

Herrmann, Keith, EMNRD

From: Larry <larrym_gdc@hotmail.com>
Sent: Wednesday, November 12, 2014 5:28 PM
To: Herrmann, Keith, EMNRD
Cc: Kelly Cassels
Subject: RE: Larry Marker Oil C-145 Denial OGRID No. 290537

Follow Up Flag: Follow up
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Kieth

I am not arguing the point that I need to acquire bonding for the wells you recently approved change of operator on. At that time I was not aware that I needed a separate bond for wells on state land and I am currently working to get the blanket bond for the state wells I am saying simply that I need to complete the change of operator on the fed wells that I bought back in May. Your people are needing the c115 for those wells to be filed we have attempted to file the reports as law requires and we can't because you will not approve the change of operator. Your refusal to approve this change has created some discomfort from the former owner of the Russel fed lease. They have gotten demand letters from your people wanting the c-115. They can't file them because they don't operate them I do. The BLM has already approved the change. I don't see the relationship to the state wells that I need bonding for. My fed bond is in place and is a blanket bond I am current on all my reporting so I don't have any non-active wells. You have no legitimate reason to deny the change on the fed wells.

I would further submit that had you not approved the change of operator on the state wells in August this would not be an issue. If you will remember you approved the change of operator on the state wells and then wouldn't approve the change on the Russel feds because the wells you just approved were inactive which put me over the inactive limit. We then got current on the reporting to get the new state wells off the inactive list. And now I can't get the change done on the Russel fed even though you have on file my fed bond and I am current on reporting wells that I should have never been approved for because of state bond requirements.

How about this you suspend my approval to operate the state wells you approved in August until I get my bonding in place. I am thinking by the end of the year my bonding should be in place. As I told you before the way I bond is to buy a CD at the bank then I get a non-revocable letter of credit for my bond. I recently had a reduction of income of about 30% so it will take that long to pump enough crude to sell to purchase the required CD.

THANKYOU FOR YOUR TIME
Larry Marker DBA Marker oil



From: Keith.Herrmann@state.nm.us

To: larrym_gdc@hotmail.com

CC: Denise.Gallegos@state.nm.us; daniel.sanchez@state.nm.us; Gabriel.Wade@state.nm.us; paul.kautz@state.nm.us; MaxeyG.Brown@state.nm.us

Subject: Larry Marker Oil C-145 Denial OGRID No. 290537

Date: Wed, 12 Nov 2014 17:46:26 +0000

Mr. Marker,

Pursuant to 19.15.9.9 regarding a change of operator, the Oil Conservation Division ("OCD") can deny a change of operator if the new operator is out of compliance with subsection A of 19.15.5.9 NMAC. 19.15.5.9(A) NMAC, item (1) specifically identifies our financial assurance requirements. Upon receiving a C-145 request, the OCD statutorily obligated to verify that an operator conforms to the OCD compliance rule before the transfer is approved.

As of today, you have not come into compliance with the State of New Mexico's financial assurance requirements for oil and gas operators as required under 19.15.8 NMAC. That these wells you wish to transfer are federal does not change the fact that you are still out of compliance with state rules. Without approved financial assurance in place, we cannot approve any application, including APD's, and well transfer requests, to Larry Marker Oil. If no bond is put in place soon, a compliance conference will be scheduled and the Division Attorney will seek a compliance order requiring compliance, and additional sanctions until compliance is achieved.

If you wish to appeal the decision to deny your C-145, you may request a hearing at the OCD. However our financial assurance requirements apply to all operators and no exceptions have been made to allow an operator to continue to operate oil and gas wells on state or private land without the required financial assurance in place.

If you have any further questions, feel free to contact me.

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