



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

February 13, 1998

Certified Mail
Return Receipt Requested

Delta U. S. Corporation
3100 C North "A" Street
Midland, TX 79705

Case No. 11945
RE: Application of the New Mexico Oil Conservation Division for an order requiring Delta U.S. Corporation to properly plug its Missouri New Mexico Land Co. Com. Well No. 1 located in Units O in Section 6, Township 23 South, Range 27 East, Eddy County, NM, authorizing the Division to plug said well, and ordering a forfeiture of any plugging bond

Dear Sir/Madam:

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application seeking a Show Cause Hearing requiring Delta U. S. Corporation and other interested parties to appear and show cause why the above-referenced well should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on March 5, 1998. You are not required to attend this hearing, but as an owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases have been requested by the Division (Memorandum 2-90--- Enclosed) to file a Prehearing Statement substantially in the form prescribed by the Division. Prehearing statements should be filed by 4:00 o'clock p.m. on the Friday before a scheduled hearing.

Very truly yours,

RAND CARROLL
ATTORNEY FOR THE NEW MEXICO OIL CONSERVATION DIVISION
Enclosures

c: Ray Smith, OCD Artesia
Tim Gum, OCD Artesia District Supervisor

1998 FEB
RECEIVED
OCD - ARTESIA

~~APP-24 THE OIL~~
~~ABANDONING~~

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

RECEIVED
FEB 10 1998

Oil Conservation Division

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR 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, EDDY COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

CASE NO. _____

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Delta U.S. Corporation (the "Operator") is the operator of a well, the Missouri New Mexico Land Com. Well No. 1 located in Unit O of Section 6, Township 23 South, Range 27 East, Eddy County, New Mexico.
2. The Division could not find any evidence that Operator has posted a plugging bond for said well 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.
3. The subject well has not produced hydrocarbon or carbon dioxide substance or has otherwise been inactive for more than one year or is 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 well for beneficial purposes or to have an approved current temporary abandonment permit, the subject well is presumed to have been abandoned and is 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 well 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 well should be plugged in accordance with a Division-approved plugging program.

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

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

i. to plug said well;

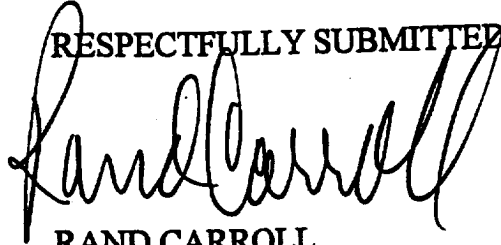
ii. to declare forfeit on said bond, if any, and to take such action to foreclose on said bond, and

iii. to recover from the Operator any costs of plugging said well 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", written over the typed name.

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

(505) 827-8156