

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

**CASE NO. 13728
ORDER NO. R-12603**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION FOR AN ORDER REQUIRING PLATINUM EXPLORATION, INC. TO PROPERLY PLUG AND ABANDON ONE (1) WELL, IMPOSING CIVIL PENALTIES, AUTHORIZING THE DIVISION TO PLUG SAID WELL IN DEFAULT OF COMPLIANCE BY OPERATOR, AND ORDERING A FORFEITURE OF APPLICABLE FINANCIAL ASSURANCE, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 6, 2006, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 3rd day of August, 2006, 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 New Mexico Oil Conservation Division ("Division") on its own motion seeks an order directing Platinum Exploration, Inc. to plug and abandon its Huber State #1 (API # 30-025-27290), located 330 feet from the North line and 1150 feet from the East line in Unit A, Section 5, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, in accordance with a Division-approved plugging program.

(3) The Division also seeks a \$5,000 penalty even if Platinum has plugged and abandoned the well before the hearing for the continuing, knowing, and willful violation of Rule 201 (19.15.4.201 NMAC) since August 2004.

(4) On July 7, 2006, the Division approved Form C-103 (SUNDRY NOTICES AND REPORTS ON WELLS) that indicated that Platinum Exploration, Inc. has satisfactorily plugged and abandoned the Huber State #1.

(5) Due to Platinum Exploration, Inc. already having plugged and abandoned the Huber State #1, that portion of the Division's application requesting the same should be dismissed.

(6) Platinum Exploration, Inc. appeared at the hearing through legal counsel.

(7) The Division's witness, presented testimony that demonstrates that:

- (a) Platinum Exploration, Inc. is the current operator of record for the well;
- (b) Platinum knowingly and willfully violated Rule 201 because it knew that the well was in violation of this rule when it acquired the well from EnergyPro in 2004;
- (c) Platinum agreed that it will pay a civil penalty of \$1,000 for its failure to comply with Rule 201.B by the deadline set out in the agreement between the Division and Platinum, and that the hearing examiner may impose additional penalties for any delay in plugging the well after the deadline set out in this agreement; and
- (d) the Division is now seeking a penalty of \$5,000 for the continued, knowing, and willful violation of Rule 201.

(8) The counsel for Platinum argued that the well has been satisfactorily plugged and abandoned, and the civil penalty should be only \$1,000 instead of \$5,000.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Division, Platinum Exploration, Inc. is hereby ordered to pay a civil penalty of \$5,000 on or before August 31, 2006.

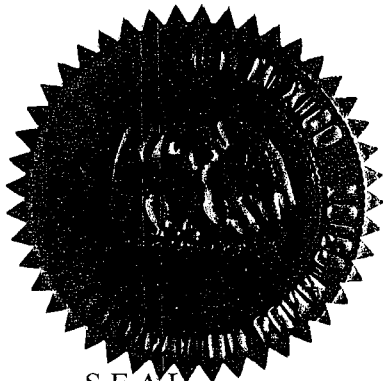
(2) Should Platinum Exploration, Inc., fail to pay this civil penalty of \$5,000, the Division shall be authorized to collect a penalty of \$1,000 per day in accordance with NMSA 1978, Section 70-2-31 as amended, from August 4, 2004 through July 7, 2006, the date the well was actually plugged and abandoned.

(3) The portion of this case requiring Platinum to plug and abandon its Huber State #1 is hereby dismissed.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read "Mark E. Fesmire".

MARK E. FESMIRE, P.E.
Director