

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

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 15186
ORDER NO. R-13894-A

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR A COMPLIANCE ORDER AGAINST DESERT ROSE RESORT LLC DBA KOA KAMPGROUND, FINDING THAT THE OPERATOR IS IN VIOLATION OF DIVISION RULE 19.15.16.11 NMAC AS TO ONE WELL, REQUIRING OPERATOR TO BRING SAID WELL INTO COMPLIANCE WITH 19.15.16.11 NMAC BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELL ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELL IN SAN JUAN COUNTY, NEW MEXICO.

ORDER ON APPLICANT'S MOTION TO AMEND OCD ORDER NO. R-13894 TO CORRECT SERVICE AND NOTICE TO WELLS FARGO BANK, NATIONAL ASSOCIATION, SUCCESSOR IN INTEREST TO WELLS FARGO BANK NEW MEXICO, NATIONAL ASSOCIATION, OF INTENT TO CALL FINANCIAL ASSURANCE.

ORDER OF THE DIVISION

BY THE DIVISION:

Case No. 15186 originally came on for hearing at 8:15 a.m. on August 21, 2014, at Santa Fe, New Mexico, before Examiner Michael McMillan.

The Oil Conservation Division's ("Division") Enforcement & Compliance Bureau ("Bureau") has filed a Motion to Amend Order No. R-13894.

NOW, on this 31st day of August, 2015, the Division Director, having considered the Bureau's motion and the recommendations of the Examiner,

FINDS THAT:

(1) The Division has jurisdiction of this case and of the Motion filed by the Bureau.

(2) By Order No. R-13894 issued in Case No. 15186 on September 17, 2014 the Division ordered Desert Rose Resort, LLC DBA KOA Kampground ("Desert Rose") to plug and abandon its Hare Well No. 001 (API No. 30-045-08185) located 247 feet from the South line and 1438 feet from the East line (Unit O) of Section 14, Township 29 North, Range 11 West, NMPM, San Juan County, New Mexico, within 60 days from the issuance of Order No. R-13894.

(3) Order No. R-13894 further stipulated that should Desert Rose fail to comply with the plugging requirement, the Division may plug and abandon the Hare Well No. 001, and collect the applicable financial assurance and recover costs from Desert Rose in accordance with Rule 19.15.8.13 NMAC.

(4) Subsequent to the issuance of Order No. R-13894, it was discovered that the Bureau:

- a) Incorrectly described Desert Rose's financial assurance for the Hare Well No. 001 as "financial assurance in the form of a \$5,000 cash bond. Wells Fargo Farmington Bond No. OCD-726"; and
- b) Incorrectly served notice of the hearing in Case No. 15186 to a Wells Fargo Bank, NA branch located at 100 E. Broadway, Farmington, New Mexico 87401.

(5) The Bureau has filed a motion in this case to amend Order No. R-13894 to correct service and notice to Wells Fargo Bank, NA, successor in interest to Wells Fargo Bank New Mexico, NA ("Wells Fargo"), of its intent to call financial assurance for the plugging of the Hare Well No. 001.

(6) The Division finds that:

- a) the correct address for service to Wells Fargo is at its corporate headquarters at 101 N. Phillips Avenue, Sioux Falls, South Dakota 57104;
- b) Desert Rose's financial assurance should correctly read "a \$5,000 assignment of cash collateral held by Wells Fargo Bank, NA, successor to Wells Fargo Bank New Mexico, NA, account number 687854968;
- c) the Division has plugged and abandoned the Hare Well No. 1 and has incurred costs of seventy-two thousand four hundred fifty-six dollars and no cents (\$72,456.00);
- d) Wells Fargo should be given the opportunity to appear at a hearing;
- e) Case No. 15186 should be re-opened and Wells Fargo should be provided correct service with regards to the re-opened case;
- f) the Division should be authorized to collect the applicable financial assurance for the Hare Well No. 001 upon a demonstration that correct service to Wells Fargo has been conducted in re-opened Case No. 15186 and Wells Fargo has

had an opportunity to appear at a hearing.

(7) The Bureau's motion to correct service to Wells Fargo should be granted solely with respect to correcting service on Wells Fargo; otherwise, the Bureau's motion is denied and subject to further order after correct service is made on Wells Fargo.

(8) The Division should re-open Case No. 15186 at the earliest possible opportunity in order to provide Wells Fargo correct service of its intent to collect the applicable financial assurance for the plugging of the Hare Well No. 1.

(9) The remaining portions of Order No. R-13894 should remain in full force and effect.

IT IS THEREFORE ORDERED THAT:

(1) The Bureau's motion to correct service to Wells Fargo is hereby granted solely with respect to correcting service on Wells Fargo; otherwise, the Bureau's motion is denied and subject to further order after correct service is made on Wells Fargo.

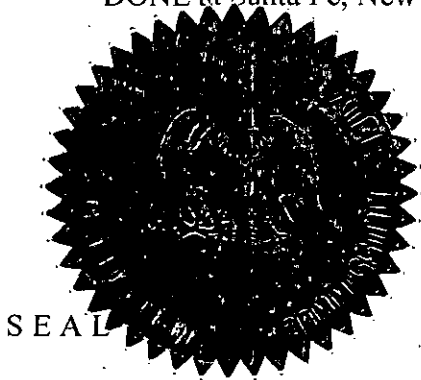
(2) Case No. 15186 shall be reopened in order to provide Wells Fargo correct service of the Division's intent to collect the applicable financial assurance for the Hare Well No. 001.

(3) The Division shall be authorized to collect the applicable financial assurance for the Hare Well No. 001 upon a demonstration that correct service to Wells Fargo has been conducted in re-opened Case No. 15186 and after Wells Fargo has had the opportunity to appear at a hearing.

(4) The remaining portions of Order No. R-13894 shall remain in full force and effect.

(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

A handwritten signature in cursive script, reading "David R. Catanach".

DAVID R. CATANACH
Director