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

OIL CONSERVATION

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ("DIVISION") ON ITS OWN MOTION TO PERMIT SAGE OIL COMPANY, OPERATOR, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE GULF STATE WELL NO. 1, LOCATED IN CHAVES COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

CASE NO. 11275
ORDER NO. R-10480

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on October 5, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 13th day of October, 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) The witness in this matter, Ray Smith, Deputy Oil and Gas Inspector for the Division, testified via telephone from the New Mexico Oil Conservation Division District Office in Artesia, New Mexico.
- (3) The last operator of record for the Gulf State Well No. 1, located 660 feet from the South line and 1980 feet from the West line (Unit N) of Section 30, Township 10 South, Range 27 East, NMPM, Chaves County, New Mexico, is Sage Oil Company of Hobbs, New Mexico.
- (4) The Gulf State Well No. 1 was originally drilled by J. M. Huber Corporation to a total depth of 925 feet in March, 1960. After testing "dry", said well was properly plugged and abandoned. In November 1978 Sage Oil Company re-entered the Gulf State well in an attempt to establish oil production from the Queen formation. Trinity Universal Insurance Company was surety on a \$50,000.00 Blanket plugging bond