

This rule was filed as Rule G-101.

TITLE 19 NATURAL RESOURCES AND WILDLIFE
CHAPTER 14 GEOTHERMAL POWER
PART 20 PLUGGING BOND

19.14.20.1 ISSUING AGENCY: Energy and Minerals Department, Oil Conservation Division, P.O. Box 2088, Santa Fe, New Mexico.
[Recompiled 12/31/01]

19.14.20.2 SCOPE: [RESERVED]
[Recompiled 12/31/01]

19.14.20.3 STATUTORY AUTHORITY: [RESERVED]
[Recompiled 12/31/01]

19.14.20.4 DURATION: [RESERVED]
[Recompiled 12/31/01]

19.14.20.5 EFFECTIVE DATE: [November 15, 1983]
[Recompiled 12/31/01]

19.14.20.6 OBJECTIVE: [RESERVED]
[Recompiled 12/31/01]

19.14.20.7 DEFINITIONS: [RESERVED]
[Recompiled 12/31/01]

19.14.20.8 PLUGGING BOND:

A. Any person who has drilled or is drilling or proposes to drill any geothermal resources well shall post with the division, and obtain approval thereof, a bond, in a form approved by the division, conditioned to plug such well, if non-productive or when abandoned, in such a way as to confine all fluids in their native strata. Each such bond shall be executed by a responsible surety company authorized to transact business in the state of New Mexico and shall describe, or by subsequent rider describe, the name and exact location of the well, or wells, covered by the bond. Bonds may be either one-well bonds or multi-well bonds, in the amounts stated below in accordance with type of bond and depth of well(s):

(1) One-well bonds:

Projected depth of proposed well or Actual depth of existing well	Amount of bond
Less than 500 feet deep ("shallow")	\$2,000
500 feet to 2,000 feet deep ("intermediate")	\$3,000
More than 2,000 feet deep ("deep")	\$5,000.

Revised plans for an actively drilling shallow or intermediate well being drilled under a one-well bond may be approved by the division for drilling as much as 15 percent deeper than the maximum depth on the well's bond, provided, however, any well drilled more than 15 percent deeper than the maximum allowed depth on the bond must be covered by a new bond in the amount prescribed for the deeper depth bracket, in which case the old bond will be released.

(2) Multi-well bonds:

Projected depth of proposed wells or Actual depth of existing wells	Amount of bond
Less than 500 feet deep ("shallow")	\$10,000
500 feet to 2,000 feet deep ("intermediate")	\$10,000
More than 2,000 feet deep ("deep")	\$10,000

(a) Not more than ten shallow wells may be drilled under a \$10,000 multi-well bond. A \$2,000 one-well bond shall be posed for each additional shallow well drilled or an additional \$10,000 multi-well bond must be posted for each additional ten (or portion thereof) shallow wells drilled.

(b) Not more than six intermediate wells may be drilled under a \$10,000 multi-well bond. A \$3,000 one-well bond shall be posted for each additional intermediate well drilled or an additional \$10,000 multi-well bond must be posted for each additional six (or portion thereof) intermediate wells drilled.

(c) Not more than four deep wells may be drilled under a \$10,000 multi-well bond. A \$5,000 one-well bond shall be posted for each additional deep well drilled or an additional \$10,000 multi-well bond must be posted for each additional four (or portion thereof) deep wells drilled.

(d) The \$10,000 multi-well bond may be used to cover the drilling of a combination of wells, i.e., shallow and intermediate, shallow and deep, intermediate and deep, or shallow, intermediate and deep, provided however, that the \$10,000 capacity of the bond shall be charged in an amount equal to the one-well bond requirement for each such combination well according to its depth.

(e) Revised plans for an actively drilling shallow or intermediate well being drilled under a multi-well bond may be approved for drilling as much as 15 percent deeper than the well's maximum depth bracket without affecting the bond. Any well drilled more than 15 percent deeper than its depth bracket, however, shall be placed in the next deeper depth bracket, and the \$10,000 capacity of the multi-well bond charged accordingly. Additional bonding will be required in the event the capacity of the bond to cover the well in its new depth bracket is inadequate.

B. For the purposes of the division, the bond required is a plugging bond, not a drilling bond, and shall endure until the well has been plugged and abandoned, and such plugging and abandonment approved by the division. Transfer of the well or property does not release the bond. In case of transfer and the principal desires to be released from the bond, he shall proceed as follows:

(1) The principal on the bond shall notify the division in writing that the well, or wells, covered by the bond are being or have been transferred to a certain transferee. The notice shall name the wells and shall give their exact location.

(2) On the same instrument the transferee shall recite that he accepts such transfer and accepts the responsibility for such well, or wells, under his bond which shall be tendered therewith.

(3) When the division has approved the transfer, the transferor is immediately released of the plugging responsibility of the well, or wells, constitute all of the wells covered by the bond, such bond will be released by written notice from the division to the principal and to the surety company.

C. The division director is vested with power to act for the division in all matters relating to this rule.
[Recompiled 12/31/01]

HISTORY OF 19.14.20 NMAC:

Pre-NMAC History: The material in this Part was derived from that previously filed with the State Records Center and Archives:

Rule G-101, Plugging Bonds, 11/1/83.

History of Repealed Material: [RESERVED]