

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

2012 FEB 16 P 4:17

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF C & D MANAGEMENT
COMPANY TO RE-OPEN CASE NO. 14055
FOR A COMPLIANCE ORDER, *ETC.*, EDDY
COUNTY, NEW MEXICO.**

Case No. 14055 (Re-opened)

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by applicant as required by the Oil Conservation Division.

APPEARANCES

APPLICANT

C & D Management Company
No. 1115-310
6955 North Durango Drive
Las Vegas, Nevada 89149

Attention: Martina Castle
(702) 413-6686
martinapcd@aol.com

APPLICANT'S ATTORNEY

James Bruce
P.O. Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

OTHER PARTY

Oil Conservation Division

OTHER PARTY'S ATTORNEY

Sonny Swazo

STATEMENT OF THE CASE

APPLICANT

Summary: C & D Management Company ("C & D") is the operator of record of seventeen (17) wells located in Sections 12, 13, 14, 24, and 25 of Township 17 South, Range 27 East, N.M.P.M., and Section 18 of Township 17 South, Range 28 East, N.M.P.M., identified in Commission Order No. R-12913-E. C & D requests that Case No. 14055 be re-opened to allow applicant to provide evidence of its partial compliance with Division reporting obligations and

financial assurance requirements, and that the Division enter an order granting applicant further time to bring wells into compliance before they are plugged by the Division. C & D also requests that its authority to transport be re-instated.

Background: C & D was the subject of several compliance hearings. Due to non-compliance with the Division's regulations, Order Nos. R-12913-E and R-12913-G were entered which (i) suspended its authority to transport, (ii) required compliance with reporting obligations and financial assurance requirements, and (iii) required it to bring wells back into compliance. **Order Nos. R12913-E and R-12913-G are attached hereto as Exhibits 1 and 2.** Due to non-compliance with the orders, the Division began plugging C & D's wells. To date the Division has plugged five wells, at a cost of \$170,906.48. Less a \$10,000.00 bond, the Division has requested that it be reimbursed in the amount of \$160,906.84.

The owner of C & D at the time the orders were issued was Thomas Kizer. Unknown at the time, Mr. Kizer had cancer, which did not become known until months later. Mr. Kizer seemed unable to make decisions regarding the subject properties and orders, and as a result C & D did not comply with the orders. Martina Castle inherited all shares of C & D from Mr. Kizer's estate. **Exhibit 3.** Ms. Castle desires to have C & D satisfy the terms of the orders, and has been in contact with Division enforcement personnel regarding this matter.

C & D hired an accountant and has now corrected all reporting violations, and has hired a pumper to assure the wells are properly operated. C & D desires to correct the other requirements of the orders. However, it needs additional time and the ability to sell production to continue complying with the orders. As a result, C & D requests that:

1. The Commission reinstate its authority to transport.
2. The Division cease plugging the wells.
3. The Commission set a new schedule for bringing the wells into compliance.

The purchaser of production has funds in suspense owned by C & D. In addition, there is oil which can be sold and transported to the purchaser of production. That oil, and future production, will generate funds to allow C & D to further comply with the orders. C & D proposes as follows:

- A. It be allowed to transport and sell produced oil, and that 50% of the proceeds attributable to C & D's net revenue interest be paid by the purchaser of production directly to the Division to re-pay the Division's plugging costs.
- B. The remaining 50% of revenue will be retained by C & D to pay operating costs, obtain additional bonding on the Schneider Well No. 1 (\$6725.00), and bring wells into compliance.

OTHER PARTY

PROPOSED EVIDENCE

APPLICANT

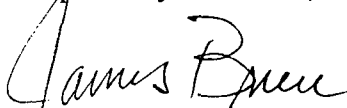
<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
Martina Castle (owner)	30 min.	3

OPPONENT

<u>WITNESSES</u>	<u>EST. TIME</u>	<u>EXHIBITS</u>
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PROCEDURAL MATTERS

Respectfully submitted,



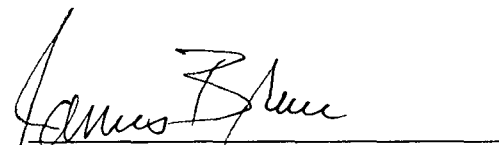
James Bruce
Post Office Box 1056
Santa Fe, New Mexico 87504
(505) 982-2043

Attorney for C & D Management Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 16th day of February, 2012 by hand delivery:

Sonny Swazo
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505


James Bruce