

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR AN ORDER REQUIRING CBS OPERATING CORP. TO BRING INACTIVE WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC; AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE SECURITY IN THE EVENT THE OPERATOR FAILS TO COMPLY; AND ASSESSING AN APPROPRIATE CIVIL PENALTY; EDDY COUNTY, NEW MEXICO.

CASE NO. 13221

**APPLICATION FOR COMPLIANCE ORDER
AGAINST CBS OPERATING CORP.**

1. CBS Operating Corp. (hereinafter, "CBS") operates the following wells (hereinafter, "subject wells") in Eddy County, New Mexico, under OGRID 216852:

Artesia State Unit #001, 30-015-00883, D-13-18S-27E
Constate #001, 30-015-05017, C-36-16S-31E
Cowtown Unit #201, 30-015-01849, M-13-18S-28E
Cowtown Unit #401, 30-015-02037, D-24-18S-28E
Cowtown Unit #402, 30-015-02032, E-24-18S-28E
Featherstone #002, 30-015-05037, F-2-17S-31E
Featherstone #004, 30-015-05039, 4-2-17S-31E
Federal JJ #003, 30-015-20737, N-3-17S-30E
Federal L #004, 30-015-04411, F-31-17S-30E
Federal R #007, 30-015-20695, B-10-17S-30E
HG Watson #006, 30-015-20312, K-4-18S-29E
HG Watson #008, 30-015-03294, O-4-18S-29E
J L Langford #006, 30-015-03362, C-9-18S-29E
Loco Hills A Federal #006, 30-015-10611, D-15-17S-30E
Loco Hills A Federal #007, 30-015-20615, F-15-17S-30E
Loco Hills B Federal #009, 30-015-25110, I-9-17S-30E
North Square Lake Unit, #20, 30-015-04936, B-30-16S-31E
North Square Lake Unit #038, 30-015-04937, G-30-16S-31E
North Square Lake Unit #046, 30-015-04899, G-28-16S-31E
North Square Lake Unit #070, 30-015-20316, P-25-16S-30E
North Square Lake Unit #071, 30-015-03924, P-25-16S-30E

North Square Lake Unit #079, 30-015-04928, P-30-16S-31E
North Square Lake Unit #081, 30-015-04917, N-29-16S-31E
North Square Lake Unit #083, 30-015-04915, P-29-16S-31E.
North Square Lake Unit #096, 30-015-04031, A-36-16S-30E
North Square Lake Unit #111, 30-015-04979, B-33-16S-31E
North Square Lake Unit #113, 30-015-04990, D-34-16S-31E
North Square Lake Unit #115, 30-015-10273, B-34-16S-31E
North Square Lake Unit #132, 30-015-04978, E-33-16S-31E
North Square Lake unit #167, 30-015-04983, N-33-16S-31E
Porcupine AAQ Federal #001, 30-015-25050, N-26-16S-31E
Travis D Federal #012, 30-015-03513, J-17-18S-29E
Travis D Federal #021, 30-015-24709, L-17-18S-29E
Wilson #002, 30-015-05041, J-2-17S-31E

2. The records of the Oil Conservation Division (hereinafter, "OCD") indicate that CBS's obligation to plug and abandon its wells in compliance with OCD rules is secured with a \$50,000 blanket bond, number 440543, and a \$235,000 blanket bond, number 440545, both issued by Trinity Universal Insurance (hereinafter, "surety").
3. OCD rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with OCD rules within 90 days after a period of one year of continuous inactivity.
4. The subject wells have been inactive for a continuous period exceeding one year plus 90 days, and have neither been plugged and abandoned pursuant to 19.15.4.202 NMAC nor placed on approved temporary abandonment pursuant to 19.15.4.203 NMAC.
5. NMSA 1978, § 70-2-14(B) provides

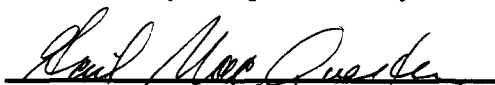
"If any of the requirements of the Oil and Gas Act or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited."
6. NMSA 1978, § 70-2-31(A) provides in relevant part

"Any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision or any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars (\$1,000) for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate violation."

WHEREFORE, the Enforcement and Compliance Manager of the OCD hereby applies to the Director to enter an order:

- A. Determining that the subject wells are not in compliance with 19.15.4.201 NMAC;
- B. Requiring CBS to bring each of the subject wells into compliance with 19.15.4.201 NMAC within a date certain by plugging and abandoning the well in accordance with 19.15.4.202 NMAC, securing temporary abandonment status for the well in accordance with 19.15.4.203 NMAC, or returning the well to a OCD-approved beneficial use;
- C. Further, if the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set by the order:
 - (1) Assessing a penalty against CBS of not less than \$1000 per well for each full month of non-compliance with the order;
 - (2) Authorizing the OCD to plug the subject wells in accordance with a Division-approved plugging program;
 - (3) Authorizing the OCD to forfeit the applicable security; and
- D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 26th day of April, 2006 by



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Case No. 13721. Application of the New Mexico Oil Conservation Division for a Compliance Order Against CBS Operating Corp. The Applicant seeks an order requiring CBS Operating Corp. to bring inactive wells into compliance with 19.15.4.201 NMAC; authorizing the Division to plug said wells in the event of noncompliance and forfeit the applicable financial assurance; imposing civil penalties, and for such other relief as the Director deems appropriate. The affected wells are the following:

Artesia State Unit #001, 30-015-00883, D-13-18S-27E
Constate #001, 30-015-05017, C-36-16S-31E
Cowtown Unit #201, 30-015-01849, M-13-18S-28E
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Loco Hills A Federal #007, 30-015-20615, F-15-17S-30E
Loco Hills B Federal #009, 30-015-25110, I-9-17S-30E
North Square Lake Unit, #20, 30-015-04936, B-30-16S-31E
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North Square Lake Unit #083, 30-015-04915, P-29-16S-31E
North Square Lake Unit #096, 30-015-04031, A-36-16S-30E
North Square Lake Unit #111, 30-015-04979, B-33-16S-31E
North Square Lake Unit #113, 30-015-04990, D-34-16S-31E
North Square Lake Unit #115, 30-015-10273, B-34-16S-31E
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North Square Lake Unit #167, 30-015-04983, N-33-16S-31E
Porcupine AAQ Federal #001, 30-015-25050, N-26-16S-31E
Travis D Federal #012, 30-015-03513, J-17-18S-29E
Travis D Federal #021, 30-015-24709, L-17-18S-29E
Wilson #002, 30-015-05041, J-2-17S-31E

The wells are located approximately 10-30 miles east or southeast of Artesia, in Eddy County, New Mexico.