

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 ABBOTT VENTURES, OPERATOR, RALPH ABBOTT, OWNER, ALLIED FIDELITY INSURANCE COMPANY, SURETY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE N. E. HOGBACK STATE "NM" WELL NO. 1, LOCATED IN SAN JUAN COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

CASE NO. 11449
ORDER NO. R-10536

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on January 11, 1996, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 30th day of January, 1996, 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. 11450 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) The operator of record for the N. E. Hogback State "NM" Well No. 1 (API No. 30-045-09592), located 365 feet from the North line and 330 feet from the East line (Unit A) of Section 16, Township 30 North, Range 16 West, NMPM, San Juan County, New Mexico, is Abbott Ventures of which Ralph Abbott of Provo, Utah is owner.

(5) Allied Fidelity Insurance Company of Littleton, Colorado is the surety on a \$5,000.00 one-well plugging bond on which Abbott Ventures is principal.

(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) The evidence presented indicates that Allied Fidelity Insurance Company is bankrupt and no longer is in existence.

(8) The subject well has not produced hydrocarbon substance or has otherwise been inactive for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(9) 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.

(10) The current condition of the subject well is such that if action is not taken to properly plug and abandon this well, waste may occur, correlative rights may be violated, and/or fresh water may be contaminated.

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

(12) In order to prevent waste and to adequately protect both correlative rights and fresh waters said N. E. Hogback State "NM" Well No. 1, as described above, 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 May 1, 1996, or the well should be returned to active drilling status or placed on production.

(13) Further, should said well not be placed on production or returned to active drilling status the Division Director should be authorized to take such action as is deemed necessary to foreclose on the subject plugging bond to help defer such plugging cost accrued by the Division.

IT IS THEREFORE ORDERED THAT:

(1) Ralph Abbott, of Provo, Utah, owner of Abbott Ventures is hereby ordered to plug and abandon the N. E. Hogback State "NM" Well No. 1 (API No. 30-045-09592), located 365 feet from the North line and 330 feet from the East line (Unit A) of Section 16, Township 30 North, Range 16 West, NMPM, San Juan County, New Mexico, or in the alternative, to return said well to active drilling status or place the well on production on or before May 1, 1996.

(2) Abbott Ventures, 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 be commenced whereupon the Division may witness such work.

IT IS FURTHER ORDERED THAT:

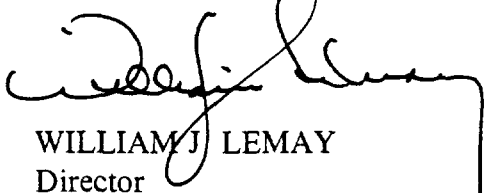
(3) If, after May 1, 1996, the operator has not complied satisfactorily with those requirements set forth in Decretory Paragraphs Nos. (1) and (2), above, the supervisor of the Aztec District Office of the New Mexico Oil Conservation Division is hereby authorized to direct the commencement of plugging operations on said N. E. Hogback State "NM" Well No. 1.

(4) The Division Director then shall take such action as is deemed necessary, if any, to foreclose on the Allied Fidelity Insurance Company \$5,000.00 one-well plugging bond on which Abbott Ventures is principal.

(5) 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

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