

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT THE OPERATOR, CMS OILFIELD SERVICES, INC., UNITED STATES FIDELITY AND GUARANTEE COMPANY, SURETY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE CARANTA WELL NO. 1, (API NO. 30-039-22806) LOCATED 1980 FEET FROM THE SOUTH AND EAST LINES (UNIT J) OF SECTION 23, TOWNSHIP 32 NORTH, RANGE 1 WEST, NMPM, RIO ARRIBA COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION APPROVED PLUGGING PROGRAM.

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CASE NO. 11498
Order No. R-10590

OIL CON. DIV.
DIST. 3

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 21, 1996, and on April 4, 1996 at Santa Fe, New Mexico, before Examiners David R. Catanach and Michael E. Stogner, respectively.

NOW, on this 3rd day of May, 1996, the Division Director, having considered the testimony, 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) The witness in this matter, Mr. Johnny Robinson, Deputy Oil and Gas Inspector for the Division, testified via telephone from Aztec, New Mexico.
- (3) Division records indicate that the Caranta Well No. 1 was originally drilled by Aztec Energy Corporation in September, 1981, to a total depth of 221 feet. 8 5/8 inch surface casing was set at 221 feet and cemented with 250 sacks of Class B cement. Cement was circulated to surface.
- (4) Cardel Oil Company assumed operations on the subject well in August, 1982.
- (5) By Order No. R-8304, dated September 17, 1986, the Division ordered John Caranta d/b/a Cardel Oil Company to plug and abandon the Caranta Well No. 1 prior to October 15, 1986.

(6) No action to plug and abandon the well has been taken to date.

(7) CMS Oilfield Services, Inc. (CMS), assumed operations on the subject well in April, 1989. Division records indicate that CMS Oilfield Services, Inc., is the current operator of record for the subject well.

(8) United States Fidelity and Guarantee Company is the surety on the \$5,000 one-well plugging bond for the Caranta Well No. 1, in which CMS Oilfield Services, Inc., is the principle.

(9) At some point in time, most likely during 1989-90, the Caranta Well No. 1 was deepened to a total depth of approximately 2,000 feet. 7.0 inch casing was reportedly set at 1,900 feet and was not cemented.

(10) John Caranta appeared and testified in this case via telephone from the Division's Aztec District Office.

(11) The testimony in this case provided by Mr. Robinson, Mr. Caranta and statements made by Mr. Rand Carroll, Division Counsel, indicate that:

- a) the operatorship of the Caranta Well No. 1 was transferred to CMS Oilfield Services, Inc., on the stipulated agreement that CMS would complete the well;
- b) although CMS filed a Division Form C-104 (Change of Operator) and obtained a plugging bond for the well, no work on the well was never performed by CMS;
- c) CMS and/or United States Fidelity and Guarantee Company are willing to plug and abandon the Caranta Well No. 1.
- d) the current state of the Carranta Well No. 1 is such that fresh water may be endangered and/or waste may occur if the well is not properly plugged and abandoned;

- e) John Caranta, who apparently still has operating rights, seeks an additional opportunity to re-enter the well, deepen it to a depth of approximately 5,000 feet, and complete the well as a producing well;
- f) John Caranta has a cable tool rig on location and is nearly ready to commence re-entry operations on the Caranta Well No. 1.

(12) John Caranta requested that the Division grant him a 90-day period from the effective date of this order to either:

- a) complete re-entry, drilling and completion operations on the Caranta Well No. 1; or,
- b) plug and abandon the Caranta Well No. 1 in accordance with a Division approved plugging program.

(13) Subsequent to the hearing, John Caranta obtained a \$7,500 one-well plugging bond for the Caranta Well No. 1. In addition, communications with Division personnel in Aztec indicate that Division Form C-104 (Change of Operator) will be filed within the next several days changing the operator of the Caranta Well No. 1 from CMS Oilfield Services, Inc., to John Caranta.

(14) John Caranta appears intent to re-enter, drill and complete the Caranta Well No. 1.

(15) John Caranta should be afforded a final opportunity to re-enter, drill and complete the subject well.

(16) In the event John Caranta fails to complete re-entry, drilling and completion operations on the Caranta Well No. 1 or plug and abandon the Caranta Well No. 1 in accordance with a Division approved plugging program within 90-days from the effective date of this order, the supervisor of the Division's Aztec District Office should be authorized to direct the commencement of plugging operations on the subject well as soon as possible and the Division Director should be authorized to take such action as is deemed necessary to foreclose on the subject plugging bond to help defer such plugging cost accrued by the Division.

(17) Pending approval of Division Form C-104 changing the operator of the Caranta Well No. 1 from CMS Oilfield Services, Inc., to John Caranta, CMS Oilfield Services, Inc., should be dismissed as a party in this case.

IT IS THEREFORE ORDERED THAT:

(1) Mr. John Caranta, d/b/a John Caranta, is hereby given 90 days from the effective date of this order to either:

- a) complete re-entry, drilling and completion operations on the Caranta Well No. 1; or,
- b) plug and abandon the Caranta Well No. 1 in accordance with a Division approved plugging program.

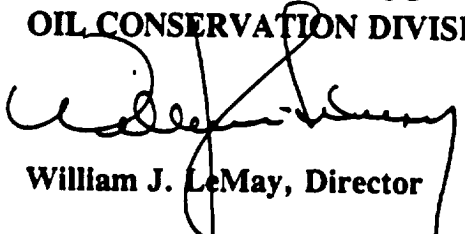
(2) In the event John Caranta fails to complete re-entry, drilling and completion operations on the Caranta Well No. 1 or plug and abandon the Caranta Well No. 1 in accordance with a Division approved plugging program within 90 days from the effective date of this order, the supervisor of the Division's Aztec District Office shall be authorized to direct the commencement of plugging operations on the subject well as soon as possible and the Division Director shall be authorized to take such action as is deemed necessary to foreclose on the United States Fidelity and Guarantee Company \$7,500 plugging bond on which John Caranta is principal to help defer such plugging cost accrued by the Division.

(3) Pending approval of Division Form C-104 changing the operator of the Caranta Well No. 1 from CMS Oilfield Services, Inc., to John Caranta, CMS Oilfield Services, Inc., shall be dismissed as a party in this case.

(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


William J. LeMay, Director

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