

1/2/91

APPLICATION FOR PLUGGING

1. Gila Exploration, Inc.,
(hereinafter called "operator") is the operator of the
Hogan State #2 located
B-16-18N-12W,
McKinley County, New Mexico.

2. Gila Exploration, Inc., as operator,
has posted a (one well) (~~blanket~~) (~~cash~~) (surety) bond in
the amount of \$5,000.00 in compliance with Section
70-2-14 N.M.S.A. 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
well(s) operated by said operator.

(Alt. 1) 3. Four Corners Insurance, Inc. is surety on
said bond. Bond #9897550

(Alt. 2) 3. _____ is holding savings
account No. _____.

(Alt. 3) 3. Operator has deposited with _____

_____ the sum of \$ _____ in Certificate of Deposit or savings account No. _____ and has assigned said account to the Oil Conservation Division as security for said bond.

(Alt. 1) 4. The _____ has not produced hydrocarbon substance for more than six months, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(Alt. 2) 4. Operator has previously obtained an approved permit for temporary abandonment of said well, but said permit and any extensions thereof has expired more than six months prior to the filing of this application and the Hogan State #2 _____ well has not produced hydrocarbons since the expiration of said permit.

5. By virtue of the failure to obtain production or to have an approved current temporary abandonment permit, the _____ well is presumed to have been abandoned.

6. By authority of Section 70-2-12 N.M.S.A. 1978, the Rules and Regulations of the Division require wells no longer productive or capable of production to be properly plugged.

7. Demand has been made upon the operator to either place said well to beneficial use or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, The Supervisor of District Three of the Oil Conservation Division applies to the Director to enter an order:

1. Determining whether or not the Hogan State #2 well should be plugged in accordance with a Division-approved plugging program;

2. Upon determination that said well should be plugged directing Gila Exploration, Inc. (bankrupt) as Operator (and Four Corners Insurance, Inc. as surety) to plug said Hogan State #2 well within 45 days of the date of the Director's order.

3. Further ordering that if operator (or surety) fail to plug and abandon said well as ordered by the Director, that the Division be authorized to plug said well and to forfeit said bond, and further authorizing the Division to recover from the Operator any costs of plugging in excess of the amount of the bond.