



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

BRUCE KING
GOVERNOR

OIL CONSERVATION DIVISION
ARTESIA DISTRICT OFFICE

P.O. DRAWER DD
ARTESIA, NEW MEXICO 88211
(505) 748-1283

MEMORANDUM TO: ENERGY RESOURCES OIL & GAS CORP.
FROM: Mike Williams, OCD District II Supervisor
DATE: May 2, 1991

The OCD has revised our rule on Temporarily Abandoned wells and is now in the process of implementing the new Order No. R-9210.

Essentially what the order says is that an operator can, with regulatory approval, shut in a producing well or an injection well for up to one year; after this period of time the operator must, within 90 days, implement one of the following:

- 1) The well be placed back into beneficial use.
- 2) The well be Temporarily Abandoned in accordance with Rule 203.
- 3) The well be Plugged & Abandoned in accordance with Rule 202.

Because of the number of wells in District II which have not been produced for over one (1) year (estimated number to be 1600), the Division realizes that the work cannot be done in 90 days. For this reason, after you receive the list of wells that have not produced for over a year, check your own manpower, rig availability and economics; then, request either a meeting with the District Supervisor or submit a time frame to bring the wells into OCD compliance. This time frame will include federal wells.

If possible, the Division would like to see all wells in compliance with OCD rules within a two-year period.

The Bureau of Land Management (BLM) has agreed to implement the OCD Rule 203 requiring well integrity testing before approving a well as temporarily abandoned. Any well listed that is on a Federal Oil and Gas Lease will need prior approval of the testing procedure from the BLM. Contact the appropriate BLM office for a description of what needs to be submitted. The wells on the list that are State or Fee

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leases will need the testing procedures approved by the appropriate NMOCD office.

If the scheduling of wells to be brought into compliance involves both OCD Districts I & II, submit the schedule to either or both Districts for approval.

To give a brief review of the new Temporary Abandon Rule 203 - it is designed to make sure the mechanical integrity of the casing is such that the well can be shut in without problems occurring. After testing the well in the manner outlined in Rule 203, the BLM or OCD can give approval to T.A. the well for up to five (5) years.

Attached are: Rule 202 for Plugging & Abandonment

Rule 203 for Temporary Abandonment of wells

List of wells that our records show have not produced in over a year*

MW:br

*NOTE: This list of wells may not be complete. If there are additions or deletions, please let us know.

04/30/91
NMDC DIST II

TA WELLS REPORT FORM 30
C/O. DRAWER 07

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ARTESIA 001 5321

***** POLSTAR: ENERGY RESOURCES OIL & GAS CORP. *****

STATE 32

FEDERAL CUSTODY

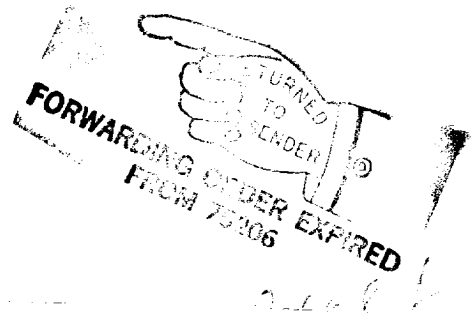
B. STYLED 11

FEDERAL SUBTOTAL

TOTAL # TA WELLS

LS DEPARTMENT

in
211



ENERGY RESOURCES OIL & GAS CORP.
2 Energy Square, Ste. 700
Dallas, TX 75206