

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

**CASE NO. 12945
ORDER NO. R-11876**

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION FOR AN ORDER REQUIRING OK OPERATING COMPANY TO PROPERLY PLUG AND ABANDON TWO (2) CERTAIN WELLS, IMPOSING CIVIL PENALTIES IN THE EVENT OF FAILURE TO COMPLY, AUTHORIZING THE DIVISION TO PLUG THESE WELLS IN DEFAULT OF COMPLIANCE BY OK OPERATING COMPANY AND ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND, IF ANY; LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 24, 2002, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of December, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) OK Operating Company of Midland, Texas, is the current owner and operator of the following two (2) wells located in Irregular Section 4, Township 10 South, Range 38 East, NMPM, Lea County, New Mexico:

- (a) Arco Federal Well No. 1 (API No. 30-025-27639), located 1973 feet from the North line and 660 feet from the West line (Unit E) of Irregular Section 4; and
- (b) Arco Federal Well No. 2 (API No. 30-025-27669), located 1973 feet from the North line and 660 feet from the West line (Lot 3/Unit F) of Irregular Section 4.

(3) Both wells are located on a single Federal lease (U. S. Government lease No.

LC-063623-A) and are therefore subject to a plugging bond that may exist with the United States Bureau of Land Management.

(4) At this time, the Division seeks an order directing the operator to plug the above-described wells in accordance with a Division-approved plugging program and, if the operator fails to do so, authorizing the Division to proceed to plug and abandon these wells, to declare forfeiture of the plugging bond for these wells, if any, and impose a civil penalty on the operator for failure to comply with this order

(5) A representative of the Division's district office in Hobbs (District I) testified at the hearing via telephone supporting the Division's position that both wells should be plugged and abandoned.

(6) OK Operating Company did not appear at the hearing.

(7) Both wells were drilled by Robert Griffin & Associates of Hobbs, New Mexico in the early 1980's and subsequently completed as oil wells within the Sawyer-San Andres Associated Pool. In November, 1988 OK Operating Company became the operator of these two wells. Evidence indicates that these wells have been inactive for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division

(8) By virtue of the failure to use these wells for beneficial purposes or to have approved temporary abandonment permits, the subject wells are presumed to have been abandoned by OK Operating Company.

(9) The current condition of the Arco Federal Wells No. 1 and 2 are such that if action is not taken to properly plug and abandon these wells, waste will probably occur, correlative rights will also be violated, livestock and wildlife may be subject to harmful contaminants, and fresh waters may be in danger of contamination.

(10) Subsequent to the hearing the Division's district office in Hobbs (District I) reported that appropriate steps are currently underway to either plug and abandon, return both wells to active drilling status, or to place both wells on production, Case No. 12945 should be dismissed at this time.

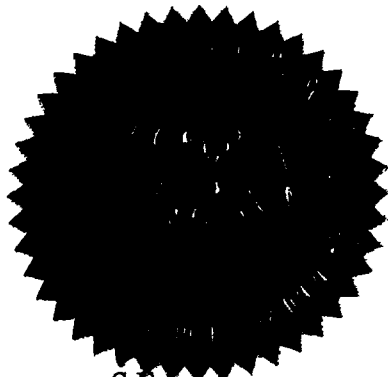
IT IS THEREFORE ORDERED THAT:

(1) Case No. 12945 is hereby dismissed.

(2) However, jurisdiction is hereby retained for the entry of such further orders as the Division may deem necessary.

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DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



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STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director