

**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  
LEIGH OPERATING CO. TO PROPERLY PLUG TWO (2) WELLS IN LEA  
COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID  
WELL AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING  
BONDS.**

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OIL CONSERVATION DIVISION

CASE NO. 12825

**APPLICATION FOR PLUGGING AND FORFEITURE OF BOND**

1. Leigh Operating Co. (“Operator”) is the operator of the following wells located in Lea County, New Mexico:

- (1) Caudill State Well No. 1, located 1660 feet from the South line and 1660 feet from the West line (Unit K) of Section 26, Township 15 South, Range 36 East, Lea County, New Mexico (API No. 30-025-27461).
- (2) Caudill State Well No. 2, located 660 from the North line and 1980 feet from the East line (Unit B) of Section 26, Township 15 South, Range 36 East, Lea County, New Mexico (API No. 30-025-27637).

2. Operator has posted single-well surety bonds in the amount of \$10,000 for each of said wells in compliance with NMSA 1978, Sec. 70-2-14 and O.C.D. Rule 101, which bonds are conditioned upon compliance with the statutes of the State of New Mexico and the Rules of the Oil Conservation Division (“Division”) with respect to the proper plugging and abandonment of the each of the said wells. Underwriters Indemnity

Company is the surety on both bonds, which are numbered BO4131 and BO 4132 respectively.

3. The Caudill State Well No. 1 has not produced any hydrocarbon or carbon dioxide substance for more than one year and is no longer usable for beneficial purposes. The Caudill State Well No. 2 is permitted as a salt water disposal well, but has not been used for injection for more than one year and is no longer usable for beneficial purposes. No permit for temporary abandonment of either the said wells has been requested by the Operator or approved by the Division.

4. By virtue of Operator's failure to use the wells for production or other beneficial purposes or to secure current temporary abandonment permits, the wells are presumed abandoned, and are required to be plugged.

5. Division Rule 201.B, issued pursuant to the authority of NMSA 1978, Secs. 70-2-12 and 70-2-14, requires that wells that are inactive for more than one year or are no longer usable for beneficial purposes be properly plugged.

6. Division Rule 101.M, issued pursuant to the same authority, authorizes the Division, after notice and hearing, to order the operator to plug and abandon any well or wells not in compliance with Rule 201, and to direct the Division to cause such well or wells to be plugged in accordance with a Division approved plugging program if, after the time provided in such order, the operator and its surety, if any, have failed to do so.

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

A. Determining whether the subject wells should be plugged and abandoned.

- B. Upon a determination that the wells should be plugged, directing the Operator to plug the wells without delay, in accordance with a division-approved plugging program, and to cause the site thereof remediated in accordance with Division Rule 202.B(3).
- C. Further ordering that if the Operator or its surety, if any, fails to plug and abandon the wells as ordered by the Director, the Division be authorized:
  - (i) to plug the subject wells in accordance with a division-approved plugging program and to cause the site to be remediated;
  - (ii) to declare forfeit the bonds furnished by the Operator to the extent necessary to fully reimburse the Division for its expenses incurred in accomplishing the foregoing; and
  - (iii) to take necessary and appropriate measures to recover from the Operator any costs of plugging the subject wells and of site remediation in excess of the amount of the bond, if any.

D. For such other and further relief as the Division deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink that reads "David K. Brooks". The signature is written in a cursive style and is positioned above a horizontal line.

David K. Brooks  
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Energy, Minerals and Natural  
Resources Department of the State of  
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Conservation Division

Case No. 12825. **Application of the New Mexico Oil Conservation Division for an Order Requiring Leigh Operating Company to Properly Plug Two (2) Wells, Imposing Civil Penalties in Event of Failure to Comply, Authorizing the Division to Plug Said Wells in Default of Compliance by Leigh Operating Company or Its Surety, and Ordering a Forfeiture of Applicable Plugging Bonds; Lea County, New Mexico.** The Applicant seeks an order requiring Leigh Operating Company, the operator of Two (2) inactive wells in Lea County, New Mexico, to properly plug and abandon the same, imposing civil penalties in event of failure to comply, authorizing the Division to plug said wells if the operator or its sureties fails to do so, forfeiting Operator's plugging bond, and providing for such other relief as the Director deems appropriate. The affected wells are the following:

<u>Operator</u>	<u>Well Name</u>	<u>API No.</u>	<u>Location</u>
Leigh Operating Co.	Caudill State No. 1	30-025-27461	K-26-15S-36E
Leigh Operating Co.	Caudill State No. 2	30-025-27637	B-26-15S-36E

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