

**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 III FOR AN ORDER REQUIRING
BK PETROLEUM, INC. TO PROPERLY PLUG SEVEN WELLS IN SAN JUAN
COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELLS,
AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. 12495

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. BK Petroleum, Inc. ("Operator") is the operator of the following seven wells:

Water Supply Well
✓ a) Many Rocks Gallup Project Well No. 1-W located 2253' from the North line and
1865' from the West line in Unit F of Section 17, Township 31 North, Range 16
West;

b) Many Rocks Gallup Project Well No. 16 located 360' from the North line and 855'
from the East line in Unit A of Section 18, Township 31 North, Range 16 West;

✓ c) Many Rocks Gallup Project Well No. 17 located 990' from the North line and 400'
from the West line in Unit D of Section 17, Township 31 North, Range 16 West;

✓ d) Many Rocks Gallup Project Well No. 19 located 2073' from the North line and
641' from the West line in Unit E of Section 17, Township 31 North, Range 16
West;

✓ e) Many Rocks Gallup Project Well No. 20 located 1973' from the North line and
1941' from the West line in Unit F of Section 17, Township 31 North, Range 16
West;

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✓ f) Many Rocks Gallup Project Well No. 23 located 1890' from the South line and 2150' from the East line in Unit J of Section 17, Township 31 North, Range 16 West; and

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✓ g) Many Rocks Gallup Project Well No. 26 located 660' from the South line and 660' from the East line in Unit P of Section 17, Township 31 North, Range 16 West.

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2. 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 been requested by the Operator or approved by the Division.

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

4. By authority of NMSA 1978, § 70-2-14, the Rules of the Division require wells that are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

5. Demand has been made or attempted to be made upon the Operator either to place the subject wells 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 III of the Oil Conservation Division applies to the Director to enter an order:

A. Determining whether the wells should be plugged in accordance with a Division-approved plugging program.

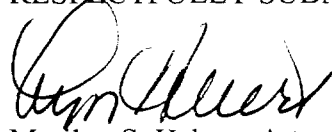
B. Upon a determination that the wells should be plugged, directing Operator to

plug the wells.

C. Further ordering that if Operator fails 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, if any, and to take such action to foreclose on the bond; and iii. to recover from the Operator any costs of plugging the wells in excess of the amount of the bond, 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 "Marilyn S. Hebert", is written over the typed name.

Marilyn S. Hebert, Attorney
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