

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 FOR JAMES E. SEALY D/B/A DEANIE LOU, OPERATOR, AMERICAN MANUFACTURER'S MUTUAL INSURANCE COMPANY, SURETY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE RING WELL NO. 1 (API NO. 30-005-10139), LOCATED IN CHAVES COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

*CASE NO. 11499
ORDER NO. R-10668*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 13, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 16th day of September, 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) At the time of the hearing this case was consolidated with Division Case Nos. 11515 and 11516 for purposes of testimony.
- (3) The witness in this matter, Ray Smith, Deputy Oil and Gas Inspector for the Division, testified at the June 13, 1996 Examiner's Hearing via telephone from the New Mexico Oil Conservation Division District Office in Artesia, New Mexico.
- (4) The operator of record for the Ring Well No. 1 (API No. 30-005-10139), located at a standard oil well location 330 feet from the North line and 1659.3 feet from the West line (Unit C) of Section 32, Township 6 South, Range 26 East, NMPM, Chaves County, New Mexico is James E. Sealy d/b/a Deanie Lou with the last known address at

P. O. Box 804, Hobbs, New Mexico 88240.

(5) American Manufacturer's Mutual Insurance Company of Arlington Heights, Illinois is the surety on a \$50,000.00 blanket plugging bond on which James E. Sealy d/b/a Deanie Lou is principal.

(6) The purpose of said bond is to assure the Division that any and all wells operated by James E. Sealy d/b/a Deanie Lou will be properly plugged and abandoned when not capable of commercial production.

(7) The Ring 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 Ring Well No. 1 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, his representative, a representative from the surety, nor any other interested parties appeared at the hearing, either in support of or in opposition to this matter.

(11) The Ring Well No. 1, as described above, should be plugged and abandoned in accordance with a program approved by the supervisor of the Artesia District Office of the New Mexico Oil Conservation Division as soon as possible.

(12) Further, the Division Director should be authorized to take such action as is deemed necessary to foreclose on the subject plugging bond to help defer such plugging cost accrued by the Division.

IT IS THEREFORE ORDERED THAT:

(1) The supervisor of the Artesia District Office of the New Mexico Oil Conservation Division is hereby authorized to direct the commencement of plugging operations on the James E. Sealy d/b/a Deanie Lou Ring Well No. 1 (API No. 30-005-10139), located at a standard oil well location 330 feet from the North line and 1659.3 feet from the West line (Unit C) of Section 32, Township 6 South, Range 26 East, NMPM,