

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

CASE NO. 13712  
ORDER NO. R-12571

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR AN ORDER REQUIRING HEARTLAND ENERGY CORP. TO PLUG TWO WELLS AND ORDERING A FORFEITURE OF APPLICABLE FINANCIAL ASSURANCE IN EVENT OF OPERATOR'S NON-COMPLIANCE, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 8, 2006, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 21<sup>st</sup> day of June, 2006, the Oil Conservation Division ("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 Division seeks an order requiring Heartland Energy Corp. to plug and abandon the following wells in accordance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, authorizing the Division to plug the wells in accordance with a Division-approved plugging program, to forfeit any applicable financial assurance, and to take necessary and appropriate measures to recover from the operator any costs of plugging the subject wells in excess of the amount of the applicable financial assurance:

| <u>Well Name</u>               | <u>API</u>   | <u>Location</u>                |
|--------------------------------|--------------|--------------------------------|
| Froelich Federal #001          | 30-015-23552 | Unit H, Section 24, T18S, R21E |
| Sun Texas State #001           | 30-015-23672 | Unit J, Section 24, T18S, R21E |
| All in Eddy County, New Mexico |              |                                |

- (3) In accordance with the provisions of 19.15.14.1207 NMAC, notice of this hearing was mailed to the address of record of the operator. No party other than the applicant entered an appearance or was present at the hearing.

- (4) The evidence presented by the Division demonstrates that:
- a) the last operator of record for the two subject wells is Heartland Energy Corp.;
  - b) The Division has no record of a surety bond for either of these two wells, but nonetheless asks for forfeiture of applicable financial assurance, provided any exists, such as any cash bond or letter of credit;
  - c) the subject wells have all been inactive for a period in excess of one year plus 90 days;
  - d) the two wells were never approved for temporary abandonment in accordance with 19.15.4.203 NMAC; and
  - e) the two wells have not been permanently plugged and abandoned in accordance with 19.15.4.202 NMAC;

(5) Heartland Energy Corp. should be formally required to plug and abandon these wells in accordance with 19.15.4.202 NMAC on or before August 1, 2006.

(6) Should Heartland Energy Corp. not meet this August 1, 2006 compliance deadline, the Division Director should then be authorized to (i) plug and abandon the subject wells in accordance with Division-approved plugging programs, (ii) forfeit any applicable bond or letter of credit for plug and abandonment costs, and (iii) take necessary and appropriate measures to recover from the operator any costs of plugging the subject wells in excess of the amount of any applicable financial assurance.

**IT IS THEREFORE ORDERED THAT:**

(1) Heartland Energy Corp. is hereby directed to plug and abandon the following wells in accordance with 19.15.4.202 NMAC on or before August 1, 2006:

| <b><u>Well Name</u></b>        | <b><u>API</u></b> | <b><u>Location</u></b>         |
|--------------------------------|-------------------|--------------------------------|
| Froelich Federal #001          | 30-015-23552      | Unit H, Section 24, T18S, R21E |
| Sun Texas State #001           | 30-015-23672      | Unit J, Section 24, T18S, R21E |
| All in Eddy County, New Mexico |                   |                                |

(2) Prior to beginning work on these wells, Heartland Energy Corp. shall obtain approval for any such work from the supervisor of the Division's district office in Artesia and shall notify the Artesia District Office of the date and time this work is to commence, so the Division may witness the work.

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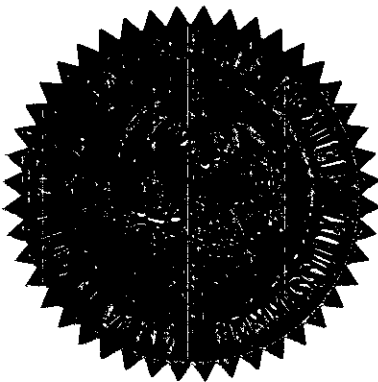
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(3) In the event the operator fails to plug these wells as directed above, then:

- a) the Division is authorized to plug and abandon the subject wells and reclaim the well locations;
- b) the Division is authorized to forfeit any applicable financial assurance for plug and abandonment and reclamation costs; and
- c) the Division is authorized to take necessary and appropriate measures to recover from the operator any costs of plugging the subject wells and cleanup of the well sites in excess of the amount of any applicable financial assurance.

(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.



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STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', written over a horizontal line.

MARK E. FESMIRE, P.E.  
Director