



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

February 28, 2003

Lori Wrotenbery

Director

Oil Conservation Division

Jimmy Robertson Energy Corporation
c/o Wanliss Armstrong
700 W. Panther
Jal, NM 88252

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

VIA CERTIFIED MAIL

Re: Case No. 12981 Well Plugging - Jimmy Robertson Energy Corporation

Ladies and Gentlemen:

Be advised that on February 26, 2003, the New Mexico Oil Conservation Division entered Order No. R-11915 (copy enclosed) ordering you to properly plug seventeen (17) wells described in the order on or before April 1, 2003.

Failure to comply with this order will result in forfeiture of your bond and may result in additional penalties.

You should contact the Hobbs office of the Division at 505-393-6161 to obtain approved procedures for plugging these wells, and file appropriate forms C-103, prior to commencing work.

Should you have any questions, please call me at (505)-476-3450.

Very truly yours,

David K. Brooks
Assistant General Counsel

cc: Chris Williams, OCD Hobbs

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

**CASE NO. 12981
ORDER NO. R-11915**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION FOR AN ORDER: (I) REQUIRING JIMMY ROBERSON ENERGY CORPORATION TO PROPERLY PLUG AND ABANDON SIXTEEN WELLS IN LEA AND ROOSEVELT COUNTIES, NEW MEXICO; (II) IMPOSING CIVIL PENALTIES IN THE EVENT OF FAILURE TO COMPLY; (III) AUTHORIZING THE DIVISION TO PLUG SAID WELLS IN DEFAULT OF COMPLIANCE BY OPERATOR, AND (IV) ORDERING A FORFEITURE OF APPLICABLE SECURITY.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on January 9, 2003, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 26th day of February, 2003, 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) Jimmy Roberson Energy Corporation is the current owner and operator of the following-described sixteen (16) wells located in Lea and Roosevelt Counties, New Mexico:

Lea County Wells

<u>Well Name</u>	<u>API Number</u>	<u>Well Location (Footage, I II / Lot No.-S-T-R)</u>
Rice #1	30-025-05442	2310' FNL & 330' FEL (H)-13-18S-37E
Rice #2	30-025-05443	2310' FNL & 1650' FEL (G)-13-18S-37E
Rice #3	30-025-05444	990' FNL & 480' FEL (A)-13-18S-37E
Hardin "B" #1	30-025-07351	1980' FNL & 621' FWL (2)-18-18S-38E
Hardin "B" #2	30-025-07352	2310' FNL & 2230' FWL (F)-18-18S-38E

<u>Well Name</u>	<u>API Number</u>	<u>Well Location (Footage, UI/Lot No.-S-T-R)</u>
Hardin "B" #3	30-025-07353	990' FNL & 660' FWL (1)-18-18S-38E
Hardin "B" #4	30-025-07354	990' FNL & 1650' FWL (C)-18-18S-38E
Rice #4	30-025-09875	990' FNL & 1650' FEL (B)-13-18S-37E
G.D. Riggs "B" #7	30-025-11930	1650' FNL & 330' FEL (H)-1-26S-37E
CE Penny Federal NCT-4 #3	30-025-12414	660' FNL & 330' FWL (D)-19-25S-38E
CE Penny Federal NCT-4 #2	30-025-12415	1980' FNL & 1650' FWL (F)-19-25S-38E
CE Penny Federal NCT-4 #5	30-025-12417	990' FNL & 330' FWL (D)-19-25S-38E
G.D. Riggs "A" #3	30-025-20067	330' FNL & 2310' FWL (C)-1-26S-37E
G.D. Riggs "A" #4	30-025-26828	1650' FNL & 2290' FWL, (F)-1-26S-37E

Roosevelt County Wells

Hutcherson #1	30-041-10021	1980' FNL & 660' FWL (E)-21-8S-34E
W.V. Hutcherson #1	30-041-20407	1980' FNL & 1980' FWL (F)-21-8S-34E

(3) The New Mexico Oil Conservation Division ("Division") seeks an order directing the operator to plug the subject wells in accordance with a Division-approved plugging program and, if the operator fails to do so, authorizing the Division to proceed to plug and abandon these wells, order the forfeiture of the plugging bond(s) for these wells, and impose a civil penalty on the operator for failure to comply with this order.

(4) A representative of the Division's Hobbs District Office appeared at the hearing via conference phone and two additional witnesses from the Santa Fe Office of the Division presented evidence to support the Division's position that the subject wells should be plugged and abandoned.

(5) At the hearing, the Division requested that the application with regard to the Hardin "B" Well No. 4 and the Rice Well No. 3 be dismissed.

(6) The evidence presented by the Division demonstrates that the remaining fourteen (14) wells have been inactive for at least fifteen months, and that several of the wells have been inactive for a period of six years.

(7) Several of the subject wells were previously approved by the Division for temporary abandonment status, however, these permits expired June 14, 2002.

