

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

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION TO PERMIT THE OPERATOR, A. L. DAWSEY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE EL VADO WELL NO. 2 (API NO. 30-039-24053), LOCATED IN RIO ARRIBA COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

*CASE NO. 11258
ORDER NO. R-10410*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 18, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of June, 1995, the Division Director, having considered 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) At the time of the hearing this case was consolidated with Case No. 11257 for the purpose of presenting testimony.
- (3) The witness in this matter, Johnny Robinson, Deputy Oil and Gas Inspector for the Division, testified via telephone from the New Mexico Oil Conservation Division District Office in Aztec, New Mexico.
- (4) A. L. Dawsey of Dallas, Texas was the last known owner and operator of the El Vado Well No. 2 (API No. 30-039-24053), located 1770 feet from the South line and 970 feet from the East line (Unit I) of Section 11, Township 27 North, Range 1 East, NMPM, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico.

(5) In compliance with the New Mexico Oil Conservation Division ("Division") Rules and Regulations, A. L. Dawsey, as operator of said well had posted a one-well cash plugging bond in July, 1986 in the amount of \$5,000.00 into a Certificate of Deposit with the First National Bank in Albuquerque, now known as the First Security Bank, in Albuquerque, New Mexico, and had assigned said account to the Division as security for said bond.

(6) The purpose of said bond is to assure the Division that the subject well will be properly plugged and abandoned when not capable of commercial production.

(7) According to the testimony presented at the hearing and through records on file with the Division the subject Certificate of Deposit along with interest checks were escheated to the State of New Mexico's Taxation and Revenue Department ("NMTRD") by First Security Bank.

(8) At this time, the Division seeks an order directing the operator to pay the costs of such plugging and if the operator fails to do so:

- (a) petition the NMTRD for return of these funds; and/or,
- (b) make demand upon First Security Bank to pay the Division so much of the funds as is necessary to pay the costs of plugging said well.

(9) The El Vado Well No. 2 has not produced hydrocarbon substance or has otherwise been inactive for more than six years, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(10) By virtue of the failure to use the subject well for a beneficial purpose or to have an approved current temporary abandonment permit, the well is presumed to have been abandoned.

(11) The current conditions of the El Vado Well No. 2 are 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 same.

(12) Neither the operator, a bank representative, nor any other interested parties appeared at the hearing, either in support of or in opposition to this matter.

(13) In order to prevent waste, to protect correlative rights, and to protect fresh waters, the above-described well should be plugged and abandoned in accordance with a program approved by the supervisor of the Aztec District Office of the New Mexico Oil Conservation Division on or before August 31, 1995 or cause the well to be returned to an active status.

IT IS THEREFORE ORDERED THAT:

(1) A. L. Dawsey of Dallas, Texas is hereby ordered to plug and abandon the El Vado Well No. 2 (API No. 30-039-24053), located 1770 feet from the South line and 970 feet from the East line (Unit I) of Section 11, Township 27 North, Range 1 East, NMPM, as projected into the unsurveyed Tierra Amarilla Land Grant, Rio Arriba County, New Mexico, or in the alternative, to return the well to active drilling status on or before August 31, 1995.

(2) A. L. Dawsey, prior to plugging and abandoning the above-described well, shall obtain from the supervisor of the Aztec District Office of the New Mexico Oil Conservation Division an approved program for said plugging and abandoning and shall notify said Aztec office of the date and time said work is to commence whereupon the Division may, at its option, witness such work.

(3) Should A. L. Dawsey either fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such action as is deemed necessary to have the well properly plugged and abandoned at which time the Director of the Division shall:

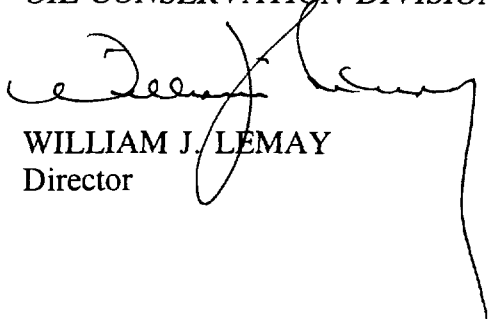
- (a) petition the New Mexico Taxation and Revenue Department for return of the \$5,000.00 Certificate of Deposit that was escheated to the State of New Mexico's Taxation and Revenue Department ("NMTRD") by First Security Bank; and/or,
- (b) make demand upon First Security Bank to pay the Division so much of the funds as is necessary to pay the costs of plugging said well.

(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


WILLIAM J. LEMAY
Director