

**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 III FOR AN ORDER REQUIRING
SEVEN WELLS LOCATED IN UNITS P, A, D, C, A, I, AND J OF SECTIONS 08, 17, 16,
16, 16, 11 AND 11, TOWNSHIPS 19 NORTH, RANGES 06 EAST (THE FIRST FIVE
WELLS) AND 05 EAST (THE LAST TWO WELLS), MCKINLEY COUNTY, NEW
MEXICO, OPERATED BY WOOSLEY OIL CO., TO BE PROPERLY PLUGGED,
AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND ORDERING A
FORFEITURE OF THE PLUGGING BOND.**

CASE NO. 11515

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Woosley Oil Co. (the "Operator") is the operator of the Santa Fe Energy Well No. 1 (P-08-19N-06W), Santa Fe Energy Well No. 2 (A-17-19N-06W), State Well No. 1 (D-16-19N-06W), State Well No. 2 (C-16-19N-06W), State Well No. 3 (A-16-19N-06W), Ptasynski A Well No. 1 (I-11-19N-05W) and Ptasynski A Well No. 2 (J-11-19N-05W) all located in McKinley County, New Mexico.

2. Operator has posted a surety blanket bond in the amount of \$50,000 from American Employers' Insurance Company, (Bond No. AR-71361-50) for said wells in compliance with Section 70-2-14 NMSA 1978 and Rule 101 of the Rules and Regulations of the Oil Conservation Division, which bond is conditioned upon compliance with the statutes of the State of New Mexico and the Rules and Regulations of the Division with respect to the proper plugging and abandonment of the wells operated by Operator.

3. The subject wells have not produced hydrocarbon or carbon dioxide substance or have

otherwise been inactive for more than one year or are no longer usable for beneficial purposes and no permit for temporary abandonment has been requested by the Operator and approved by the Division.

4. By virtue of the failure to use the wells for beneficial purposes or to have an approved current temporary abandonment permit, the subject wells are presumed to have been abandoned and are required to be plugged.

5. By authority of Section 70-2-14 NMSA 1978, the Rules and Regulations of the Division require wells which are inactive for more than one year or are no longer usable for beneficial purposes to be properly plugged.

6. Demand has been attempted to be made upon the Operator to either place the subject wells to beneficial use, obtain approval for temporary abandonment or properly plug and abandon the same and the Operator has failed to do so.

WHEREFORE, the Supervisor of District III of the Oil Conservation Division applies to the Director to enter an order:

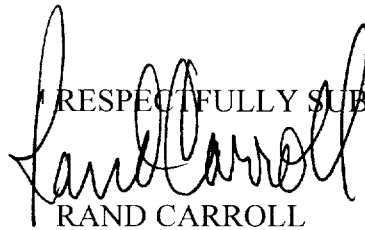
A. Determining whether or not the above-described wells should be plugged in accordance with a Division-approved plugging program.

B. Upon a determination that said wells should be plugged, directing Operator to plug said wells.

C. Further ordering that if Operator fails to plug and abandon said wells as ordered by the Director, that the Division be authorized:

- i. to plug said wells;
- ii. to declare forfeit on said bond and to take such action to
foreclose on said bond, and
- iii. to recover from the Operator any costs of plugging said wells in excess
of the amount of the bond.

D. For such other and further relief as the Division seems just and proper.

RESPECTFULLY SUBMITTED,


RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

2040 South Pacheco

Santa Fe, NM 87505

(505) 827-8156