

**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 PLATINUM EXPLORATION INC. TO PROPERLY PLUG
ONE WELL, ASSESSING A CIVIL PENALTY, AUTHORIZING THE DIVISION
TO PLUG SAID WELL AND ORDERING A FORFEITURE OF APPLICABLE
FINANCIAL ASSURANCE; LEA COUNTY, NEW MEXICO.**

CASE NO. 13728

**ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT**

This entry of appearance and pre-hearing statement is submitted by the Applicant,
the Oil Conservation Division.

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten

Oil Conservation Division

Energy, Minerals and Natural
Resources Department

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STATEMENT OF THE CASE

The Oil Conservation Division (OCD) moves for an order requiring Platinum Exploration Inc. ("Platinum") to plug the Huber State #1, API #30-025-27290 by a date certain and if Platinum fails to plug the well by that date, authorizing the OCD to plug the well and forfeit Platinum's financial assurance. In addition, the OCD seeks a civil penalty of not less than \$5,000 for Platinum's knowing and willful violation of Rule 201.

Rule 201 requires that a well shall be either properly plugged and abandoned or placed on approved temporary abandonment within 90 days after a period of one year in which a well has been continuously inactive. The Huber State #1 has been inactive since it was drilled in 1999, and it has not been plugged or placed on approved temporary abandonment. NMSA 1978, Section 70-2-14(B) provides that if any of the requirements of an OCD rule are not complied with, the OCD after notice and hearing may order any well plugged and abandoned and if the order is not complied with in the time period set out in the order, the financial assurances shall be forfeited.

NMSA 1978, Section 70-2-31(A) authorizes the assessment of a civil penalty of not more than \$1000 per day for the knowing and willful violation of an OCD rule. The following supports a finding that Platinum knowingly and willfully violated Rule 201: Platinum was aware of the requirements of Rule 201 and aware that the well was in violation of Rule 201 when it acquired the well from EnergyPro Inc. ("EnergyPro") in 2004, because at that time the well was the subject of a plugging case against EnergyPro (Case 13165). Platinum entered into a letter agreement with the OCD on February 10, 2004 under which the OCD agreed to dismiss the plugging case against EnergyPro in exchange for Platinum's agreement that it would become operator of record for the well and either operate the well as a salt water disposal well or plug the well. Platinum became operator of record for the well and applied for a permit to operate the well as a salt water disposal well. But Platinum dismissed its application for an injection permit, and did not plug the well. The well has remained inactive since Platinum acquired it over 2 years ago.

The OCD seeks a penalty of not less than \$5,000 for the continuing, knowing and willful violation of Rule 201 for the period after August 4, 2004 when Platinum dismissed its application for permit to operate the well as a salt water disposal well until the filing of this case. The OCD will continue to seek the \$5,000 even if Platinum plugs the well before the hearing in this case.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:
Daniel Sanchez, Enforcement and Compliance
Manager

ESTIMATED TIME:
20 min.

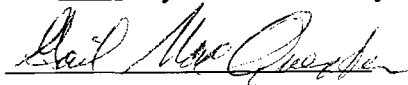
Dorothy Phillips

(by affidavit)

PROCEDURAL MATTERS

This matter is currently set for hearing on the June 22, 2006 docket. The OCD has filed a motion to continue the case until the July 6, 2006 docket because witness Daniel Sanchez will not be available on June 22, 2006.

Respectfully submitted
this 13th day of June 2006 by



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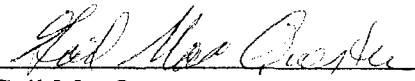
Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following by first class mail this 13th day of June 2006:

Mr. Hal J. Rasmussen
President, Platinum Exploration, Inc.
550 West Texas Avenue, Suite 200
Midland, TX 79701

Julie Faulkner
West Texas State Bank
P.O. Box 7409
Odessa, Texas, 79760


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