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

FEB 10 1998
Oil Conservation Division

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF DISTRICT II FOR AN ORDER REQUIRING FRANK O. COX TO PROPERLY PLUG ITS MCCLAIN RANCH WELL NO. 1 LOCATED IN UNIT M OF SECTION 15, TOWNSHIP 2 SOUTH, RANGE 28 EAST, DE BACA COUNTY, NEW MEXICO, AUTHORIZING THE DIVISION TO PLUG SAID WELL, AND ORDERING A FORFEITURE OF THE PLUGGING BOND, IF ANY.

CASE NO. _____

APPLICATION FOR PLUGGING AND FORFEITURE OF BOND

1. Frank O. Cox (the "Operator") is the operator of a well, the McClain Ranch Well No. 1, located in Unit M of Section 15, Township 2 South, Range 28 East, De Baca County, New Mexico.
2. Operator has posted a cash bond in the amount of \$7,500 for said well 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 well operated by Operator. The cash bond is deposited with United New Mexico Bank-Artesia, Account No. 5000050936.
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 approved current temporary abandonment permits, 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 made or 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 II of the Oil Conservation Division applies to the Director to enter an order:

A. Determining whether or not the 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;

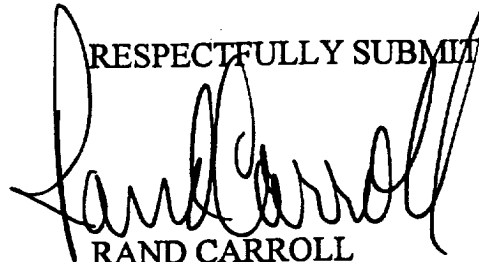
ii. to declare forfeit on said bond, if any, and to take such action to

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, if any.

D. For such other and further relief as the Division deems just and proper,
including the assessment of fines.

RESPECTFULLY SUBMITTED,

A handwritten signature in black ink, appearing to read "Rand Carroll", written over the typed name.

RAND CARROLL

Legal Counsel

New Mexico Oil Conservation Division

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