

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

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OIL CONSERVATION DIV.

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER (i) REQUIRING HARLOW CORPORATION AND/OR WILLOW PIPELINE COMPANY TO PROPERLY PLUG FIFTEEN WELLS IN TOWNSHIP 8 SOUTH, RANGES 28 AND 29 EAST, CHAVES COUNTY, NEW MEXICO, (ii) AUTHORIZING THE DIVISION TO PLUG THESE WELLS, (iii) ORDERING A FORFEITURE OF THE PLUGGING BONDS, AND (iv) ASSESSING FINES FOR FAILURE TO COMPLY WITH THE ORDER**

CASE NO. 12039

**APPLICATION FOR PLUGGING**

1. Harlow Corporation ("Harlow") is the operator of Division record of the fifteen wells listed on the attached Exhibit "A" located in Chaves County, New Mexico. Willow Pipeline Company ("Willow") has, in fact, been operating those wells after Harlow conveyed these wells to Willow by instrument dated March 1, 1996. Although Division Form C-104's were filed with the Division Artesia District Office changing the operator of record from Harlow to Willow, the Artesia Office rejected the C-104's because these 15 wells were not in compliance with Division Rules regarding inactive wells. Neither Harlow nor Willow has complied with Division Rules regarding these 15 wells despite repeated requests by the Division District Office.

2. Both Harlow and Willow have posted surety bonds in the amount of \$50,000 for these wells in compliance with Section 70-2-14 NMSA 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bonds are conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the wells operated by Harlow and Willow.

Mid-Continent Casualty Co. is surety on the Harlow bond, Bond No. 47456 and Underwriters Indemnity Co. is surety on the Willow bond, Bond No. BO 6344.

3. The subject wells have not produced hydrocarbon or carbon dioxide substance or have otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permit for temporary abandonment has either been requested by the operator or approved by the Division.

4. By virtue of the failure to use the wells for beneficial purposes or to have approved current temporary abandonment permits, the subject wells are presumed to have been abandoned and are required to be plugged.

5. By authority of Section 70-2-14 NMSA 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.

6. Demand has been made or attempted to be made upon Harlow and Willow to either place the subject wells to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and Harlow and Willow have failed to do so.

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

A. Determining whether or not the wells should be plugged in accordance with a Division-approved plugging program.

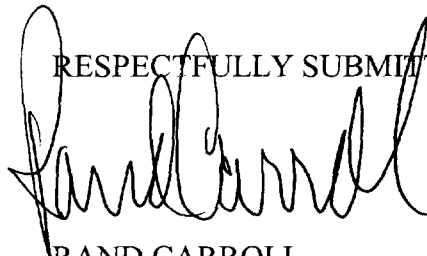
B. Upon a determination that the wells should be plugged, directing Harlow and/or Willow to plug the wells.

C. Further ordering that if Harlow and/or Willow fail to plug and abandon the wells as ordered by the Director, that the Division be authorized:

- i. to plug the wells;
- ii. to declare forfeit on the bond(s), and to take such action to  
foreclose on the bond(s), and
- iii. to recover from Harlow and/or Willow any costs of plugging the wells  
in excess of the amount of the bond(s), if any.

D. For such other and further relief as the Division deems just and proper, including the assessment of fines.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll", is written over the typed name.

RAND CARROLL  
Legal Counsel  
New Mexico Oil Conservation Division  
2040 South Pacheco  
Santa Fe, NM 87505  
(505) 827-8156

# EXHIBIT "A"

## LIST OF NON COMPLIANCE WELLS

WELL NO.

UL-SEC.-TWN-RNG

O'BRIEN DEMING NO.1	C-17-8S-29E
O'BRIEN DEMING 6 NO. 1	M-6-8S-29E
O'BRIEN DEMING 6 NO. 1	N-6-8S-29E
O'BRIEN FEE 18 NO. 2	O-18-8S-29E
O'BRIEN FEE 18 NO. 3	N-18-8S-29E
O'BRIEN FEE 19 NO. 2	O-19-8S-29E
O'BRIEN FEE 19 NO. 3	M-19-8S-29E
O'BRIEN FEE 19 NO. 8	P-19-8S-29E
O'BRIEN FEE 24 NO. 1	I-24-8S-28E
O'BRIEN FEE 24 NO. 2	A-24-8S-28E
MCDERMOTT NO. 1	K-12-8S-28E
BARKNEHT NO. 1	I-12-8S-28E
GRAVES NO. 1	F-11-8S-28E
O'BRIEN LIGHTCAP 7 NO. 7	L-7-8S-29E
O'BRIEN LIGHTCAP 7 NO. 2	K 7-8S-29E