

**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 15699
ORDER NO R 14363**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE
ORDER AGAINST ELMIRA T WELCH, FOR A WELL OPERATED IN EDDY
COUNTY, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION

This case came on for hearing at 8 15 a m on May 11 2017 at Santa Fe New Mexico before Examiner Michael A McMillan

NOW, on this 9th day of June 2017 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 of the subject matter

(2) The Oil Conservation Division Compliance and Enforcement Bureau (the Bureau) seeks a compliance order against Elmira T Welch (the 'Operator) finding the Operator is in violation of NMSA 1978 Section 70 2 14 (2015) as to one well (the Subject Well') and declaring the Subject Well in violation of the requirements for financial assurance The Subject Well is identified as the Cheesman Well No 2 (API 30-015-02167) located 250 feet from the North line and 2355 feet from the East line (Unit B) of Section 34 Township 18 South Range 28 East NMPM in Eddy County New Mexico

(3) The Bureau further seeks an order requiring the Operator to provide acceptable financial assurance for the Subject Well in accordance with Division Rule 19 15 8 9 NMAC within 30 days

(4) The Bureau appeared at the hearing through legal counsel and presented the following testimony

- (a) The Operator is registered under OGRID No 7192
- (b) The Bureau identified the Subject Well as qualifying as 'inactive' because the Subject Well has not been used for beneficial purposes for a period that exceeds one (1) year plus 90 days and has not been placed in approved temporary abandonment status
- (c) The Bureau maintains a public database, through its *E permitting* website summarizing the well status for all current operators in New Mexico. This database also identifies the wells in violation of the financial assurance requirements along with the corresponding amount for each well necessary to satisfy the applicable financial assurance requirement
- (d) The Subject Well has been inactive in excess of a period of one year plus 90 days, and is not plugged or abandoned, nor placed in status of approved temporary abandonment based on the production reports which determine the inactive well list. Therefore the inactive Subject Well is classified with a status of "temporary abandonment" as defined in Division Rule 19 15 2 7(T)(3) NMAC
- (e) The Bureau stated that the additional amount of financial assurance required for the individual Subject Well was calculated using the procedures found in Division Rule 19 15 8 9(D) NMAC
- (f) The Bureau summarized that the required financial assurance amount for the Subject Well is \$7 340 00
- (g) The Bureau attempted notification of the Operator for voluntary compliance regarding the violations in Division correspondence dated December 27 2016 sent via certified mail. This correspondence was returned for an insufficient address
- (h) The Bureau attempted a second notification of the Operator at a different address with a Division correspondence dated April 12, 2017 sent via certified mail. The return receipt for the correspondence was never received back and the correspondence remained unclaimed
- (i) Following the unsuccessful attempt of notification for voluntary compliance the Bureau provided notice of the hearing application for a compliance order via certified mail and by publication in a newspaper of general circulation in the county

in which the Subject Well is located as required under Rule 19 15 4 12(B) NMAC

- (j) The Division was unable to determine if the Subject well had ever produced hydrocarbons based on Oil Conservation Division records
- (k) The Division determined the Subject well is shut-in and incapable of producing hydrocarbons
- (l) Based on Division records the Subject Well is not included in an agreed compliance order between the Division and the Operator

(5) No other party appeared at the hearing or otherwise opposed the granting of the Bureau's application

The Division Concludes as Follows

(6) Elmira T Welch is the Operator of record for the Subject Well and is responsible for compliance with the Oil and Gas Act and Division Rules

(7) No oil and gas production has ever been documented for the Subject well based on examination of the GO-TECH website that provides updated oil and gas production for all wells in New Mexico

(8) NMSA 1978 Section 70-2-14(A) provides in relevant part '*In addition to the blanket plugging financial assurance the oil conservation division may require a one well financial assurance on any well that has been held in a temporarily abandoned status for more than two years*'

(9) Division Rule 19 15 5 10(B) NMAC authorizes the Division to commence compliance proceedings for violation of a provision of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, or a provision of a rule or order issued pursuant to the Act

(10) As established by the evidence provided at hearing, the Operator is in violation of Division Rule 19 15 8 9 NMAC. The Operator is required to have additional financial assurance on the Subject Well as it has been in temporary abandonment for more than two years and the Operator has failed to provide the Division with the requisite financial assurance for the Subject Well

(11) Elmira T Welch should be required to provide the financial assurance for the Subject Well

IT IS THEREFORE ORDERED THAT

(1) Elmira T Welch shall provide the required additional financial assurance in the amount of \$7 340 00 for the Cheesman Well No 2 (API 30-015 02167) located 250 Feet from the North Line and 2355 Feet from the East Line (Unit B) of Section 34 Township 18 South Range 28 East NMPM, in Eddy County, New Mexico within thirty (30) days of the issuance date of this Order

(2) If Elmira T Welch fails to comply with Ordering Paragraph (1) the Operator shall be found in violation of this Order pursuant to Division Rule 19 15 8 9(C) NMAC

(3) 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

David R Catanach

DAVID R CATANACH
Director