

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR AN ORDER REQUIRING RPM ENERGY, INC. TO PROPERLY PLUG SIX WELLS (THREE WELLS LOCATED IN UNITS I, J AND D IN SECTION 16 AND THREE WELLS LOCATED IN UNITS L, J AND F IN SECTION 21) ALL IN TOWNSHIP 16 SOUTH, RANGE 26 EAST, EDDY COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELLS, AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

*Case No. 11944
Order No. R-10971*

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 5, 1998, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 3rd day of April, 1998, the Division Director, having considered the record and the recommendations of the Examiner, and being fully advised,

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) RPM Energy, Inc. is the last known owner and operator of the six (6) wells located as captioned above.

(3) In compliance with Division Rules and Regulations, the operator of said wells posted a blanket plugging bond in the amount of \$50,000.00 issued by United States Fire Insurance Company.

(4) The purpose of said bond was to assure the Division that the subject wells would be properly plugged and abandoned when not capable of commercial production.

(5) Neither the operator, the surety, nor any other interested party appeared at the hearing. A return receipt for notice of this hearing was signed for by the surety, which has sent the Division a letter requesting documentation regarding the bond and wells. The letter notice to the operator was marked as undeliverable and returned to the sender. The record contains uncontroverted evidence that the wells are in need of plugging.

(6) The subject wells have not produced hydrocarbon substances or have otherwise been inactive for more than one year, no C-115 Production Reports have been filed for a period of years and no permits for temporary abandonment have been requested by the operator or approved by the Division.

(7) By virtue of the operator's failure to use the subject wells for a beneficial purpose or to have approved current temporary abandonment permits, the wells are presumed to have been abandoned.

(8) The current condition of the subject wells 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 wells.

(9) In order to prevent waste, to protect correlative rights, and to protect fresh waters, the wells should be plugged and abandoned in accordance with a program approved by the supervisor of the Artesia District Office of the New Mexico Oil Conservation Division.

(10) At this time, the Division seeks an order directing the operator to plug the wells and, if the operator fails to do so, authorizing the Division to plug the wells, make demand upon the surety to pay the costs of plugging up to the amount of the bond, and pursue the operator for any costs incurred in excess of the bond amount..

IT IS THEREFORE ORDERED THAT:

(1) The operator is hereby ordered to immediately plug and abandon the subject wells.

(2) The operator, prior to plugging and abandoning the wells, shall obtain from the supervisor of the Division Artesia District Office an approved program for said plugging and abandoning and shall notify said office of the date and time said work is to commence whereupon the Division may, at its option, witness such work.

(3) Should the operator fail to carry out the provisions of this order within 30 days of the entry of this order, the Division shall take such action as it deems necessary to have the wells properly plugged and abandoned at which time the Division shall make demand upon surety to pay so much of the bond amount as is necessary to pay the costs of plugging said wells, and to pursue the operator for any costs incurred in excess of the bond amount.

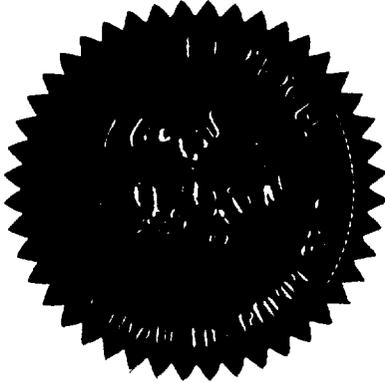
(4) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery
LORI WROTENBERY
Director



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