

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

CASE NO. 13547
ORDER NO. R-12436

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION FOR AN ORDER REQUIRING TERRY PATE TO PROPERLY PLUG AND ABANDON ONE (1) WELL, AUTHORIZING THE DIVISION TO PLUG SAID WELL IN DEFAULT OF COMPLIANCE BY OPERATOR, AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 25, 2005, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 6th day of October, 2005, 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) The New Mexico Oil Conservation Division ("Division") on its own motion seeks an order directing Terry Pate to plug his Frances Evelyn Well Number 1 (API # 30-025-32163), located 990 feet from the South line and 1740 feet from the West line in Unit N, Section 35, Township 19 South, Range 38 East, NMPM, Lea County, New Mexico, in accordance with a Division-approved plugging program.

(3) Should Terry Pate fail to plug and abandon this well, the Division seeks an order authorizing the State to plug and abandon the well and: (i) declare forfeiture of the bond furnished by Terry Pate to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii) take necessary and appropriate measures to recover from Terry Pate any costs of plugging the well in excess of the amount of the bond.

(4) Notice of this hearing was published on August 5, 2005, in THE LOVINGTON DAILY LEADER, a daily newspaper of general circulation in Lea County, New Mexico.

(5) Terry Pate did not appear at the hearing.

(6) The Division presented evidence showing that Terry Pate posted a single well bond in the amount of \$ 7,500.00 for the well in compliance with NMSA 1978, Section 70-2-14 and New Mexico Oil Conservation Division ("Division") Rule 101, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the rules of the Division with respect to the proper plugging and abandonment of the well operated by Terry Pate. Sunwest Bank of Hobbs NA, of 325 East Bender, Hobbs, NM 88240, is the depository on this cash collateral deposit, held in account number 3012732.

(7) The purpose of this bond is to assure the Division that the well operated by Terry Pate will be properly plugged and abandoned when not capable of commercial production or no longer utilized for some other beneficial purpose.

(8) Billy Prichard, the Compliance and Enforcement Officer with the Division's District 1 Office in Hobbs presented testimony the demonstrates that:

- (a) Terry Pate is the current operator of record for the well;
- (b) he (Billy Prichard) has not been able to contact Terry Pate because his mailing address is through the Oil and Gas Reports in Hobbs;
- (c) the well has been abandoned since there has been no reported production from the well in over four (4) years;
- (d) there is no record that the well is on an approved temporary abandonment status; and
- (e) the Division-approved plugging procedure will ensure that this well is properly and safely plugged and abandoned.

(9) By virtue of the failure to use this well for beneficial purposes or to obtain approval for temporary abandonment, Terry Pate is presumed to have abandoned the subject well.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the New Mexico Oil Conservation Division ("Division"), Terry Pate is hereby ordered on or before October 31, 2005, to plug and abandon his Frances; Evelyn Well Number 1 (API # 30-025-32163), located 990 feet from

the South line and 1740 feet from the West line in Unit N, Section 35, Township 19 South, Range 38 East, NMPM, Lea County, New Mexico, in accordance with a Division-approved plugging program presented at the hearing.

(2) Should Terry Pate fail to bring this well into compliance as required by this Order, the Division shall then take such actions as are necessary to cause the well to be properly plugged and abandoned. Further, the Division shall then be authorized to take such action as is deemed necessary to: (i) declare forfeiture of the cash bond issued Terry Pate by Sunwest Bank of Hobbs NA (account No.3012732), to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (ii) take necessary and appropriate measures to recover from Terry Pate any costs of plugging the subject well in excess of the amount of this bond.

(3) Failure to comply with the provisions of this order shall subject Terry Pate to a fine of \$1,000 per day, commencing from the date of this order until such work is completed (NMSA 1978, Section 70-2-31, as amended).

(4) Jurisdiction of this case 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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Marke E. Fesmire".

MARKE. FESMIRE, P.E.
Director