

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

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**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
THROUGH THE SUPERVISOR OF DISTRICT I FOR AN ORDER REQUIRING
AGUA, INC. TO PROPERLY PLUG ONE WELL IN LEA COUNTY, NEW MEXICO,
AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND ORDERING A
FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. 12474

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Agua, Inc. ("Operator") is the operator of the Goodwin SWD, API No. 30-025-21183, located 1980' FNL and 660' FWL of Section 31, Township 18 South, Range 37 East in Lea County, New Mexico.

2. Operator has posted a surety bond in the amount of \$50,000.00 for said well in compliance with NMSA 1978, § 70-2-14 and Rule 101 of the Rules of the Oil Conservation Division ("Division"), which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules of the Division with respect to the proper plugging and abandonment of the well operated by Operator. Hartford Accident & Indemnity Company is the surety .

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 or approved by the Division.

4. By virtue of the failure to use the well for beneficial purposes or to have approved a current temporary abandonment permit, the well is presumed to have been abandoned and is required to be plugged.

5. By authority of NMSA 1978, § 70-2-14 the Rules of the Division require wells that 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 either to 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 I of the Oil Conservation Division applies to the Director to enter an order:

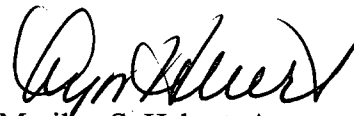
A. Determining whether the well should be plugged in accordance with a Division-approved plugging program.

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

C. Further ordering that if Operator fails to plug and abandon the well as ordered by the Director, that the Division be authorized: i. to plug the well; ii. to declare forfeit on the bond, if any, and to take such action to foreclose on the bond; and iii. to recover from the Operator any costs of plugging the 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 'Marilyn S. Hebert', is written over the typed name.

Marilyn S. Hebert, Attorney
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
(505) 827-8156

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PERSONS TO BE NOTIFIED

The following are the persons to be notified in this matter:

Agua, Inc.
Post Office Box 92090
Pasadena, CA 91109

Hartford Accident & Indemnity Company
Daniels Insurance Inc.
Post Office Box 1258
Hobbs, NM 88240

RESPECTFULLY SUBMITTED,



Marilyn S. Hebert, Attorney
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
(505) 827-8156