

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

**CASE NO. 14312
ORDER NO. R-13144**

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER FOR A COMPLIANCE ORDER AGAINST ORBIT PETROLEUM, INC. FINDING THAT OPERATOR IS IN VIOLATION OF 19.15.7.24 NMAC, 19.15.8.9 NMAC, AND 19.15.25.8 NMAC, REQUIRING OPERATOR TO PROPERLY PLUG AND ABANDON ALL ITS WELLS BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, ROOSEVELT AND LEA COUNTIES, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 14, 2009, and again on June 25, 2009, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim.

NOW, on this 15th day of July 2009, 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") seeks an order finding that Orbit Petroleum, Inc. ("Operator") is in violation of 19.15.7.24 NMAC, 19.15.8.9 NMAC, and 19.15.25 NMAC, and requiring Operator to properly plug and abandon all of its wells by a date certain, and in the event of non-compliance authorizing the Division to plug and abandon the wells and forfeit the applicable financial assurance. The affected wells are the following:

(1)	Archer #001	30-041-20787	K-17-07S-34E
(2)	Archer #002	30-042-20798	L-17-07S-34E

(3)	Brown 51 #001	30-025-07061	D-19-38S-37E
(4)	Brown 51 #002	30-025-21703	F-19-09S-38E
(5)	Line State #001	30-041-20451	2-16-08S-38E
(6)	Sieber #001	30-041-20791	C-17-07S-34E
(7)	State BA #001	30-041-10003	A-34-07S-35E
(8)	State BA #002	30-025-25000	F-19-23S-33E.

(3) The Division appeared at the hearing through legal counsel and presented the following testimony.

(a) Orbit Petroleum, Inc. is the current operator of the wells listed above;

(b) All the wells have been inactive for at least a continuous period of one (1) year plus ninety (90) days;

(c) On December 16, 2004, the Division issued Order No. R-12250 in Case No. 13373 requiring Orbit to return five (5) wells to compliance with the inactive well rule. The State BA #001 and #002 were covered by this Order, but Orbit failed to return the wells to compliance. The Division has plugged and abandoned those two wells;

(d) In August 2005, Orbit entered into an Agreed Compliance Order (ACOI 81) with the Division to plug and abandon the remaining six (6) of the wells at issue in this case. The ACOI 81 required Orbit to return the wells to compliance at the rate of three (3) wells per month. Orbit failed to comply with the provisions of this Order; and

(e) Orbit has consistently failed to comply with the Division's rules including the reporting requirements, and financial assurance requirements.

(4) Orbit Petroleum, Inc has filed for Chapter 11 bankruptcy.

(5) The Division records indicate that Orbit Petroleum, Inc. posted two bonds, namely; Blanket Cash Bond, Account No. 2169568157 for \$50,000, and Blanket Cash Bond Account No. 2169568116 for \$40,000, which were deposited with the Wells Fargo Bank, N.A., 214 Washington Avenue, Santa Fe, New Mexico 87501.

(6) Orbit Petroleum, Inc. did not appear at the hearing.

(7) The Division concludes that Orbit Petroleum, Inc. is the operator of the wells listed in Finding Paragraph (2). The Division also finds that Orbit violated 19.15.7.24

NMAC (Production reporting), 19.15.8.9 NMAC (Financial Assurance requirements), and 19.15.25 NMAC (Inactive Wells).

IT IS THEREFORE ORDERED THAT:

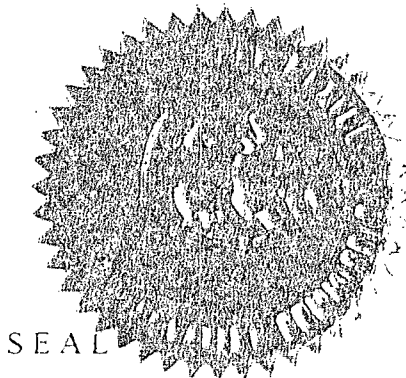
(1) Pursuant to the application of the Division, Orbit Petroleum, Inc. is hereby ordered to properly plug and abandon all of its wells by September 20, 2009. The affected wells are the following:

(1)	Archer #001	30-041-20787	K-17-07S-34E
(2)	Archer #002	30-042-20798	L-17-07S-34E
(3)	Brown 51 #001	30-025-07061	D-19-38S-37E
(4)	Brown 51 #002	30-025-21703	F-19-09S-38E
(5)	Line State #001	30-041-20451	2-16-08S-38E
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(8)	State BA #002	30-025-25000	F-19-23S-33E.


(2) Should Orbit fail to plug and abandon all of its wells by September 20, 2009, the Division shall be authorized to plug and abandon the wells and all applicable financial assurance shall be forfeited.

(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.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


MARK E. FESMIRE, P.E.
Director