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
DELTA U.S. CORPORATION TO PROPERLY PLUG ITS MISSOURI NEW
MEXICO LAND CO. COM. WELL NO. 1 LOCATED IN UNIT O OF SECTION 6,
TOWNSHIP 23 SOUTH, RANGE 27 EAST, EDDY COUNTY, NEW MEXICO,
AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND ORDERING A
FORFEITURE OF THE PLUGGING BOND, IF ANY.

Case No. 11945
Order No. 10968

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 5, 1998, at Santa Fe, New Mexico, before the New Mexico Oil Conservation Division (the "Division") before Examiner David R. Catanach.

NOW, on this 3rd day of April, 1998, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised,

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)   Delta U.S. Corporation is the last known owner and operator of the Missouri New Mexico Land Co. Com. Well No. 1 located in Unit O of Section 6, Township 23 South, Range 27 East, Eddy County, New Mexico.

(3)   Division Rules and Regulations require the operator of said well to post a plugging bond in the applicable amount.

(4)   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. A search of Division records revealed no bond that would cover this well.

(5)   Neither the operator nor any other interested party appeared at the hearing or introduced any evidence indicating that this well was not in need of plugging. The record contains uncontroverted evidence that the well is in need of plugging.

(6)   The subject well has not produced hydrocarbon substances 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.

(7)   By virtue of the operator's 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.

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

(9)   In order to prevent waste, to protect correlative rights, and to protect fresh waters, the well 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.

(10)   At this time, the Division seeks an order directing the operator to plug the well and, if the operator fails to do so, authorizing the Division to plug said well and to pursue the operator for the costs of plugging thereof.

IT IS THEREFORE ORDERED THAT:

(1)   The operator is hereby ordered to immediately plug and abandon the subject well.

(2)   The operator, prior to plugging and abandoning the well, shall obtain from the supervisor of the Division Artesia District Office an approved program for said plugging and abandoning and shall notify said Artesia Office of the date and time said work is to commence whereupon the Division may, at its option, witness such work.

(3)   Should the operator either fail or refuse to carry out the provisions of this order within 30 days of the date of this order, the Division shall then take such action as is deemed necessary to have the well properly plugged and abandoned and shall then pursue the operator for the costs thereof.

(4)   Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.
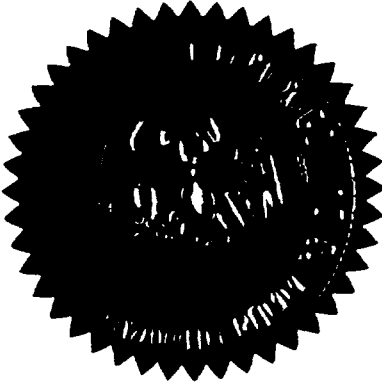
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

[signature]

LORI WROTENBERY
Director

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