

(8) A representative of the Division's District Office in Hobbs (District I) presented evidence and testimony supporting its position that the subject wells should be plugged and abandoned.

(9) All nineteen of the subject wells have not produced hydrocarbon substance and have otherwise been inactive for more than one year. Further, no permit for temporary abandonment, pursuant to Division General Rule 203, has been requested by the operator or approved by the Division.

(10) By virtue of the failure to use the subject wells for beneficial purposes or to have approved temporary abandonment permits, the subject wells are presumed to have been abandoned by Polaris.

(11) The evidence presented indicates that the current condition of said wells are such that if action is not taken to properly plug and abandon these wells, waste will probably occur, correlative rights will be violated, livestock and wildlife may be subject to harmful contaminants, and/or fresh waters are in danger of contamination.

(12) Polaris has requested Division forbearance on these wells in order to assess further development of the Denton field with the subject wells. Subsequent to the hearing, Polaris proposed the following remedial action on its leases within the Denton field and on the subject 19 wells:

(a) immediately begin plugging the four wells on the Argo fee lease comprising the N/2 of Section 3, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico, and remove the tank battery and other surface equipment located thereon;

(b) dismantle and remove the tank battery on the T. D. Pope fee lease, comprising the W/2 of Section 36, Township 14 South, Range 37 East, NMPM, Lea County, New Mexico, and cause the lease to be cleaned up accordingly;

(c) cause the Priest Well No. 4 in Unit "D" of Section 1, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico to be restored to productive status and repair the gas leak at the wellhead;

(d) remove all equipment from the Pacific Royalty fee lease, comprising the E/2 of Section 10, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico;

(e) spend at least \$2,000.00 per month to clean up its leases within the Denton field for a period of six months, at which time it will seek a review and assessment from the Division;

(f) either restore to production or set a bridge plug in one well per quarter on the remaining 14 wells involved in this matter; and,

(h) cause to have the groundwater from nearby fresh water wells to be sampled and analyzed for possible hydrocarbon contamination and the data submitted to the Supervisor of the Hobbs District Office of the Division.

(13) At this time, the Division seeks an order directing Polaris to take certain actions, as stated above, regarding these wells and its leases within the Denton field and, if the operator fails to do so, fines should be imposed and 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 and site cleanup costs accrued by the Division in the plugging of these wells.

IT IS THEREFORE ORDERED THAT:

(1) Polaris Production Corp. ("Polaris") of Midland, Texas by September 15, 1997, shall begin plugging the following described four wells, at a rate of one well every two months, all located on its Argo fee lease, comprising the N/2 of Section 3, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico, and remove the tank batteries and surface equipment located thereon with all work to be completed to the satisfaction of the Supervisor of the Division's District Office in Hobbs (District I) by September 15, 1998:

(a) Argo Well No. 2 (API No. 30-025-05263), located 2287 feet from the North line and 330 feet from the East line (Unit H) of Section 3, Township 15 South, Range 37 East, NMPM, Lea County, New Mexico;