

AD 3-7  
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STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
THROUGH THE SUPERVISOR OF DISTRICT III FOR AN ORDER REQUIRING  
PARAMOUNT PETROLEUM CORPORATION TO PROPERLY PLUG EIGHTEEN  
WELLS LOCATED IN TOWNSHIP 29 NORTH, RANGE 13 WEST, SAN JUAN  
COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID  
WELLS, AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

Case No. 11917  
Order No. R. 10948

RECEIVED  
FEB 10 1998  
OIL CON. DIV.  
DIST. 3

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 22, 1998, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30<sup>th</sup> day of January, 1998, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) Paramount Petroleum Corporation is the last known owner and operator of the eighteen (18) wells located as captioned above and listed on Exhibit "A" to this order.
- (3) In an attempt at compliance with Division Rules and Regulations, the operator of said wells, posted a blanket plugging bond in the amount of \$50,000.00 purportedly issued by National Surety Corporation. The purpose of said bond was to assure the Division that the subject wells would be properly plugged and abandoned when not capable of commercial production.
- (4) The evidence indicates said bond is a forgery. Documentation in the well file includes a letter from National Surety Corporation indicating that it does not have a record of any bond issued on behalf of Paramount Petroleum Corporation and National Surety never had as an agent the person purportedly signing such bond on behalf of National Surety.
- (5) The operator did not appear at the hearing. A return receipt for notice of this hearing was signed by Lance W. Dreyer, president of Paramount Petroleum Corporation. The record contains uncontroverted evidence that the wells are in need of plugging.

(6) The subject wells have not produced hydrocarbon substance or have otherwise been inactive for more than one year, no C-115 Production Reports have been filed for a period of years and no permits for temporary abandonment have been requested by the operator or approved by the Division.

(7) By virtue of the failure to use the subject wells for a beneficial purpose or to have approved current temporary abandonment permits, the wells are presumed to have been abandoned.

(8) The current condition of the subject wells is such that waste may occur, correlative rights may be violated or fresh waters may be contaminated if action is not taken to properly plug and abandon the wells.

(9) In order to prevent waste, to protect correlative rights, and to protect fresh waters, the wells should be plugged and abandoned in accordance with a program approved by the supervisor of the Aztec District Office of the New Mexico Oil Conservation Division.

(10) At this time, the Division seeks an order directing the operator to plug the wells and, if the operator fails to do so, fining said operator in the amount of \$1,000 per well per day (with a maximum of \$5,000 per well), and authorizing the Division to plug said wells and to pursue said operator for the costs thereof and the fines.

**IT IS THEREFORE ORDERED THAT:**

(1) The operator is hereby ordered to immediately plug and abandon the wells listed on the attached Exhibit "A" to this order.

(2) The operator, prior to plugging and abandoning the wells, shall obtain from the supervisor of the Division Aztec District Office an approved program for said plugging and abandoning and shall notify said offices of the date and time said work is to commence whereupon the Division may, at its option, witness such work.

(3) Should the operator fail to carry out the provisions of this order within 30 days of the entry of this order, the operator is assessed a penalty of \$1,000 per well per day (with a maximum of \$5,000 per well) and the Division shall take such action as it deems necessary to have the wells properly plugged and abandoned at which time the Division shall take all available legal action to pursue the operator for the costs not paid by the surety and for fines.

(4) Jurisdiction of this cause 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 'K. Garland', with a large, stylized loop at the end.

Kathleen Garland, Acting Director

**S E A L**

EXHIBIT "A"  
CASE NO. 11917  
ORDER NO. R-10948

| OPERATOR                  | API NO.                      | LOCATION         | COUNTY     |
|---------------------------|------------------------------|------------------|------------|
| Paramount Petroleum, Inc. | 30-045-07923 ✓               | A-29-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07871 ✓               | G-29-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07844 ✓               | I-29-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07919 ✓               | C-29-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | No API <sup>45-07833</sup> ✓ | K-29-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07890 ✓               | E-29-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-08011 ✓               | K-20-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07965 ✓               | M-20-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-08014 ✓               | I-19-29N-13W     | San Juan * |
| Paramount Petroleum, Inc. | 30-045-08156 ✓               | C-19-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-13099 ✓               | D-34-29N-13W #15 | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07738 ✓               | B-34-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07706 ✓               | F-34-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07683 ✓               | H-34-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07665 ✓               | L-34-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07656 ✓               | J-34-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07612 ✓               | P-34-29N-13W     | San Juan   |
| Paramount Petroleum, Inc. | 30-045-07608 ✓               | N-34-29N-13W     | San Juan   |