Township 16 South, Range 36 East, in the following manner: from the surface to the top of the Pennsylvanian formation, at an approximate depth of 10,890 feet, the NW/4 SE/4 to form a 40-acre spacing and proration unit for all formations and/or pools developed on 40-acre spacing within said vertical extent; and within the Pennsylvanian formation from the approximate depth of 10,890 feet to the total depth drilled of 11,450 feet; the W/2 NE/4 to form an 80-acre spacing and proration unit for all formations and/or pools developed on 80-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Montieth "C" Well no. 1 which will be drilled at a standard location 660 feet from the North line and 1830 feet from the East line (Unit B) of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said units are located approximately 2 miles east of Lovington, New Mexico.
- CASE 11934:** Application of Yates Petroleum Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests underlying the following described acreage in Section 2, Township 16 South, Range 35 East, in the following manner: the W/2 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent; the NW/4 to form a standard 160-acre spacing and proration units for any and all formations and/or pools developed on 160-acre spacing within said vertical extent; the S/2 NW/4 to form a standard 80-acre spacing and proration unit for any and all formations and/or pools developed on 80-acre spacing within said vertical extent; and the SW/4 NW/4 to form a standard 40-acre spacing and proration unit for any and all formations and/or pools developed on 40-acre spacing within said vertical extent. Said units are to be dedicated to the proposed Fields "APK" State Com Well No. 3 which will be drilled at a standard location 1980 feet from the North line and 760 feet from the West line (Unit E) of said Section 2. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said units are located approximately 4 miles west of Lovington, New Mexico.
- CASE 11935:** Application of Chevron U.S.A. Production Company for reinstatement of underproduction for its Federal Com. "33" Well Nos. 1 and 2 gas proration unit, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration periods ending in March, 1996 and March, 1997 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 33, Township 21 South, Range 23 East, and dedicated to its Federal Com. "33" Well Nos. 1 and 2. Said unit is located approximately 22 miles west of Carlsbad, New Mexico.
- CASE 11936:** Application of Chevron U.S.A. Production Company for reinstatement of underproduction for its Bogel Flats Unit Well Nos. 5 and 18 gas proration unit, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration periods ending in March, 1996, and March, 1997 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 16, Township 22 South, Range 23 East, and dedicated to its Bogel Flats Unit Well Nos. 5 and 18. Said unit is located approximately 22 miles west of Carlsbad, New Mexico.
- CASE 11937:** Application of Chevron U.S.A. Production Company for reinstatement of underproduction for its Bogel Flats Unit Nos. 3 and 17 gas proration unit, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration periods ending in March, 1996 and March, 1997 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 9, Township 22 South, Range 23 East, and dedicated to its Bogel Flats Unit Well Nos. 3 and 17. Said unit is located approximately 22 miles west of Carlsbad, New Mexico.

**CASE 11938:** Application of Chevron U.S.A. Production Company for reinstatement of underproduction for its Bogel Flats Unit Com. Well Nos. 1 and 10 gas proration unit, Indian Basin-Upper Pennsylvanian Gas Pool, Eddy County, New Mexico. Applicant, in accordance with Rule 14(b) of the General Rules for prorated gas pools of New Mexico, seeks an order reinstating canceled underproduction from the proration periods ending in March, 1996 and March, 1997 for a gas proration unit ("GPU") in the Indian Basin-Upper Pennsylvanian Gas Pool consisting of all of Section 3, Township 22 South, Range 23 East, and dedicated to its Bogel Flats Unit Com. Well Nos. 1 and 10. Said unit is located approximately 22 miles west of Carlsbad, New Mexico.

**CASE 11939:** Application of Manzano Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Strawn formation underlying the SE/4 SW/4 of Section 25, Township 17 South, Range 37 East for all formations developed on 40-acre spacing. Applicant proposes to dedicate this pooled unit to its "SV" Grand Slam Well No. 1 to be drilled at a standard location 400 feet from the South line and 2310 feet from the West line (Unit N) of said Section 25. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 4 miles northwest of Hobbs, New Mexico.

**CASE 11940:** Application of Manzano Oil Corporation for compulsory pooling and unorthodox well location, Eddy County, New Mexico. Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 4, Township 22 South, Range 27 East in the following manner: the S/2 for all formations developed on 320-acre spacing which presently includes but is not necessarily limited to the South Carlsbad-Morrow Gas Pool and the Undesignated South Carlsbad-Strawn Pool; the SE/4 for all formations developed on 160-acre spacing; the E/2 SE/4 for all formations developed on 80-acre spacing; and the SE/4 SE/4 for all formations developed on 40-acre spacing which presently includes but is not limited to the Esperanza-Delaware Pool. Applicant proposes to dedicate these pooled units to its Esperanza Well No. 1 to be drilled at an unorthodox location 660 feet from the South line and 990 feet from the East line (Unit P) of said Section 4. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said area is located approximately 2 miles southeast of Carlsbad, New Mexico.

