

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

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Oil Conservation Division

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE SUPERVISOR OF DISTRICT II, FOR AN ORDER SHUTTING
IN WELLS, CANCELING ALLOWABLES AND ASSESSING CIVIL
PENALTIES AGAINST MARKS AND GARNER PRODUCTION LTD. CO. FOR
FAILURE TO COMPLY WITH AN ORDER OF THE OIL CONSERVATION
COMMISSION TO PLUG CERTAIN WELLS, EDDY AND LEA COUNTIES,
NEW MEXICO.**

CASE NO. 12757 (Re-Opened)

**APPLICATION FOR ORDER SHUTTING IN WELLS, CANCELLING
ALLOWABLES AND ASSESSING CIVIL PENALTIES**

1. Marks and Garner Production Ltd. Co. ("Marks and Garner") is the operator of the wells listed on Exhibit A hereto, including the five wells identified herein below.
2. On July 19, 2002, the Oil Conservation Commission entered Order No. R-11753-A in Case No. 12757, ordering Marks and Garner, *inter alia*, to properly plug and abandon the following five wells no later than March 31, 2003:
 - (a) Cave Pool Unit Well No. 3 (API No. 30-015-02892), located 985 feet from the North line and 987 feet from the East line (Unit A) of Section 4, Township 17 South, Range 29 East;
 - (b) Cave Pool Unit Well No. 14 (API No. 30-015-02881), located 1,980 feet from the North and East lines (Unit G) of Section 4, Township 17 South, Range 29 East;
 - (c) Cave Pool Unit Well No. 16 (API No. 30-015-02875), located 1,973 feet from the North line and 330 feet from the West line (Unit E) of Section 3, Township 17 South, Range 29 East;
 - (d) Cave Pool Unit Well No. 32 (API No. 30-015-02927), located 660 feet from the North and East lines (Unit A) of Section 9, Township 17 South, Range 29 East; and

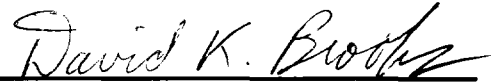
- (e) Cave Pool Unit Well No. 53 (API No. 30-015-02912), located 1,650 feet from the North line and 330 feet from the East line (Unit H) of Section 7, Township 17 South, Range 29 East.
3. Marks and Garner has wholly failed to comply with the above-described order.
4. Section 14 of the Oil and Gas Act [NMSA 1978 Section 70-2-14, as amended] states, in pertinent part, that:
- A. Each person, firm, corporation or association who operates any oil, gas or service well within the state shall, as a condition precedent to drilling or producing the well, furnish financial assurance . . . to the oil conservation division . . . conditioned that the well be plugged and abandoned in compliance with the rules of the oil conservation division.
- * * *
- B. If the order [directing that a well be plugged] is not complied with in the time period set out in the order, the financial assurance shall be forfeited.
5. As a consequence of Marks and Garner's failure to comply with the order of the Commission to plug the above-described wells, its bond on file with the Oil Conservation Division is subject to forfeiture, and it has no right to produce any wells on State or private land in New Mexico.
6. In addition, Marks and Garner is the operator of the Cave Pool Unit Well No. 51 (API No. 30-015-02903), located 660 feet from the South line and 1990 from the West line (Unit L) of Section 5, Township 17 South, Range 29 East, Eddy County, New Mexico. Said well is out of compliance with 201.B. Its last date of production or injection was July of 1994, is not equipped for production or injection and failed a mechanical integrity test on April 17, 2003.
7. Marks and Garner should be ordered forthwith to plug and abandon the Cave Pool Unit Well No. 51.

WHEREFORE, the Supervisor of District II of the Division hereby applies to the Director to enter an order directing:

- A. that Case No. 12757 be re-opened;
- B. that all of Marks and Garner's wells located on State or private land be immediately shut in;
- C. that all allowables for these wells be cancelled;
- D. that these wells remain shut in, and not be granted any further allowables, until Marks and Garner properly plugs and abandons the wells described in Paragraph 2 of this Application, in full compliance with Rules 201 and 202 and Order No. R-11753-A;
- E. that the Division assess appropriate administrative penalties against Marks and Garner, pursuant to NMSA 70-2-31.A, for its intentional and willful violation of Order No. R-11753-A;
- F. that Marks and Garner be ordered to plug the Cave Pool Unit Well No. 51 in accordance with Rules 201 and 202 by a date certain, and

G. such other relief as the Director deems appropriate.

RESPECTFULLY SUBMITTED,

A handwritten signature in cursive script, reading "David K. Brooks", written in black ink.

David K. Brooks
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
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Conservation Division

Case No. 12757 (Re-opened) Application of the New Mexico Oil Conservation Division for an Order Shutting In Wells, Canceling Allowables and Assessing Civil Penalties against Marks and Garner Production Ltd. Co. for Failure to Comply with an Order to Plug Certain Wells, Eddy and Lea Counties, New Mexico. The wells sought to be shut in are located in Eddy and Lea Counties, in the following townships and ranges: 13S-33E and 36E, 14S-32E through 35E, 15S-35E, 16S-27E through 29E, 33E and 34E, 17S-29E and 37E, 19S-35E, 21S-34E and 35E and 23S-35E.

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