

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

CASE NO. 12825
ORDER NO. R-11780

IN THE MATTER OF THE HEARING CALLED BY THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE SUPERVISOR OF DIVISION DISTRICT I OFFICE IN HOBBS, NEW MEXICO ON ITS OWN MOTION FOR AN ORDER: (I) REQUIRING LEIGH OPERATING COMPANY TO PROPERLY PLUG AND ABANDON TWO WELLS IN LEA COUNTY, NEW MEXICO; (II) IMPOSING CIVIL PENALTIES IN THE EVENT OF FAILURE TO COMPLY; (III) ORDERING A FORFEITURE OF APPLICABLE PLUGGING BOND(S); AND (IV) AUTHORIZING THE DIVISION TO PLUG AND ABANDON THESE WELLS.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 16, 2002, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this 7th day of June, 2002, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given and the Division has jurisdiction of this case and its subject matter.

(2) Leigh Operating Company is the current owner and operator of the following- described wells in Lea County, New Mexico:

<u>Well Name</u>	<u>API Number</u>	<u>Well Location</u>
Caudill State No. 1	30-025-27461	1660' FSL & 1660' FWL (Unit K) Section 26, T-15 South, R-36 East;
Caudill State No. 2	30-025-27637	660' FNL & 1980' FFL (Unit B) Section 26, T-15 South, R-36 East;

(3) At this time, the Division seeks an order directing the operator to plug the above-described wells in accordance with a Division-approved plugging program and, if the operator fails to do so, authorizing the Division to proceed to plug and abandon these wells,

order the forfeiture of the plugging bond(s) for these wells, and impose a civil penalty on the operator for failure to comply with this order.

(4) A representative of the Division's Hobbs District Office appeared at the hearing via conference phone and presented evidence to support the Division's position that the Caudill State Wells No. 1 and 2 should be plugged and abandoned.

(5) These wells have not produced hydrocarbons and have been inactive for more than one year, and no permit for temporary abandonment has been requested by the operator or approved by the Division.

(6) By virtue of the failure to use these wells for beneficial purposes or to have an approved temporary abandonment permit, the subject wells are presumed to have been abandoned by Leigh Operating Company.

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

(8) The Division has, on several occasions, contacted Leigh Operating Company to advise them that the Caudill State Wells No. 1 and 2 are not in compliance with Division rules, and to request that action be taken to bring these wells into compliance. Leigh Operating Company has thus far not taken any action to bring the Caudill State Wells No. 1 and 2 into compliance with Division rules.

(9) Leigh Operating Company received notice of this case from the Division on February 13, 2002, but did not appear at the May 16th hearing.

(10) The Caudill State No. 1 is currently covered by a \$10,000 single-well plugging bond issued by Underwriters Indemnity Company.

(11) The Caudill State No. 2 is currently covered by a \$10,000 single-well plugging bond issued by Underwriters Indemnity Company.

(12) In order to prevent waste and to adequately protect correlative rights and the environment, the Caudill State Wells No. 1 and 2 should be plugged and abandoned by Leigh Operating Company in accordance with a plugging program approved by the supervisor of the Division's Hobbs District Office on or before July 15, 2002.

(13) Should Leigh Operating Company not meet this July 15, 2002 plugging obligation, the Division Director should then be authorized to take such action as is deemed