**CASE 11877:** (Readvertised)

**Application of Fasken Land and Minerals, Ltd. for compulsory pooling and an unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described area in Section 12, Township 23 South, Range 24 East, and in the following manner: all of said Section 12 to form a standard 640-acre gas spacing and proration unit for any and all formations and/or pools developed on 640-acre gas spacing within said vertical extent, which presently may include but is not necessarily limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool; and the N/2 of said Section 12 to form a standard 320-acre gas spacing and proration unit for any and all formations/pools developed on 320-acre gas spacing within said vertical extent. Said units are to be dedicated to its Carnero "12" Federal Com Well No. 1 to be drilled and completed at an unorthodox gas well location 500 feet from the North line and 2265 feet from the West line (Unit C) of said Section 12. Also to be considered will be the costs of drilling and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Fasken Oil and Ranch, Ltd. as the operator of the well and a charge for risk involved in drilling said well. Said unit is located approximately 15 miles southwest of Carlsbad, New Mexico.

**CASE 11927:** (Continued from February 19, 1998, Examiner Hearing.)

**Application of Redstone Oil & Gas Company for compulsory pooling and unorthodox gas well location, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the following described acreage in Section 12, Township 23 South, Range 24 East, and in the following manner: All of Section 12 to form a standard 640-acre gas spacing and proration unit for any formations and/or pools developed on 640-acre spacing within said vertical extent, including but not limited to the Rock Tank-Upper Morrow Gas Pool and the Rock Tank-Lower Morrow Gas Pool; and the N/2 of Section 12 to form a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre spacing within said vertical extent. Said units are to be dedicated to a well to be located at an unorthodox gas well location 500 feet from the North line and 2515 feet from the East line (Unit B) of said Section 12. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for the risk involved in drilling said well. Said unit is located approximately 11 miles northwest of Whites City, New Mexico.

**CASE 11922:** (Readvertised)

**Application of Branex Resources, Inc. for compulsory pooling and unorthodox gas well location, Lea County, New Mexico.** Applicant seeks an order pooling all mineral interests from 10,667 feet (the approximate top of the Canyon formation) to 12,658 feet (a point within the Devonian formation) underlying Section 26, Township 16 South, Range 35 East, in the following manner: the S/2 forming a standard 320-acre gas spacing and proration unit for any and all formations and/or pools developed on 320-acre gas spacing within said vertical extent; the SW/4 forming a standard 160-acre gas spacing and proration unit for any and all formations/pools developed on 160-acre gas spacing; and the SE/4 SW/4 forming a standard 40-acre oil spacing and proration unit for any and all formations/pools developed on 40-acre oil spacing. Said units are to be dedicated to its Tilley Well No. 1 to be a re-entry of the former Kennedy & Mitchell Inc.'s Tilley Well 758-3 (API 30-025-27891-0001) and completed at an unorthodox well location 330 feet from the South line and 1815 feet from the West line (Unit N) of said Section 26. Also to be considered will be the costs of re-entry and completing said well and the allocation of the costs thereof as well as actual operating costs and charges for supervision, designation of Primero Operating, Inc. as operator of the well and a charge for the risk involved in said well. Said unit is located approximately 6 miles southwest of Lovington, New Mexico.

**CASE 11941:** **Application of Mewbourne Oil Company for compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order pooling all mineral interests from the surface to the base of the Morrow formation underlying the W/2 of Section 11, Township 24 South, Range 24 East, to form a standard 320-acre gas spacing and proration unit for any formations and/or pools developed on 320-acre spacing within said vertical extent, including the Undesignated Mosley Canyon-Strawn Gas Pool and the Baldrige Canyon-Morrow Gas Pool. Said unit is to be dedicated to its Baldrige Canyon "11" State Com. Well No.1, located 1650 feet from the South line and 660 feet from the West line (Unit L) of said Section 11. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for the risk involved in drilling said well. Said unit is located approximately 7 miles northwest of Whites City, New Mexico.

