

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 SALADO OPERATING, LLC FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO SIX WELLS, REQUIRING OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN AND, IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS LOCATED IN EDDY COUNTY, NEW MEXICO.

CASE NO. 13887

CERTIFICATE OF NOTICE

In accordance with Division Rule 1207 (19.15.14.1207 NMAC) I hereby certify that notice of the March 15, 2007 hearing setting in the above-captioned case, with a copy of the application, was mailed to the following by certified mail, return receipt requested, at least 20 days prior to that hearing date:

Salado Operating, LLC
1533 Cordova
Hobbs, New Mexico 88240
Certified Mail No.:

Salado Operating, LLC
P.O. Box 1925
Hobbs, New Mexico 88241-1925
Certified Mail No.:

Salado Operating, LLC
C/o Maddox and Hollowman P.C., Registered Agent
205 E. Bender, Suite 150
Hobbs, New Mexico 88240
Certified Mail No.:

A copy of the notice with proof of receipt by Salado Operating, LLC; c/o Maddox and Hollowman P.C., Registered Agent, is *Attachment A* to this certificate. The envelope sent to Salado Operating, LLC at P.O. Box 1925, Hobbs, New Mexico 88241-1925 was returned from the post office, but the proof of receipt had been removed from the envelope, signed by, what appears to be, "John H. Pochea," then taped back onto the envelope. A copy of the returned envelope and receipt is *Attachment B* to this certificate. No return receipt was received from Salado Operating, LLC at 1533 Cordova, Hobbs, New Mexico 88240, nor was the envelope returned. A copy of the Certified Mail Receipt to that address is *Attachment C* to this certificate.

Because we were unable to locate Salado Operating, LLC after exercising reasonable diligence, notice was provided by publication in *The Artesia Daily Press*, a newspaper of general circulation in Eddy County, New Mexico, the county in which the property is located. A copy of the affidavit of publication from *The Artesia Daily Press* is *Attachment D* to this certificate.


Cheryl O'Connor

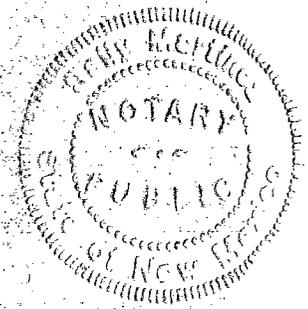
Exhibit 4

SUBSCRIBED AND SWORN to before me this 8th day March 2007.

Sally Matting
Notary Public

My Commission Expires:

3-24-2010





NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL CLARKSON

Governor

John Prukop
Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

February 21, 2007

Salado Operating, LLC
1533 Cordova
Hobbs, New Mexico 88240
Certified Mail No.: 7004 2510 0006 6624 3910

Salado Operating, LLC
P.O. Box 1925
Hobbs, New Mexico 88241-1925
Certified Mail No.: 7004 2510 0006 6624 3927

Salado Operating, LLC
C/o Maddox and Hollowman P.C., Registered Agent
205 E Bender, Suite 150
Hobbs, New Mexico 88240
Certified Mail No.: 7004 2510 0006 6624 3934

CASE NO. 13887: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST SALADO OPERATING, LLC FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO SIX WELLS, REQUIRING OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN AND, IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS LOCATED IN EDDY COUNTY, NEW MEXICO.

Ladies and Gentlemen:

You are hereby notified that on February 13, 2007 the New Mexico Oil Conservation Division filed the above-captioned Application seeking an Order requiring you to bring the following six wells into compliance with Division rules by plugging and abandoning the wells, securing temporary abandonment status for the wells, or returning the wells to a Division-approved beneficial use:

- East Henshaw Unit #001Y, 12-1-16S-30E, 30-045-05939
- East Henshaw Unit #002, 15-1-16S-30E, 30-015-03813

Oil Conservation
Phone: (505)

Santa Fe, New Mexico 87505
www.emmrd.state.nm.us

oed
Case# 13887
Attachment A

Salado Operating, LLC
February 21, 2007
Page 2

- East Henshaw Unit #002K, 11-1-16S-30E, 30-015-03808
- East Henshaw Unit #004N, 14-1-16S-30E, 30-015-03815
- East Henshaw Unit #004S, K-1-16S-30E, 30-015-03810
- East Henshaw Unit #006M, M-1-16S-30E, 30-015-03816.

A copy of the Application is enclosed.

A hearing on this application will take place before a Division hearing officer on Thursday, March 15, 2007, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive, Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause why an Order should not be entered as requested in the Application. If you intend to present evidence at the hearing, you should file a pre-hearing statement at least four business days in advance of the hearing, but in no event later than 5:00 p.m. on the Thursday preceding the scheduled hearing date, as required by 19.15.14.1211.B(1) NMAC.

