



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONEY ANAYA
GOVERNOR

January 5, 1987

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Fannie Lee Mitchell, Inc. Re:
Box 1327
Lovington, New Mexico 88260

CASE NO. 9042
ORDER NO. R-8371

Applicant:

OCD (Fannie Lee Mitchell, Inc.)

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Sincerely,

R. L. STAMETS
Director

RLS/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Alston-Hargraves Insurance Agency, Inc.

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 FANNIE LEE
MITCHELL, UNITED STATES FIDELITY
AND GUARANTY COMPANY, AND ALL OTHER
INTERESTED PARTIES TO APPEAR AND
SHOW CAUSE WHY THE CAUDILL SWD WELL
NO. G-32 LOCATED 1980 FEET FROM THE
NORTH LINE AND 1830 FEET FROM THE EAST
LINE (UNIT G) OF SECTION 32, TOWNSHIP
15 SOUTH, RANGE 36 EAST, LEA COUNTY,
NEW MEXICO, SHOULD NOT BE PLUGGED AND
ABANDONED IN ACCORDANCE WITH A DIVISION
APPROVED PLUGGING PROGRAM.

CASE NO. 9042
Order No. R-8371

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on December 17, 1986, at Santa Fe, New Mexico, before Examiner David R. Catanach.

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) Fannie Lee Mitchell is the owner and operator of the Caudill SWD Well No. G-32, located 1980 feet from the North line and 1830 feet from the East line (Unit G) of Section 32, Township 15 South, Range 36 East, NMPM, Lea County, New Mexico.

(3) United States Fidelity and Guaranty Company is the surety on the Oil Conservation plugging bond on which Fannie Lee Mitchell is principal.

(4) Administrative Order No. SWD-17, dated October 22, 1958, authorized Shell Oil Company to use said well to dispose of produced water in the Devonian formation from 14,200 feet to 14,433 feet.

(5) The applicant took over operations on the well in May of 1976.

(6) Said well was tested by the Division in 1984 and failed to demonstrate mechanical integrity.

(7) By Order No. R-7954, dated June 7, 1985, the Division authorized the applicant to expand the injection interval in the well to include the interval from 4950 feet to 14,200 feet, provided that the applicant run a new string of casing from the surface to a depth of 5050 feet.

(8) Said order further stipulated that should the applicant fail to install new casing in the well within 120 days from the date of the order, the well should be plugged and abandoned.

(9) To date, the applicant has failed to comply with the provisions of said order.

(10) 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 this well.

(11) In order to prevent waste, protect correlative rights, prevent any fresh water contamination and in accordance with the provisions of Order No. R-7954, said Caudill SWD Well No. G-32 should be plugged and abandoned in accordance with a program approved by the Hobbs District Office of the Division on or before February 1, 1987.

IT IS THEREFORE ORDERED THAT:

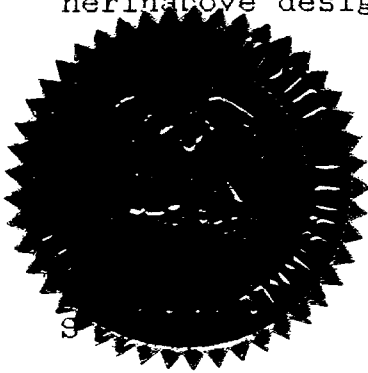
(1) Fannie Lee Mitchell and United States Fidelity and Guaranty Company are hereby ordered to plug and abandon the Caudill SWD Well No. G-32, located 1980 feet from the North line and 1830 feet from the East line (Unit G) of Section 32; Township 15 South, Range 36 East, NMPM, Lea County, New Mexico, on or before February 1, 1987.

(2) Fannie Lee Mitchell and United States Fidelity and Guaranty Company, 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 time said work is to be commenced whereupon the Division may, at its option, witness such work.

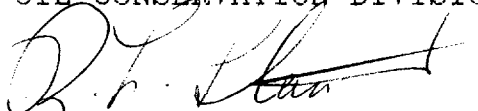
(3) Should Fannie Lee Mitchell and/or United States Fidelity and Guaranty Company fail or refuse to properly plug and abandon said well in accordance with the terms of this order, the Division shall take such steps as are necessary to have the well properly plugged.

(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 herinafove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


R. L. STAMETS,
Director