**CASE 11921:** (Readvertised)

**Application of Whiting Petroleum Corporation and Maralex Resources, Inc. for an order shutting in, limiting production from, or approving downhole commingling in certain wells, San Juan County, New Mexico.** Applicants seek an order requiring that the following wells be shut-in or have their production limited because they are producing from a formation or pool owned by applicants: Thompson Engineering & Production Corp. Stacey Well No. 1; and the Pendragon Energy Partners, Inc. Chaco Well Nos. 1, 2R, 4 and 5, and Chaco Ltd. Well Nos. 1J and 2J. Said wells are located in Sections 6, 7, and 18, Township 26 North, Range 12 West and Sections 1 and 12, Township 26 North, Range 13 West. In the alternative, applicants request that the Division approve downhole commingling of production from the Basin-Fruitland Coal Gas Pool and the WAW Fruitland Sand-Pictured Cliffs Pool from said wells, and allocate production between the pools. Said area is located approximately 15 miles south-southeast of Farmington, New Mexico.

**CASE 11905:** (Continued from January 8, 1998, Examiner Hearing.)

**Application of Devon Energy Corporation (Nevada) for simultaneous dedication, Eddy County, New Mexico.** Applicant seeks an exception to Division Rule 104.D.(3) to permit it to drill its Pure Fed. Well No. 3 at a location 1650 feet from the North and East lines (Unit G) of Section 11, Township 21 South, Range 25 East, to test the Catclaw Draw-Morrow Gas Pool, and to simultaneously dedicate Section 11, in the Morrow formation, to the Pure Fed. Well No. 3 and its existing Pure Fed. Well Nos. 1 and 2. Said unit is located approximately 9.5 miles northwest of Carlsbad, New Mexico.

**CASE 11942:** **Application of Oil Conservation Division for an order requiring Rocky Mountain Resources, Inc. to properly plug a well, Lincoln County, New Mexico.** Applicant seeks an order requiring Rocky Mountain Resources, Inc. to properly plug its Border Hills State Well No. 1 located in Unit O of Section 17, Township 11 South, Range 20 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 6 miles east of Sunset, New Mexico.

**CASE 11943:** **Application of Oil Conservation Division for an order requiring Frank O. Cox to properly plug a well, De Baca County, New Mexico.** Applicant seeks an order requiring Frank O. Cox to properly plug its McClain Ranch Well No. 1 located in Unit M of Section 15, Township 2 South, Range 28 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 4 miles northwest of the intersection of the Roosevelt, Chaves and De Baca County lines.

**CASE 11944:** **Application of Oil Conservation Division for an order requiring RPM Energy, Inc. to properly plug six (6) wells, Eddy County, New Mexico.** Applicant seeks an order requiring RPM Energy, Inc. to properly plug six (6) wells (three wells located in Units I, J and D in Section 16 and three wells located in Units L, J and F in Section 21), in Township 16 South, Range 26 East, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond, if any. Said wells are located approximately 5 miles north of Artesia, New Mexico.

**CASE 11945:** Application of Oil Conservation Division for an order requiring Delta U.S. Corporation to properly plug a well, Eddy County, New Mexico. Applicant seeks an order requiring Delta U.S. Corporation to properly plug its Missouri New Mexico Land Co. Com. Well No. 1 located in Unit O of Section 6, Township 23 South, Range 27 East, authorizing the Division to plug said well, and ordering a forfeiture of the plugging bond, if any. Said well is located approximately 6 miles south of Carlsbad, New Mexico.

**CASE 11946:** Application of Oil Conservation Division for an order requiring McKay Oil Corporation to properly plug eleven (11) wells, Chaves County, New Mexico. Applicant seeks an order requiring McKay Oil Corporation to properly plug the below-listed eleven (11) wells in Chaves County, New Mexico, authorizing the Division to plug said wells, and ordering a forfeiture of the plugging bond, if any. Said wells are located in an area approximately 30 miles north of Roswell, New Mexico.

West Fork Unit # 1, Section 32, Township 4 South, Range 22 East, Unit C  
Bonnie# 1, Section 30, Township 5 South, Range 22 East, Unit O  
Wolf State # 1, Section 16, Township 6 South, Range 23 East, Unit J  
Pipeline Com. # 2, Section 26, Township 6 South, Range 22 East, Unit K  
Macho State # 1, Section 32, Township 6 South, Range 23 East, Unit G  
Desert Rose # 1, Section 12, Township 6 South, Range 22 East, Unit M  
Inexico # 2, Section 32, Township 5 South, Range 22 East, Unit J  
Inexico # 5, Section 33, Township 5 South, Range 22 East, Unit K  
Inexico # 7, Section 33, Township 5 South, Range 22 East, Unit J  
Camp State # 1, Section 25, Township 5 South, Range 22 East, Unit J  
Aikman # 1, Section 36, Township 5 South, Range 26 East, Unit P