

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

CASE NO. 13675
ORDER NO. R-12569

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR AN ORDER REQUIRING STEVENS OPERATING CORPORATION TO PLUG SEVEN WELLS AND ORDERING FORFEITURE OF APPLICABLE FINANCIAL ASSURANCE IN EVENT OF OPERATOR'S NON-COMPLIANCE, CHAVES COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on June 8, 2006, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 16th day of June, 2005, the 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 Stevens Operating Corporation to plug and abandon the following wells in accordance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, authorizing the Division to plug the wells in accordance with a Division-approved plugging program and forfeit the applicable financial assurance:

<u>Well Name</u>	<u>API</u>	<u>Location</u>
O'Brien C #001 R28E	30-005-10188	Unit M, Section 1, T9S,
O'Brien C #004	30-005-60330	Unit L, Section 1, T9S, R28E
O'Brien C #009	30-005-62661	Unit E, Section 1, T9S, R28E
O'Brien DQ #001	30-005-60731	Lot 4, Section 30, T7S, R29E
O'Brien DQ #002 R29E	30-005-61017	Unit N, Section 30, T7S,
O'Brien EA #001 R28E	30-005-62240	Unit F, Section 33, T9S,

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West White Ranch #002 30-005-10094 Unit H, Section 1, T12S,
R28E

All in Chaves County, New Mexico.

(3) In accordance with the provisions of 19.15.14.1207 NMAC, notice of this hearing was sent to the operator and to the surety; neither appeared at the hearing,

(4) The evidence presented by the Division demonstrates that:

- a) the last operator of record for the seven subject wells is Stevens Operating Corporation;
- b) Stevens Operating Corporation has posted a \$50,000 blanket bond, number AR71396-61, issued by American Employers' Insurance Company;
- c) Stevens Operating Corporation has declared bankruptcy and is no longer in existence; an attempt was made to notify Stevens Operating Corporation and the original bankruptcy trustee concerning this pending order; the bankruptcy trustee is no longer employed as such;
- d) the subject wells have all been inactive for a period in excess of one year plus 90 days;
- e) the seven wells were never approved for temporary abandonment in accordance with 19.15.4.203 NMAC; and
- f) the seven wells have not been permanently plugged and abandoned in accordance with 19.15.4.202 NMAC;

(5) Stevens Operating Corporation should be formally required to plug and abandon these wells in accordance with 19.15.4.202 NMAC on or before August 1, 2006.

(6) Should the operator or bonding company not meet this August 1, 2006 compliance deadline, the Division Director should then be authorized to plug and abandon the subject wells in accordance with Division-approved plugging programs and the Division should be authorized to forfeit the applicable bond for purposes of plug and abandonment costs.

IT IS THEREFORE ORDERED THAT:

(1) Stevens Operating Corporation is hereby directed to plug and abandon the following wells in accordance with 19.15.4.202 NMAC on or before August 1, 2006:

<u>Well Name</u>	<u>API</u>	<u>Location</u>
O'Brien C #001 R28E	30-005-10188	Unit M, Section 1, T9S,
O'Brien C #004	30-005-60330	Unit L, Section 1, T9S, R28E
O'Brien C #009	30-005-62661	Unit E, Section 1, T9S, R28E
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West White Ranch #002 R28E	30-005-10094	Unit H, Section 1, T12S,

All in Chaves County, New Mexico.

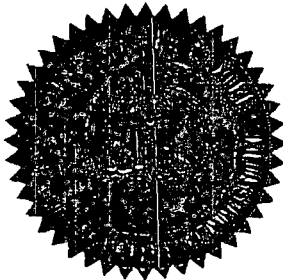
(2) Prior to beginning work on these wells, the operator shall obtain approval for any such work from the supervisor of the Division's district office in Artesia and shall notify the Artesia District Office of the date and time this work is to commence, so the Division may witness the work.

(3) In the event the operator or bonding company fails to plug these wells as directed above, then:

- a) the Division is authorized to plug and abandon the subject wells and reclaim the well location; and
- b) the Division is authorized to forfeit the applicable bond for plugging and abandonment and reclamation costs.

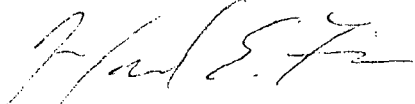
(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director