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Oil Conservation Division

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION
DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR
AN ORDER REQUIRING THE GULF STATE WELL NO. 1
LOCATED IN UNIT N OF SEC. ~~20~~, T-10-S, R-27-E,
EDDY COUNTY, NEW MEXICO, TO BE PROPERLY PLUGGED,
AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND ORDERING
A FORFEITURE OF THE PLUGGING BOND, IF ANY.

CASE NO. 11275

APPLICATION FOR PLUGGING

1. Sage Oil Co. (hereinafter called "Operator") is the operator of the Gulf State No. 1
located in Unit N of Section ~~20~~, T-10-S, R-27-E, Eddy County, New Mexico
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2. The subject well has not produced hydrocarbon substance or has otherwise been
inactive for more than one year or is no longer usable for beneficial purposes and no permit for
temporary abandonment has been requested by the Operator and approved by the Division.

3. By virtue of the failure to use the well for beneficial purposes or to have an approved
current temporary abandonment permit, the subject wells is presumed to have been abandoned
and is required to be plugged.

4. By authority of Section 70-2-12 N.M.S.A. 1978, the Rules and Regulations of the
Division require wells which are inactive for more than one year or are no longer usable for

beneficial purposes to be properly plugged.

5. Demand has been made upon the Operator to either place the subject well to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisor of District II of the Oil Conservation Division applies to the Director to enter an order:

1. Determining whether or not the Gulf State No. 1 should be plugged in accordance with a Division-approved plugging program.

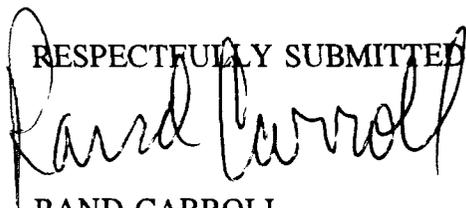
2. Upon determination that said well should be plugged directing Sage Oil Company, as operator, to plug said well.

3. Further ordering that if operator fails to plug and abandon said well as ordered by the Director, that the Division be authorized:

- a. to plug said wells;
- b. to recover from the Operator any costs of plugging in excess
of the amount of the bond, if any.

4. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink that reads "Rand Carroll". The signature is written in a cursive style with a large initial "R".

RAND CARROLL,

Legal Counsel

New Mexico Oil Conservation Division

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