

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

**CASE NO. 13715
ORDER NO. R-12771**

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR AN ORDER REQUIRING WILLOW CREEK RESOURCES, INC. TO PLUG ONE WELL AND ORDERING 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 February 1, 2007, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 25th day of June, 2007, 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 Willow Creek Resources, Inc. ("operator") to bring the Maude Rickman Well No. 1 (API No. 30-015-21064) located in Unit L of Section 3, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico, into compliance with 19.15.4.201 NMAC by a date certain, and in the event of non-compliance, authorizing the Division to plug the well in accordance with a Division-approved plugging program, and to take the necessary and appropriate measures to recover from the operator any costs of plugging the well.

(3) In accordance with Division rules, notice of this hearing was mailed to the operator. No party other than the applicant entered an appearance in this case. A representative of Willow Creek Resources, Inc. was present at the hearing and provided comments after the applicant had presented its case.

(4) The following can be concluded from evidence presented at the hearing by the Division, from available Division records, and from comments presented at the hearing by the operator:

a) The last operator of record for the subject well is Willow Creek Resources, Inc. which is a corporation operating in New Mexico under OGRID 25265;

b) In September of 1995, the operator posted a Single Well Cash Bond for the subject well in the amount of \$10,000.

c) At the hearing, the applicant said the well does not have to be plugged if it can be returned to compliance with 19.15.4.201 NMAC in other ways.

d) The well has not produced since September of 2002 and has since not been returned to active status, temporarily abandoned, or plugged and abandoned as required by the Division for wells inactive longer than 1 year and 90 days.

e) At the hearing, the applicant commented that other operators are interested in this well for a completion attempt in other intervals and the operator has recently, unsuccessfully attempted to temporarily abandon the well with a cement squeeze. Currently the operator is waiting on a workover rig to again attempt to temporarily abandon this Wolfcamp formation interval.

f) At this time, four months after the hearing, the Division well file shows no additional entries and shows no evidence this well has been re-activated, plugged, or temporarily abandoned.

(5) The evidence shows this well is in violation of 19.15.4.201 NMAC.

(6) Willow Creek Resources, Inc. should be formally required to bring this well into compliance with 19.15.4.201 NMAC on or before October 1, 2007, by either placing the well back into production, temporarily abandoning, or plugging and abandoning the well.

(7) Should Willow Creek Resources, Inc. not meet this October 1, 2007 compliance deadline, the Division Director should then be authorized to (i) plug and abandon the subject well in accordance with a Division-approved plugging program, (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 well in excess of the amount of any applicable financial assurance.

IT IS THEREFORE ORDERED THAT:

(1) Willow Creek Resources, Inc. ("operator") is hereby directed to bring the following well into compliance with 19.15.4.201 NMAC on or before October 1, 2007:

Maude Rickman Well No. 1 (API No. 30-015-21064) located in Unit L of Section 3, Township 23 South, Range 27 East, NMPM, Eddy County, New Mexico.

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

(3) In the event the operator fails to bring this well into compliance as directed above, then:

a) the Division is authorized to plug and abandon the subject well and reclaim the well location;

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 well and cleanup of the well site 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



MARK E. FESMIRE, P.E.
Director



SEAL