

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 THE OPERATOR, OTIS H. SANDERS, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE THIGPEN, ET AL WELL NO. 1-Y (API No. 30-015-22933), LOCATED IN EDDY COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

CASE NO. 11256
ORDER NO. R-10398

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on May 18, 1995, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 20th day of June, 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) Otis H. Sanders of Roswell, New Mexico was the last known owner and operator of the Thigpen, et al Well No. 1-Y (API No. 30-015-22933), located 1800 feet from the North line and 1980 feet from the West line (Unit F) of Section 7, Township 16 South, Range 25 East, Eddy County, New Mexico.
- (3) In compliance with the New Mexico Oil Conservation Division ("Division") Rules and Regulations, Otis H. Sanders, as operator of said well had posted a one-well cash plugging bond in October, 1990 in the amount of \$5,000.00 into a Certificate of Deposit with the Sunwest Bank of Roswell, N. A. in Roswell, New Mexico, and had assigned said account to the Division as security for said bond.
- (4) 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.

(5) Upon its maturity in October, 1993 Sunwest Bank of Roswell, N. A. released said Certificate of Deposit back to Otis H. Sanders even though the Division was to have approved such release.

(6) At this time, the Division seeks an order directing the operator to pay the costs of such plugging and if the operator fails to do so, make demand upon Sunwest Bank of Roswell, N. A. to pay the Division so much of the funds, up to the amount of the cash bond, \$5,000, as is necessary to pay the costs of plugging said well.

(7) The Thigpen, et al Well No. 1-Y 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.

(8) 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.

(9) The current conditions of the Thigpen, et al Well No. 1-Y are 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 same.

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

(11) In order to prevent waste, to protect correlative rights, and to protect fresh waters, the above-described well 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 on or before July 20, 1995 or cause the well to be returned to an active status.

IT IS THEREFORE ORDERED THAT:

(1) Otis H. Sanders of Roswell, New Mexico is hereby ordered to plug and abandon the Thigpen, et al Well No. 1-Y (API No. 30-015-22933), located 1800 feet from the North line and 1980 feet from the West line (Unit F) of Section 7, Township 16 South, Range 25 East, Eddy County, New Mexico, or in the alternative, to return the well to active drilling status on or before July 20, 1995.

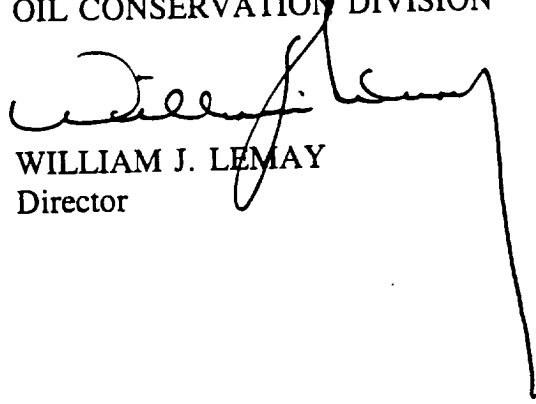
(2) Otis H. Sanders, prior to plugging and abandoning the above-described well, shall obtain from the supervisor of the Artesia District Office of the New Mexico Oil Conservation Division an approved program for said plugging and abandoning and shall notify said Artesia office of the date and time said work is to commence whereupon the Division may, at its option, witness such work.

(3) Should Otis H. Sanders either fail or refuse to carry out such provisions in accordance with the terms of this order, the Division shall then take such action as is deemed necessary to have the well properly plugged and abandoned at which time the Director of the Division shall make demand upon Sunwest Bank of Roswell, N. A. to pay the Division so much of the funds as is necessary to pay the costs of plugging said well, up to the amount of the cash bond of \$5,000.

(4) 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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