

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

RECEIVED

APR 12 2004

Oil Conservation Division  
1220 S. Jefferson Drive  
Santa Fe, NM 87505

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING ENERGYPRO, INC. TO PROPERLY PLUG ONE WELL, ASSESSING AN APPROPRIATE CIVIL PENALTY IN EVENT OF OPERATOR'S FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO.**

CASE NO. 13165

**THIRD MOTION FOR CONTINUANCE**

The New Mexico Oil Conservation Division ("Division"), requests a continuance of the hearing in Case No. 13165 until the May 13, 2004 docket. This motion is supported on the following grounds:

1. At issue in the hearing is the Division's application for an order requiring EnergyPro, Inc. ("EnergyPro") to plug one well, assessing an appropriate penalty in the event of the operator's failure to comply, and ordering forfeiture of the applicable plugging bond.
2. Case No. 13165 was originally set on the October 9, 2003 hearing docket.
3. When EnergyPro notified the Division that it intended to sell the well for use as a salt water disposal well, the Division obtained a continuance until the December 18, 2003 hearing docket to give EnergyPro, Inc. additional time to complete the sale.
4. EnergyPro was not able to complete the sale at that time, however, and agreed to plug the well by April 1, 2004. On December 15, 2003, the Division notified Hearing Examiner Will Jones of that agreement, and requested that the hearing be

continued until the first available docket after April 1, 2004. If EnergyPro, Inc. plugged the well prior to the April 1, 2004 deadline, the Division would dismiss the case. A copy of the letter to Examiner Jones is attached as Exhibit A.

5. EnergyPro, Inc. subsequently was able to sell the well to Platinum Exploration, Inc. ("Platinum") who intends to use the well as a salt water disposal well.

6. The Division and Platinum entered into a letter agreement under which Platinum agreed to complete all the steps necessary to become operator of record for the well, and apply to use the well for saltwater disposal, by April 8, 2004 (in time for the Division to dismiss the case against EnergyPro before the April 15, 2004 docket). Platinum further agreed that if the Division did not approve its application to use the well as a salt water disposal well, it would plug the well within sixty days of that denial. A copy of the Division's agreement with Platinum is attached as Exhibit B.

7. Although Platinum has not completed all the tasks it agreed to complete by the April 8, 2004 deadline, it has made a good-faith attempt to do so.

8. The Division requests an additional continuance until the May 13, 2004 docket to allow the transfer from EnergyPro, Inc. to Platinum to be completed.

The Division files this written motion for continuance in compliance with the June 17, 2002 memorandum "Re: OCD Continuance Procedure," which requires a written motion for any continuance of more than four weeks.

For the foregoing reasons the Division requests that the hearing examiner continue the hearing in case number 13165 until the May 13, 2004 docket.

Respectfully submitted by



Gail MacQuesten  
Assistant General Counsel  
Energy, Minerals and Natural  
Resources Department  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Certificate of Service

I certify that a copy of this motion was sent by electronic mail and by first class mail, postage prepaid, to

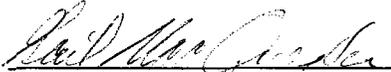
Mr. Don Pfieter  
EnergyPro, Inc.  
500 South Hanger Drive  
Georgetown, TX 78628

E-mail: [epro1998@yahoo.com](mailto:epro1998@yahoo.com)

Mr. Ron King  
Platinum Exploration  
550 West Texas Avenue, Suite 200  
Midland, TX 79701

E-mail: [rking@3wireless.com](mailto:rking@3wireless.com)

this 12<sup>th</sup> day of April, 2004.

  
Gail MacQuesten



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**  
Governor  
Joanna Prukop  
Cabinet Secretary

Lori Wrotenberg  
Director  
Oil Conservation Division

December 15, 2003

Will Jones  
OCD Hearing Examiner  
New Mexico Energy, Minerals and Natural Resources Department  
1220 South, St. Francis Drive  
Santa Fe, NM 87505

**Hand-delivered**

**Re: Case No. 13165: Application of the New Mexico Oil Conservation Division for an Order Requiring EnergyPro Inc. to Properly Plug One Well, Imposing Civil Penalties for Failure to Comply, Authorizing the Division to Plug Said Well and Ordering a Forfeiture of Applicable Plugging Bond; Lea County, New Mexico**

Dear Mr. Jones:

The New Mexico Oil Conservation Division (OCD) and EnergyPro Inc. have reached the following agreement on the above-captioned case, which is currently set for hearing December 18, 2003:

1. EnergyPro Inc. acknowledges that it is the operator of the well Huber State #1, API #30-025-27290, located at Lot 1, Section 5, Township 16 South, Range 38 East, in Lea County, New Mexico. The well is hereinafter called the "subject well."
2. EnergyPro Inc. acknowledges that the subject well has neither produced any hydrocarbon or carbon dioxide substance nor been used for injection for more than one year, and that the OCD has not approved temporary abandonment of the subject well pursuant to Division Rule 203.
3. EnergyPro Inc. acknowledges that OCD Rule 201.B, issued pursuant to the authority of NMSA 1978, Sections 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year and not temporarily abandoned pursuant to Rule 203, be properly plugged.
4. EnergyPro Inc. agrees that prior to April 1, 2004 it will plug the subject well according to OCD Rule 202 and District 1 specifications. Specifically, EnergyPro Inc. agrees that, prior to April 1, 2004 it shall
  - a) file a notice of intention to plug with the Division on Form C-103, Sundry Notices and Reports on Wells, prior to commencing plugging operations, containing all of the information required by Rule 1103 including operator and well identification, proposed procedures for plugging the subject well and a well-bore diagram showing the proposed plugging procedure, as required by Rule 202.A(1);
  - b) notify the District 1 office forty-eight hours notice prior to commencing any plugging operations;
  - c) plug the subject well according to District 1 guidelines;
  - d) remove all trash from the site of the subject well and any related tank battery sites;
  - e) remove all surface equipment at the site of the subject well including tanks, production equipment and flow lines;
  - e) remediate all spills, leaks and tank battery sites at the location of the subject well in accordance with Rule 202.B(3) and District 1 guidelines; and
  - f) contact the District 1 office to arrange for an inspection of the subject well and location pursuant to Rule 202.B(4) to take place prior to April 1, 2004.

Oil Conservation Division \* 1220 South St. Francis Drive \* Santa Fe, New Mexico 87505  
Phone: (505) 476-3440 \* Fax (505) 476-3462 \*

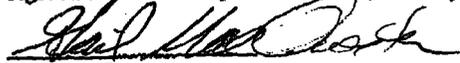
Examiner _____
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EXHIBIT NO. <u>A</u>

5. EnergyPro Inc. and the OCD respectfully request that this case be continued until the first available docket after April 1, 2004.

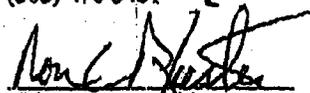
6. If EnergyPro Inc. fails to plug the subject well according to OCD Rule 202 and District 1 guidelines by April 1, 2004, as required by paragraph 4, above, EnergyPro Inc. acknowledges that this agreement may be introduced into evidence at the hearing regarding this matter, and that the OCD will seek civil penalties against EnergyPro Inc.

7. If EnergyPro Inc. plugs the subject well according to OCD Rule 202 and District 1 guidelines by April 1, 2004, as required by paragraph 4, above, and District 1 has inspected and approved the plugging of the subject well, the OCD will dismiss the above-captioned case. The OCD will not approve the record of plugging or release any bonds until all necessary reports have been filed as required by Rule 202.C.

Agreed to this 15<sup>th</sup> day of December, 2003 by



Gail MacQuesten  
Assistant General Counsel  
Oil Conservation Division  
New Mexico Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3451



Don Pfeifer, President  
EnergyPro, Inc.  
500 South Hanger Drive  
Georgetown, TX 78628  
(512) 869-7971

cc: Underwriters Indemnity Company  
8 Greenway Plaza, Suite 400  
Houston, TX 77046

cc: Chris Williams, Hobbs District Supervisor  
Billy Prichard



# NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

**BILL RICHARDSON**

Governor  
**Joanna Prukop**  
Cabinet Secretary

**Lori Wrotenbery**  
Director  
Oil Conservation Division

February 9, 2004

Mr. Hal J. Rasmussen  
President, Platinum Exploration, Inc.  
550 West Texas Avenue, Suite 200  
Midland, TX 79701

Dear Mr. Rasmussen:

This letter memorializes the agreement between Platinum Exploration, Inc. ("Platinum") and the New Mexico Oil Conservation Division ("OCD") regarding the well Huber State #1, API #30-025-27290, located at Lot 1, Section 5, Township 16 South, Range 38 East, in Lea County, New Mexico ("well").

