

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR
A COMPLIANCE ORDER AGAINST ECLIPSE OIL AND GAS, INC., LEA
COUNTY, NEW MEXICO.**

**CASE NO. 13456
ORDER NO. R-12349**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on April 7, 2005, at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 6th day of May, 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 Eclipse Oil and Gas, Inc. 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, to authorize the Division to plug the wells in accordance with a Division-approved plugging program and forfeit the applicable financial assurance:

Township 14 South, Range 33 East, NMPM

Section 9:

Unit I	State D SWD #001	API 30-025-36171
Unit J	Lion State #001	API 30-025-01119
Unit N	Saunders State #001	API 30-025-28205
Unit O	Saunders State #003	API 30-025-28631
Unit P	Lion A State #002	API 30-025-01120

Section 16:

Unit E	Saunders State #2	API 30-025-28622
Unit J	Saunders A State #1	API 30-025-28206

Township 12 South, Range 32 East, NMPM

Section 1:

Unit I	Tenneco Sunshine #1 API 30-025-25316
Unit N	Tenneco Sunshine #3 API 30-025-25427
Unit P	Tenneco Sunshine #2 API 30-025-25374

All these wells are located in Lea County, New Mexico.

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

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

- a) the operator of record for the ten subject wells is Eclipse Oil & Gas, Inc. "Eclipse";
- b) the subject wells have been inactive for a period in excess of one year plus 90 days;
- c) one of the subject wells, the State D SWD #001, has neither been plugged and abandoned pursuant to 19.15.4.202 NMAC nor temporarily abandoned pursuant to 19.15.4.203 NMAC;
- d) the nine remaining wells have not been plugged in accordance with 19.15.4.202 NMAC. The well bores have been plugged, but the well sites have not been cleaned, a final inspection conducted, and the appropriate reports filed; and
- e) the operator of the ten subject wells have posted a \$50,000 blanket bond, number B7299, issued by Underwriters Indemnity Company.

(6) The subject wells should be brought into compliance with 19.15.4.201 NMAC on or before May 15, 2005.

(7) Should the operator not meet this May 15, 2005 compliance deadline, the Division Director should then be authorized to plug and abandon the State D SWD #001 in accordance with a Division approved plugging program and complete the plugging of the remaining subject wells in accordance with 19.15.4.202 NMAC.

IT IS THEREFORE ORDERED THAT:

(1) Eclipse Oil and Gas, Inc. is hereby required to bring the following well into compliance with 19.15.4.201 NMAC on or before May 15, 2005 by either returning it to beneficial use, securing temporary abandonment status for it in accordance with 19.15.4.203 NMAC, or plugging and abandoning it in accordance with 19.15.4.202 NMAC:

Township 14 South, Range 33 East, NMPM, Lea County, New Mexico

State D SWD #001 API 30-025-36171 in Unit I of Section 9

(2) Eclipse is further required to complete the plug and abandonment of the following wells in compliance with 19.15.4.202 NMAC on or before May 15, 2005. The sites shall be cleaned sufficiently to pass a Division inspection and all remaining Division reports filed:

Township 14 South, Range 33 East, NMPM, Lea County, New Mexico

Section 9:

Unit J	Lion State #001	API 30-025-01119
Unit N	Saunders State #001	API 30-025-28205
Unit O	Saunders State #003	API 30-025-28631
Unit P	Lion A State #002	API 30-025-01120

Section 16:

Unit E	Saunders State #2	API 30-025-28622
Unit J	Saunders A State #1	API 30-025-28206

Township 12 South, Range 32 East, NMPM, Lea County, New Mexico

Section 1:

Unit I	Tenneco Sunshine #1	API 30-025-25316
Unit N	Tenneco Sunshine #3	API 30-025-25427
Unit P	Tenneco Sunshine #2	API 30-025-25374

(3) 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 Hobbs and shall notify the Hobbs District Office of the date and time this work is to commence, so the Division may witness the work.

(4) In the event the operator fails to comply with the ordering paragraphs above, then:

a) the Division is authorized to plug and abandon the subject wells in accordance with 19.15.4.202 NMAC;

b) the Division is authorized to forfeit the applicable bond for purposes of plug and abandonment costs; and

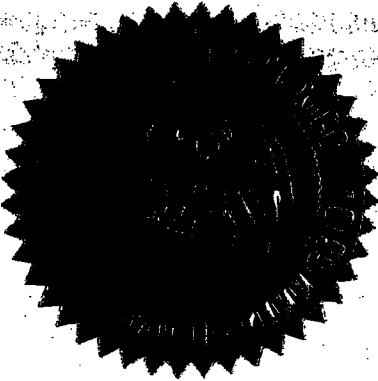
b) the Division is authorized to demand and collect reimbursement from the operator of costs above and beyond the amount of the bond which were incurred in plugging the wells and restoring and remediating the well sites and associated production facilities.

(5) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK FESMIRE, P.E.
Director



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