

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION ON ITS
OWN MOTION TO PERMIT CASA PETROLEUM,
INC., U.S. INSURANCE GROUP, AND ALL
OTHER INTERESTED PARTIES TO APPEAR AND
SHOW CAUSE WHY THE PETERSON WELL NO. 1
LOCATED 1980 FEET FROM THE NORTH AND
WEST LINES (UNIT F) OF SECTION 17, TOWNSHIP
4 SOUTH, RANGE 33 EAST, ROOSEVELT COUNTY,
SHOULD NOT BE PLUGGED AND ABANDONED IN
ACCORDANCE WITH A DIVISION APPROVED
PLUGGING PROGRAM.

CASE NO. 9041
Order No. R-8370

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 3, 1986, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 31st day of December, 1986, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) Casa Petroleum, Inc. is the owner and operator of the Peterson Well No. 1, located 1980 feet from the North and West lines (Unit F) of Section 17, Township 4 South, Range 33 East, NMPM, Roosevelt County, New Mexico.
- (3) U.S. Insurance Group is the surety on the Oil Conservation Division plugging bond on which Casa Petroleum, Inc. is principal.
- (4) The purpose of said bond is to assure the state that the subject well will be properly plugged and abandoned upon depletion or when not capable of commercial production.
- (5) The current condition of said well is such that waste may occur, correlative rights may be violated, or fresh waters

may be contaminated if action is not taken to properly plug and abandon the well.

(6) In order to prevent waste, protect correlative rights and prevent any fresh water contamination said Peterson Well No. 1 should be plugged and abandoned in accordance with a program approved by the Hobbs District Office of the New Mexico Oil Conservation Division on or before February 1, 1987, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED THAT:

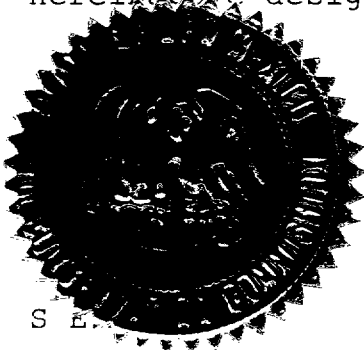
(1) Casa Petroleum, Inc. and U.S. Insurance Group are hereby ordered to plug and abandon the Peterson Well No. 1, located 1980 feet from the North and West lines (Unit F) of Section 17, Township 4 South, Range 33 East, NMPM, Roosevelt County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before February 1, 1987.

(2) Casa Petroleum, Inc. and U.S. Insurance Group, prior to plugging and abandoning the above-described well, shall obtain from the Hobbs Office of the Division an approved plugging program and shall notify said Hobbs office of the date and hour said work is to be commenced, whereupon the division may, at its option, witness such work.

(3) Should Casa Petroleum and/or U.S. Insurance Group fail or refuse to properly plug and abandon the Peterson Well No. 1 in accordance with the terms of this order, the Division shall take such steps as are necessary to have the well properly plugged.

(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "R. L. Stamets".

R. L. STAMETS
Director