



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Montana State Office

222 North 32nd Street

P.O. Box 36800

Billings, Montana 59107-6800

REPLY REFER TO:

SDR-922-94-06

NDM 32753

3165.3 (922.PL)

August 24, 1994

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

### DECISION

Mr. R.C. Kersey )  
Apache Corporation )  
700 Lincoln, Suite 1900 )  
Denver, Colorado 80203-4519 )

SDR No. 922-94-06

Affirmed

Apache Corporation (Apache) requested a State Director Review (SDR) (Enclosure 1) of a letter from the Dickinson District Office (DDO) dated July 21, 1994, (Enclosure 2) assessing Apache \$500 for failure to obtain approval to plug and abandon the Federal Larsen No. 1 water-injection well. The well was plugged and abandoned (P&A) on June 15, 1994, and is located in the SW $\frac{1}{4}$ SW $\frac{1}{4}$  of sec. 1, T. 136 N., R. 100 W., Slope County, North Dakota on Federal Oil and Gas Lease No. NDM 32753. Apache's request for an SDR was timely received on August 15, 1994

Apache is requesting that the \$500 fine imposed on Apache be waived for the following reasons:

- 1 Apache sold the property and cannot be totally responsible for the actions of the buyer (plugging a Federal well without prior approval and not obtaining proper bonding).
2. The well was plugged per NDIC requirements and witnessed by an NDIC field inspector. No casing was pulled. Apache Corporation believes the well to be adequately P&A.

The DDO learned that the above-referenced well was P&A by Turtle Mountain Gas and Oil, Inc. (TMGOI) on June 15, 1994, through a North Dakota Industrial Commission (NDIC) report and subsequent discussions with NDIC personnel. There was no record that indicated that Apache had obtained approval from the BLM prior to this abandonment. Apache is the recognized operator by the BLM for the well.

On December 7, 1992 (Enclosure 3), TMGOI filed a Federal Notice of Intent to Abandon (NIA) the Larsen No. 1 well with the DDO. On December 28, 1992 (Enclosure 4), the DDO informed TMGOI that it could not be recognized as operator by the BLM without proper bonding. A copy of the December 28 letter was also sent to Apache. On June 11, 1993, the NIA was rejected and returned to TMGOI by the DDO.

The regulations at 43 CFR 3162.3-4(a) require that an operator obtain approval in writing prior to well abandonment and failure to do so will result in an immediate assessment of \$500 in accordance with 43 CFR 3163.1 (b)(3). Apache may not have been the owner of the well; however, as the recognized operator of the well, Apache is still required to follow the Federal regulations. In addition, a copy of the DDO's December 28, 1992, letter advising TMGOI of the requirements to become an operator and acknowledgment of the receipt of TMGOI's NIA was forwarded to Apache. No written correspondence from Apache to the BLM was ever received on this issue until the SDR request dated August 10, 1994.

Based on these facts, we hereby deny Apache's request to waive the \$500 fine assessed by the DDO for failure on Apache's part to obtain approval to plug and abandon the Federal Larsen No. 1 well.

A copy of a letter dated August 16, 1994, to the BLM from Apache along with the NDIC Plugging Report was telefaxed by Apache to the DDO on August 19, 1994 (Enclosure 5). The DDO reviewed the plugging report and determined that the well was properly P&A. Therefore, since the Larsen No. 1 well is the last well on the lease, and the well was properly P&A; we hereby waive the requirement for Apache to submit the Federal NIA and subsequent report of abandonment to the BLM for approval. However, the DDO will conduct an onsite inspection to ensure that reclamation has occurred in order to verify and ensure final surface reclamation (i.e., vegetation stand established) prior to releasing the liability from the existing bond.

This Decision may be appealed to the Board of Land Appeals, Office of the Secretary, in accordance with the regulations contained in 43 CFR 4.400 and Form 1842-1 (Enclosure 6). If an appeal is taken, a Notice of Appeal (NOA) must be filed in this office at the aforementioned address within 30 days from receipt of this Decision. A copy of the NOA and of any statement of reasons, written arguments, or briefs must also be served on the Office of the Solicitor at the address shown on Form 1842-1. It is also requested that a copy of any statement of reasons, written arguments, or briefs be sent to this office. The appellant has the burden of showing that the Decision appealed from is in error.



Howard A. Lemm, Acting  
Deputy State Director  
Division of Mineral Resources

6 Enclosures

- 1 - Apache SDR Request dated August 10, 1994 (2 pp)
- 2 - DDO Letter dated July 21, 1994 (2 pp)
- 3 - TMGOI Letter December 7, 1992 (2 pp)
- 4 - DDO Letter dated December 28, 1992 (1 p)
- 5 - Apache letter dated August 16, 1994 w/ NDIC Plugging Report (2 pp)
- 6 - Form 1842-1 (1 p)

cc: (w/encls.)

Turtle Mountain Gas and Oil, Inc., P.O. Box 4, Bottineau, ND 58318