(8) The operator has not applied to the Division for additional temporary

abandonment permits for any of the fourteen subject wells.

(9) By virtue of the failure to use these wells for beneficial purposes or to have an approved temporary abandonment permit, the fourteen subject wells are presumed to have been abandoned by Jimmy Roberson Energy Corporation.

(10) The current condition of the wells is such that if action is not taken to properly plug and abandon these wells, waste will probably occur, correlative rights will also be violated, livestock and wildlife may be subject to harmful contaminants, and fresh waters may be in danger of contamination.

(11) The Division has on several occasions attempted to contact Mr. Jimmy Roberson to advise him that the subject wells are not in compliance with Division rules, and to request that action be taken to bring these wells into compliance. To date the Division has been unable to contact Mr. Jimmy Roberson.

(12) The Division sent notice of this hearing to Mr. Jimmy Roberson at four different addresses in Texas, Louisiana, and New Mexico. Three of the four hearing notices were returned to the Division. Mr. Jimmy Roberson did not appear at the hearing.

(13) The fourteen subject wells are currently covered by a \$50,000 blanket plugging bond issued by Underwriters Indemnity Company (Bond No. B7121).

(14) In order to prevent waste and to adequately protect correlative rights and the environment, the fourteen subject wells should be plugged and abandoned by Jimmy Roberson Energy Corporation in accordance with a plugging program approved by the supervisor of the Division's Hobbs District Office on or before April 1, 2003.

(15) Should Jimmy Roberson Energy Corporation not meet this April 1, 2003 plugging obligation, the Division Director should then be authorized to take such action as is deemed necessary to properly plug and abandon these wells, forfeit the plugging bond for these wells, and recover from the operator additional costs the Division may incur to properly plug and abandon these wells.

IT IS THEREFORE ORDERED THAT:

(1) Jimmy Roberson Energy Corporation is hereby ordered to plug and abandon the following-described wells in Lea and Roosevelt Counties, New Mexico, on or before April 1, 2003:

Lea County Wells

<u>Well Name</u>	<u>API Number</u>	<u>Well Location (Footage, U/L/Lot No.-S-T-R)</u>
Rice #1	30-025-05442	2310' FNL & 330' FEL (H)-13-18S-37E
Rice #2	30-025-05443	2310' FNL & 1650' FEL (G)-13-18S-37E
Hardin "B" #1	30-025-07351	1980' FNL & 621' FWL (2)-18-18S-38E
Hardin "B" #2	30-025-07352	2310' FNL & 2230' FWL (F)-18-18S-38E
Hardin "B" #3	30-025-07353	990' FNL & 660' FWL (1)-18-18S-38E
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Roosevelt County Wells

Hutcherson #1	30-041-10021	1980' FNL & 660' FWL (E)-21-8S-34E
W.V. Hutcherson #1	30-041-20407	1980' FNL & 1980' FWL (F)-21-8S-34E

(2) Jimmy Roberson Energy Corporation, prior to plugging and abandoning the above-described wells, shall obtain from the supervisor of the Division's district office in Hobbs, an approved plugging program and shall notify the Hobbs District Office of the date and time this work is to commence whereupon the Division may witness such work.

(3) Should Jimmy Roberson Energy Corporation fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such actions as are necessary to: (i) have these wells properly plugged and abandoned and the sites thereof remediated as provided in Division Rule 201; (ii) forfeit the plugging bonds for these wells to the extent necessary to reimburse the Oil and Gas Reclamation Fund for all costs incurred in plugging these wells and remediating the sites; and (iii) recover from the operator additional costs the Division may incur to properly plug and abandon the wells and remediate the sites.

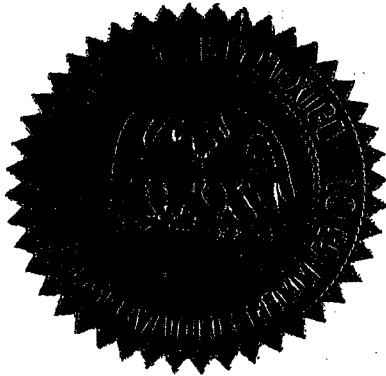
(4) Failure to comply with the provisions of this order shall subject Jimmy Roberson Energy Corporation to a fine of \$1,000.00 per day per well until such work is completed (see Section 70-2-31, NMSA 1978).

(5) That portion of the application seeking to require Jimmy Roberson Energy Corporation to plug and abandon the following-described wells in Lea County, New Mexico, is hereby dismissed.

<u>Well Name</u>	<u>API Number</u>	<u>Well Location (Footage, ILL-S-T-R)</u>
Rice #3	30-025-05444	990' FNL & 480' FEL (A)-13-18S-37E
Hardin "B" #4	30-025-07354	990' FNL & 1650' FWL (C)-18-18S-38E

(6) 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

Lori Wrotenbery
LORI WROTENBERY
Director