

P 410 425 231

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to **United New Mexico Bank
Wells Fargo Bank**

Street & Number **1910 N. Turner**

Post Office, State & ZIP Code
Hobbs, NM 88240

Postage **\$**

Certified Fee

Special Delivery Fee

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Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees **\$**

Postmark or Date

PS Form 3800 April 1995

P 410 425 230

US Postal Service

Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to **Adams Oil & Gas Producers**

Street & Number **PO Box 433**

Post Office, State & ZIP Code
Wink, TX 79789

Postage **\$**

Certified Fee

Special Delivery Fee

Restricted Delivery Fee

Return Receipt Showing to Whom & Date Delivered

Return Receipt Showing to Whom, Date, & Addressee's Address

TOTAL Postage & Fees **\$**

Postmark or Date

PS Form 3800 April 1995



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON
Governor
Jennife A. Salisbury
Cabinet Secretary

Lori Wrotenbery
Director
Oil Conservation Division

September 14, 2000

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Adams Oil & Gas Producers
Post Office Box 433
Wink, TX 79789

United New Mexico Bank
Wells Fargo Bank
1910 N. Turner
Hobbs, NM 88240

Re: Case No. 12503


Application of the New Mexico Oil Conservation Division for an order requiring
Adams Oil & Gas Producers to plug six wells in Lea County, New Mexico

This letter is to advise you that the New Mexico Oil Conservation Division has filed the enclosed application for a hearing requiring Adams Oil & Gas Producers and other interested parties to appear and show cause why certain wells should not be ordered plugged and abandoned.

This application has been set for hearing before an Examiner of the Oil Conservation Division on October 5, 2000. You are not required to attend this hearing, but as owner of an interest that may be affected by an order issued in this case, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date.

Parties appearing in cases are required by Division Rule 1208.B, enclosed, to file a Prehearing Statement three days in advance of the hearing.

Best regards,


Marilyn S. Hebert
Attorney

c: Chris Williams, District Supervisor
Gary Wink, OCD Hobbs

**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 I FOR AN ORDER REQUIRING
ADAMS OIL & GAS PRODUCERS TO PROPERLY PLUG SIX WELLS IN LEA
COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELLS,
AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.**

CASE NO. 12503

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Adams Oil & Gas Producers ("Operator") is the operator of the following six wells in Lea County, New Mexico:
 - a) Federal Well No. 1 located 1980' from the North line and 660' from the West line in Unit E of Section 17, Township 23 South, Range 33 East;
 - b) Federal Well No. 2 located 660' from the North line and 990' from the West line in Unit D of Section 17, Township 23 South, Range 33 East;
 - c) State "O" Well No. 1 located 660' from the North line and 660' from the West line in Unit D of Section 7, Township 24 South, Range 33 East;
 - d) Gulf NW State Well No. 1 located 660' from the South line and 660' from the West line in Unit M of Section 6, Township 24 South, Range 33 East.
 - e) Gulf NW State Well No. 2 located 1980' from the South line and 660 from the West line in Unit L of Section 6, Township 24 South, Range 33 East;
 - f) Roy Whitten Well No. 1 located 1650' from the North line and 330' from the East line in Unit H of Section 33, Township 23 South, Range 36 East; and
2. Operator has posted a single-well cash bond in the amount of \$5,000.00 for the Gulf NW State No. 1 in compliance with NMSA 1978, § 70-2-14 and Rule 101 of the Rules of the Oil

Conservation Division ("Division"), which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules of the Division with respect to the proper plugging and abandonment of the well operated by Operator. United New Mexico Bank at Lea County is the financial institution that holds the cash bond.

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 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 a current temporary abandonment permit, the wells are presumed to have been abandoned and are required to be plugged.

5. 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.

6. 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 I of the Oil Conservation Division applies to the Director to enter an order:

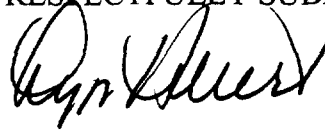
A. Determining whether the wells should be plugged in accordance with a Division-approved plugging program.

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 cash 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 well in excess of the amount of the cash 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', written in a cursive style.

Marilyn S. Hebert, Attorney
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
(505) 827-8156

(10) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(7). [1-1-86...2-1-96; A, 7-15-99]

(11) This paragraph has been moved and renumbered to 19 NMAC 15.N.1207.A.(8). [1-1-86...2-1-96; A, 7-15-99]

1207.B. Type and Content of Notice. Any notice required by this rule shall be sent by certified mail, return receipt requested, to the last known address of the person to whom notice is to be given at least 20 days prior to the date of hearing of the application and shall include: a copy of the application; the date, time and place of the hearing; and the means by which protests may be made. [1-1-86...2-1-96; A, 7-15-99]

1207.C. At the hearing, the applicant shall make a record, either by testimony or affidavit signed by the applicant or its authorized representative, that: (a) the notice provisions of this rule have been complied with; (b) the applicant has conducted a good-faith diligent effort to find the correct address of all persons entitled to notice; and (c) pursuant to this rule, notice has been given at that correct address as required by this rule. In addition, the record shall contain the name and address of each person to whom notice was sent and, where proof of receipt is available, a copy of the proof. [1-1-86...2-1-96; A, 7-15-99]

1207.D. Evidence of failure to provide notice as required in this rule may, upon proper showing, be considered cause for reopening the case. [1-1-86...2-1-96; A, 7-15-99]

1207.E. In the case of an administrative application where the required notice was sent and a timely filed protest was made, the Division shall notify the applicant and the protesting party in writing that the case has been set for hearing and the date of the hearing. No further notice is required. [7-15-99]

1208 PLEADINGS: COPIES [9-15-55...2-1-96; A, 7-15-99]

1208.A. For pleadings and correspondence filed in cases pending before a Division Examiner, two copies must be filed with the Division. For pleadings and correspondence filed in cases pending before the Commission, five copies must be filed with the Division. The Division will disseminate copies to the members of the Commission. The party filing the pleading or correspondence shall at the same time either hand deliver or transmit by facsimile or electronic mail to any party who has entered an appearance therein or the attorneys of record, a copy of the pleading or correspondence. An appearance of any interested party shall be made either by letter addressed to the Division or in person at any proceeding before the Commission or before a Division Examiner, with notice of such appearance to the parties of record. [9-15-55...2-1-96; A, 7-15-99]

1208.B. Parties to an adjudicatory proceeding must file a prehearing statement three days in advance of a scheduled hearing before the Division or the Commission. The statement must include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing. [7-15-99]

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WELLS, AND ORDERING A FORFEITURE OF THE PLUGGING BONDS, IF
ANY.**

CASE NO. 12503

PERSONS TO BE NOTIFIED

The following are the persons to be notified in this matter:

Adams Oil & Gas Producers
Post Office Box 433
Wink, TX 79789

United New Mexico Bank at Lea County
Wells Fargo Bank
1910 N. Turner
Hobbs, NM 88240

RESPECTFULLY SUBMITTED,



Marilyn S. Hebert, Attorney
New Mexico Oil Conservation Division
2040 South Pacheco
Santa Fe, NM 87505
(505) 827-8156