

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST CBS OPERATING CORP. ASSESSING CIVIL PENALTIES; REQUIRING CBS OPERATING CORP. TO BRING THE WELLS INTO COMPLIANCE WITH 19.15.9.703 NMAC OR PLUG THE WELLS BY A DATE CERTAIN; AND IN THE EVENT OF NON-COMPLIANCE, AUTHORIZING THE DIVISION TO FORFEIT THE APPLICABLE FINANCIAL ASSURANCE AND PLUG THE WELLS; EDDY COUNTY, NEW MEXICO.

CASE NO. 13720

2009 JUN 15 PM 12 34

**ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT**

This entry of appearance and pre-hearing statement is submitted by the Applicant, the Oil Conservation Division.

APPEARANCES

APPLICANT
Oil Conservation Division

APPLICANT'S ATTORNEY
Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451
FAX: 476-3462

STATEMENT OF THE CASE

The Oil Conservation Division (OCD) moves for an order finding that CBS Operating Corp. (CBS) knowingly and willfully violated Rules 703 as to the identified wells by failing to equip, operate, monitor and/or maintain the wells to facilitate periodic testing and to assure continued mechanical integrity, after being notified of mechanical integrity test failures; assessing a civil penalty in an amount totaling not less than \$35,000 for the continuing, knowing and willful violation of Rule 703; requiring CBS to return the wells to compliance within 90 days of the issuance of the order; and, if CBS fails to return the

wells to compliance by the deadline set in the order, authorizing the OCD to plug the wells and forfeit the applicable financial assurance.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:	ESTIMATED TIME:
1. Daniel Sanchez, Enforcement and Compliance Manager	20 minutes
2. Dorothy Phillips, Financial Assurance Administrator	(by affidavit)
3. Van Barton, OCD District 2	10 minutes
4. Tim Gum, OCD District 2	10 minutes
5. Gerry Guye, OCD District 2	45 minutes

PROCEDURAL MATTERS

The OCD has one other compliance case pending against CBS Operating Corp.: Case No. 13721. The OCD respectfully suggests that the cases be heard concurrently, as the evidence in both cases will overlap. The time estimates given above assume the cases are heard together.

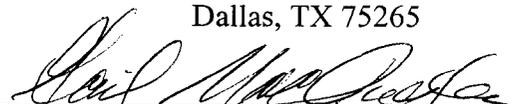
Respectfully submitted
this 15th day of June 2006 by


Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Certificate of Service

I hereby certify that on June 15, 2006, I served a copy of this pre-hearing statement on Mr. William F. Carr, attorney for CBS Operating Corp, by electronic mail (wcarr@hollandhart.com), and on Trinity Universal Insurance Co. by first class mail to the following address:

Trinity Universal Insurance Co.
P.O. Box 655028
Dallas, TX 75265


Gail MacQuesten, OCD Attorney