



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

March 11, 1997

Sunwest Bank of Rio Arriba, N.A.
P.O. Box 8
Española, NM 87532
Attn: Gene Sanchez

RE: (i) OCD Case No. 11486--Application of the OCD to plug the Smith Well No. 1 located in Rio Arriba County, NM operated by Walter J. Cambern dba Cambern & Associates Oil and Gas

(ii) Cash Plugging Bond for \$5,000 held by Sunwest Bank of Rio Arriba, N.A., Chama, NM
Operator: Cambern & Associates Oil and Gas
Obligee: State of New Mexico Oil Conservation Division

Dear Mr. Sanchez:

Reference is made to the above listed case, well and bond. Enclosed are copies of: (i) Order No. R-10564 entered in OCD Case No. 11486, and (ii) the \$5,000 cash bond held by Sunwest Bank of Rio Arriba, N.A., Chama, New Mexico. The State of New Mexico had to plug this well at a cost of \$3,500 under a contract with Triple P Well Service of Farmington, New Mexico. The contract was issued pursuant to a competitive bid process under applicable state contracting procedures.

We are hereby requesting payment of **\$3,500** from said cash bond for ~~partial~~ reimbursement for plugging this well under the terms of the "Assignment of Cash Collateral Deposit", a copy of which is attached to the copy of the cash bond. Please make the check payable to "Oil and Gas Reclamation Fund" and send it to my attention at "OCD, 2040 S. Pacheco, Santa Fe, NM 87505". Once we receive the **\$3,500** payment, we will release any further claim on the bond.

If you have any questions, please call me at 505/827-8156.

Sincerely,

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

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION TO PERMIT WALTER J. CAMBERN D/B/A CAMBERN & ASSOCIATES OIL AND GAS, OPERATOR, SUNWEST BANK OF RIO ARRIBA, N.A., AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE SMITH WELL NO. 1, LOCATED IN SECTION 21, TOWNSHIP 31 NORTH, RANGE 3 EAST, NMPM, AS PROJECTED INTO THE UNSURVEYED TIERRA AMARILLA LAND GRANT, RIO ARRIBA COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

*CASE NO. 11486
ORDER NO. R-10564*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 7, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 1st day of April, 1996, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The witness in this matter, Johnny Robinson, Deputy Oil and Gas Inspector for the Division, testified via telephone from the New Mexico Oil Conservation Division District Office in Aztec, New Mexico.
- (3) The operator of record for the Smith Well No. 1 (API No. 30-039-24195), located 1550 feet from the South line and 660 feet from the West line (Unit L) of Section 21, Township 31 North, Range 3 East, NMPM, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico, is Walter J. Cambern d/b/a Cambern & Associates Oil and Gas of Amarillo, Texas.

(4) In compliance with the New Mexico Oil Conservation Division ("Division") Rules and Regulations the operator posted a one-well cash plugging bond in November, 1987 in the amount of \$5,000.00 that was deposited into Sunwest Bank of Rio Arriba, N.A. in Chama, New Mexico.

(5) The purpose of said bond is to assure the Division that the subject well will be properly plugged and abandoned when not capable of commercial production.

(6) At this time, the Division seeks an order directing the operator to pay the costs of such plugging and if the operator fails to do so, make demand upon Sunwest Bank of Rio Arriba, N. A. to pay the Division so much of the funds as is necessary to pay the costs of plugging said well.

(7) The above-described Smith Well No. 1 has not produced hydrocarbon substance or has otherwise been inactive for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(8) By virtue of the failure to use the subject well for a beneficial purpose or to have an approved current temporary abandonment permit, the well is presumed to have been abandoned.

(9) The current condition of the subject well is such that if action is not taken to properly plug and abandon this well, waste may occur, correlative rights may be violated, and/or fresh water may be contaminated.

(10) Neither the operator, a bank representative, nor any other interested parties appeared at the hearing, either in support of or in opposition to this matter.

(11) Said Smith Well No. 1 should be plugged and abandoned in accordance with a program approved by the supervisor of the Aztec District Office of the New Mexico Oil Conservation Division as soon as possible.

(12) Further, the Division should be authorized to take such action as is deemed necessary to have the well properly plugged and abandoned at which time the Director of the Division shall make demand upon Sunwest Bank of Rio Arriba, N. A. to pay the Division so much of the funds as is necessary to pay the costs of plugging said well.

IT IS THEREFORE ORDERED THAT:

(1) The supervisor of the Aztec District Office of the New Mexico Oil Conservation Division is hereby authorized to direct the commencement of plugging operations on the Walter J. Cambern/Cambren & Associates Oil and Gas Smith Well No. 1 (API No. 30-039-24195), located 1550 feet from the South line and 660 feet from the West line (Unit L) of Section 21, Township 31 North, Range 3 East, NMPM, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico.

IT IS FURTHER ORDERED THAT:

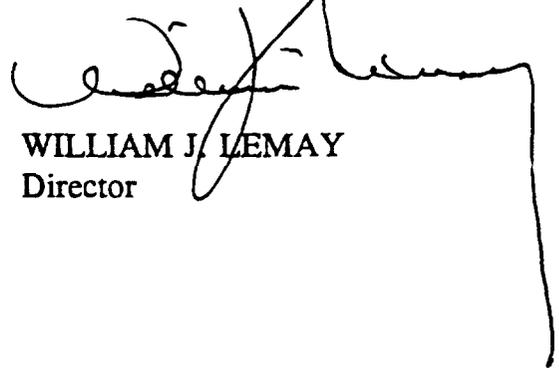
(2) The Division is hereby authorized to take such action as is deemed necessary to have the well properly plugged and abandoned at which time the Director of the Division shall make demand upon Sunwest Bank of Rio Arriba, N. A. to pay the Division so much of the funds as is necessary to pay the costs of plugging said well.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director