Platinum and the OCD agree to the following:

1. The Huber State #1 is the subject of OCD case number 13165: "Application of the New Mexico Oil Conservation Division, Through the Supervisor of District I, for an Order Requiring EnergyPro, Inc. to Properly Plug One Well, Assessing an Appropriate Civil Penalty in Event of Operator's Failure to Comply, Authorizing the Division to Plug Said Well and Ordering a Forfeiture of Applicable Plugging Bond; Lea County, New Mexico."
2. After the OCD filed the application in case number 13165, EnergyPro, Inc. and the OCD entered into a letter agreement, dated December 15, 2003, under which EnergyPro, Inc. agreed to plug the well according to OCD Rule 202 and District I specifications by April 1, 2004. The agreement further provides that case number 13165 be continued to the first available docket after April 1, 2004. (According to the calendar for division hearings, the next division hearing docket would be April 15, 2004.)
3. Platinum intends to purchase the well from EnergyPro, Inc. and use the well for salt water disposal.
4. Platinum agrees that it will take the following actions by April 8, 2004:
  - a) Platinum will complete the purchase of the well from EnergyPro, Inc.;

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Case No. 13165  
EXHIBIT NO. B

b) Platinum will complete all the necessary steps to become the operator of record for the well, including registering with the New Mexico Corporation Commission to do business in this state, posting a \$50,000 blanket financial assurance under OCD Rule 101, and filing an administratively complete change of operator form; and

c) Platinum will file an administratively complete application with the OCD to use the well for salt water disposal.

5. The OCD agrees that if Platinum completes the acts set out in Paragraph 4, above, by April 8, 2004, and becomes the operator of record for the well, the OCD will dismiss case number 13165 and release EnergyPro, Inc. from the December 15, 2003 letter agreement.

6. Platinum agrees that if the OCD denies its application to use the well for salt water disposal, Platinum will plug the well according to OCD Rule 201 and District I specifications within 60 days of the date the OCD denies the application. Specifically, Platinum agrees to:

a) file with the OCD a notice of intention to plug the well using Form C-103, Sundry Notices and Reports on Wells, prior to commencing plugging operations, containing all of the information required by Rule 1103 including operator and well identification, proposed procedures for plugging the subject well and a well-bore diagram showing the proposed plugging procedure, as required by Rule 202.A(1);

b) notify the District I office forty-eight hours notice prior to commencing any plugging operations;

c) plug the well according to District I guidelines;

d) remove all trash from the site of the well and any related tank battery sites;

e) remove all surface equipment at the site of the well including tanks, production equipment and flow lines;

f) remediate all spills, leaks and tank battery sites at the location of the well in accordance with Rule 202.B(3) and District I guidelines; and

g) contact the District I office to arrange for an inspection of the subject well and location pursuant to Rule 202.B(4) to take place prior to the sixty-day deadline.

7. Platinum agrees that if it becomes the operator of record for the well and fails to meet the 60-day plugging deadline set out in Paragraph 6, above, the OCD may apply for an order requiring Platinum to plug the well and imposing penalties. Platinum agrees that

the OCD may introduce a copy of this agreement into evidence at a hearing on the application as evidence of the following:

- a) Platinum acknowledges that it is the operator of the Huber State #1;
- b) Platinum acknowledges that the Huber State #1 is out of compliance with OCD Rule 203 because it has neither produced any hydrocarbon or carbon dioxide substance nor been used for injection for more than one year, and the OCD has not approved temporary abandonment of the well pursuant to Division Rule 203; and
- c) Platinum agrees that it will pay a civil penalty of \$1000 for its failure to comply with OCD Rule 201.B by the deadline set out in this agreement, and that the hearing examiner may impose additional penalties for any delay in plugging the well after the deadline set out in this agreement.

Agreed to this 10<sup>th</sup> day of February, 2004 by

Oil Conservation Division  
New Mexico Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

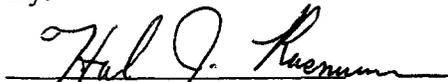
By:



Gail MacQuesten  
Assistant General Counsel  
Oil Conservation Division  
(505) 476-3451

Platinum Exploration, Inc.  
550 West Texas Avenue, Suite 200  
Midland, TX 79701

By:



Hal J. Rasmussen  
President, Platinum Exploration, Inc.

cc: Don Pfieter, President  
EnergyPro, Inc.  
500 South Hanger Drive  
Georgetown, TX 78628

ec: Chris Williams, Hobbs District Supervisor  
Billy Prichard