

**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 I, FOR AN EMERGENCY
ORDER REQUIRING MARALO, LLC TO PROPERLY PLUG ONE (1) WELL
IN LEA COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG
SAID WELL AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING
BOND.**

CASE NO. 13345

EMERGENCY APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. The Oil Conservation Division (the Division) has discovered a well (the subject well) that is producing natural gas to the environment, located approximately 2310 feet from the north line and 2050 feet from the east line (Unit G) of Section 13, Township 25S, Range 36E, Lea County, New Mexico. This location is on the Stephens A Lease operated by Maralo, LLC.

2. The subject well is not properly equipped to produce gas, and its present condition is such that it presents a danger of fire and a danger to the public health and safety, and is wasting natural gas. This well must be plugged to prevent waste and for the protection of the public health and safety and the environment.

3. Rule 201 of the Rules of the Division, a rule duly adopted pursuant to the New Mexico Oil and Gas Act (NMSA 1978 Sections 70-2-1, *et seq.*, as amended), provides that "[T]he operator of any well drilled for oil, gas . . . or other exploration . . . shall be responsible for the plugging thereof."

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4. Rule 7.O(5) of the Rules of the Division, a rule duly adopted pursuant to the New Mexico Oil and Gas Act, defines "operator" as follows:

Operator shall mean any person who, duly authorized, is in charge of the development of a lease or the operation of a producing property, or who is in charge of the operation or management of a facility.

5. Maralo is the operator of the Stephens A lease, and therefore is responsible for plugging this well.

6. Maralo has on file with the Division a blanket plugging bond issued by Underwriters Indemnity Company in the amount of \$50,000, number UIB0003897, to secure its plugging obligations to the State of New Mexico.

WHEREFORE, the Supervisor of District I of the Division hereby applies to the Director to enter an emergency order pursuant to Division Rule 1202:

- A. Determining that the subject well should be plugged and abandoned.
- B. Directing Maralo as operator to plug the well without delay, in accordance with a division-approved plugging program, and to cause the site thereof to be remediated in accordance with Division Rule 202.B(3).
- C. Further ordering that if Maralo or its surety fails to plug and abandon the well as ordered by the Director, the Division be authorized: (i) to plug the subject well in accordance with a division-approved plugging program and to cause the site to be remediated; (ii) to declare forfeit the bond furnished by Maralo to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and (iii) to take necessary and appropriate measures to recover from Maralo any costs of

plugging the subject well and of site remediation in excess of the amount of the bond, if any.

- D. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, reading "David K. Brooks", is written over a horizontal line.

David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505)-476-3450
Attorney for The New Mexico Oil
Conservation Division



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 13, 2004

Re: Case No. 13345
Application of the New Mexico Oil Conservation Division through the Supervisor of District I for an Emergency Order Requiring Maralo, LLC to Properly Plug One (1) Well in Lea County, New Mexico, Authorizing the Division to Plug Said Well and Ordering a Forfeiture of Applicable Plugging Bond

Maralo, LLC
P.O. Box 832
Midland, TX 79702

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

Ladies and Gentlemen:

The Division having presented facts indicating that an emergency order under Rule 1202 may be required in this case, and that the nature of the emergency may require action on a more expeditious basis than can be accomplished by a hearing conducted under the Division's normal hearing procedure;

NOW THEREFORE:

I, Mark E. Fesmire, Director of the New Mexico Oil Conservation Division, pursuant to Division Rule 1202.B, do hereby shorten the time for filing the application and for notice of hearing in this case and direct that a hearing shall be held before me on the Division's application this day filed, as follows:

Date: Tuesday, September 14, 2004
Time: 8:00 A.M.
Place: Oil Conservation Division Conference Room
3rd Floor
1220 S. St. Francis Drive
Santa Fe, NM 87505

It is so ordered.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark E. Fesmire". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark E. Fesmire, P.E.
Director