

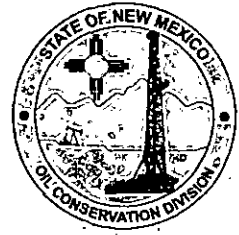
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



December 12, 2014

Larry Marker
Larry Marker DBA Marker Oil
PO Box 3188
Roswell, NM 88202

VIA CERTIFIED MAIL, RETURN RECEIPT: 7012 0470 0000 0882 4942

Kelly Mack Cassels
Sanders Bruin Coll & Worley PA
PO Box 550
Roswell, NM 88202

VIA CERTIFIED MAIL, RETURN RECEIPT: 7012 0470 0000 0881 0020

Re: Case No. 15254. Application of the New Mexico Oil Conservation Division, by and through its attorney for a Compliance Order against Larry Marker DBA Marker Oil, directors, and officers, jointly and severally, finding that the operator is in violation of N.M.S.A. §70-2-14 and OCD Rules 19.15.8.9 and 19.15.7.24 NMAC, requiring sanctions as provided by OCD Rule 19.15.5.10 until compliance with all division rules is achieved by a date certain, and in the event of non-compliance, to assess additional sanctions.

Dear Mr. Marker:

Per my email to you on November 18, 2012, the New Mexico Oil Conservation Division ("OCD") will hold a hearing at 8:00 AM on January 8, 2015, at our Santa Fe office, located at 1220 South St. Francis Drive, Santa Fe, NM 87505, directing you to comply with OCD Rule 19.15.8.9 requiring financial assurance and as I have since noted OCD Rule 19.15.7.24 NMAC because again, no monthly production reports have been received from you since August, 2014.

In the event of non-compliance, the OCD will seek sanctions against Marker Oil per the attached application for hearing. If you comply with these rules prior to the hearing date, please notify me and we can resolve the issue prior to hearing. If you have any questions regarding the hearing process, please contact me at (505) 476-3463 or Keith.Herrmann@state.nm.us.

Best regards

A handwritten signature in black ink, appearing to read "Keith W. Herrmann", written over a horizontal line.

Keith W. Herrmann
Assistant General Counsel

Exhibit B

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Sent To	Larry Marker-Marker Dil
Street, Apt. No., or PO Box No.	PO Box 3188
City, State, ZIP+4	Roswell, NM 88202

Herrmann, Keith, EMNRD

From: Herrmann, Keith, EMNRD
Sent: Wednesday, December 31, 2014 12:38 PM
To: 'Larry'
Cc: Kelly Cassels
Subject: OCD Case No. 15254 OCD Seeking Financial Assurance From Marker Oil
Attachments: 2014-12-31 Case No. 15254 Pre Hearing Statement Larry Marker DBA Marker Oil.pdf

Larry,

Attached is the Pre-Hearing statement for the OCD for Case No. 15254 where the OCD will seek an order requiring you to furnish acceptable financial assurance to the OCD. On the original application, we noted that you again fell behind on your reporting, however you are now current through November, and that is noted on the pre-hearing statement.

As of today, no one has filed an appearance on your behalf for this hearing. Failure to appear at hearing will mean that no defenses on your side will be heard or considered by the Examiner for his final order. It is in your interest to appear and state your case. I am still open to a pre hearing conference where we can find a resolution outside of a formal OCD Order, but if no action is taken in this matter, we will have no other option.

Thanks

Keith Herrmann

Assistant General Counsel
New Mexico Oil Conservation Division
1220 S. St. Francis Dr.
Santa Fe, NM 87505
Tel: (505) 476-3463
Fax: (505) 476-3462
Keith.Herrmann@state.nm.us

New Mexico Energy, Minerals and
Natural Resources Department
Office of the General Counsel
1220 South St. Francis Drive
Santa Fe, NM 87505

Attn: Keith Herrmann

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12/12/2014

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Larry Marker
Larry Marker DBA Marker Oil

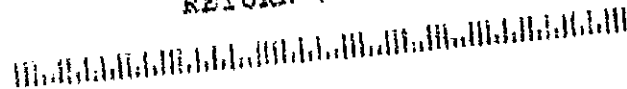
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1. Article Addressed to:

Larry Marker
DBA Marker Oil
PO Box 3188
Roswell, NM 88202

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X☐ Agent☐ AddresseeB. Received by (*Printed Name*)

C. Date of Delivery

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☐ Certified Mail☐ Express Mail☐ Registered☐ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.4. Restricted Delivery? (*Extra Fee*)☐ Yes

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<p>1. Article Addressed to:</p> <p> Kelly Mack Cassels Sanders Bruin Collg Worley PA PO Box 550 Roswell, NM 88202 </p>		<p>B. Received by (Printed Name) C. Date of Delivery</p> <p> Kelly Mack Cassels 12/16/2004 </p>	
<p>2. Article Number (Transfer from service label)</p> <p>7012 0470 0000 0881 0020</p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>3. Service Type</p> <p> <input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D. </p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>	
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<p>Sent To Kelly Mack Cassels</p> <p>Street, Apt. No., or PO Box No. PO Box 550</p> <p>City, State, ZIP+4 Roswell, NM 88202</p>	
<p>PS Form 3800, August 2005 See Reverse for Instructions</p>	