Inquiries concerning this Application may be directed to the undersigned in the Santa Fe office of the Division at (505) 476-3480.

Very truly yours,



Cheryl O'Connor
Assistant General Counsel

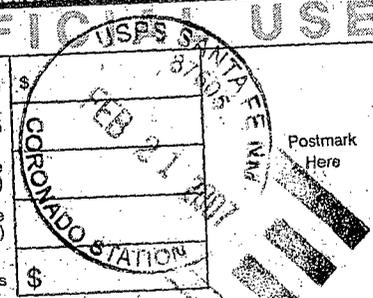
cc: Chris Williams, District I Supervisor
Daniel Sanchez, OCD Compliance and Enforcement Manager

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <i>x Donna Hunter</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Donna Hunter</i></p> <p>C. Date of Delivery <i>2-23-07</i></p>
<p>1. Article Addressed to:</p> <p style="text-align: center;"><i>Salado Operating, LLC c/o Maddox & Hollowman P.C. Registered Agent 205 E. Bender, Suite 150 Hobbs, NM 88240</i></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 <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" 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>
<p>2. Article Number (Transfer from service label)</p>	<p style="text-align: center;"><i>7004 2510 0006 6624 3934</i></p>
<p>PS Form 3811, August 2001</p>	<p style="text-align: center;">Domestic Return Receipt</p> <p style="text-align: right;">102595-02-M-1540</p>

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage \$	
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees \$	

Sent To: *Salado Operating, LLC Maddox & Hollowman*
Street, Apt. No.:
or PO Box No.: *205 E. Bender, Suite 150*
City, State, ZIP+4: *Hobbs, NM 88240*

PS Form 3800, June 2002 See Reverse for Instructions

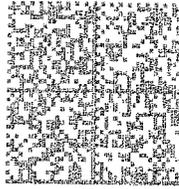
7004 2510 0006 6624 3934

OCD

STATE OF NEW MEXICO
ENERGY MINERALS AND
NATURAL RESOURCES DEPARTMENT
1220 SOUTH SAINT FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505

7004 2510 0006 6624 3927

RETURNED TO WRITER
REASON CHECKED
Unclaimed
Address unknown
Insufficient Address
No such office in state
Do not re-mail in this envelope



016H16502007
\$05.120
02/21/2007
Mailed From 87505
US POSTAGE

Salado Operating, LLC
P.O. Box 1925
Hobbs, NM 88241-1925

2/23
NAME
1st Name
2nd Name
Return

OCD
Case # 13887
Attachment B

7004 2510 0006 6624 3927

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.	<p>A. Signature <i>X John H. Pochee</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p>
<p>1. Article Addressed to:</p> <p><i>Salado Operating, LLC P.O. Box 1925 Hobbs, NM 88241-1925</i></p>	<p>D. Is delivery address different from item 1? <input checked="" type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>2. Article Number (Transfer from service label)</p>	<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" 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>

7004 2510 0006 6624 3927

PS Form 3811 August 2006

Domestic Return Receipt

102595-02-M-1540

7004 2510 0000 0152 4001
0152 4299 9000 0152 4001

U.S. Postal ServiceTM (U.S. Code)
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

OFFICE OF THE POSTMASTER GENERAL
SANTA FE, NM 87505
FEB 21 2011
ROSTMARK HERE

Sent To: Salado Operating, LLC
Street, Apt. No., or PO Box No. 1533 Cordova
City, State, ZIP+4 Hobbs, NM 88240

PS Form 3800, June 2002 See Reverse for Instructions

ooc
Case # 13887
Attachment C

of Publication

NO. 19599

XICO

being duly

is the Publisher of The

a daily newspaper of general

in English at Artesia, said county

, and that the here to attached

Legal Notice

regular and entire issue of the said

daily newspaper duly qualified

in the meaning of Chapter 167 of

aws of the state of New Mexico for

tiv week/days on the same

February 18 2007

[Signature]

rn to before me this

February 2007

[Signature]
ublic, Eddy County, New Mexico

ires September 23, 2007

CCO
Case # 13887
Attachment 1)

NOTICE OF HEARING
STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
SANTA FE, NEW MEXICO

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on March 15, 2007, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by March 5, 2007. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE NO. 13884: Application of the New Mexico Oil Conservation Division for a Compliance Order against C&D Management, d/b/a Freedom Ventures. The Applicant seeks an Order finding that Operator is in violation of 19.15.13.1115 NMAC and 19.15.4.201 NMAC as to seventeen wells, requiring Operator to bring the seventeen wells into compliance

with 19.15.13.1115 NMAC and 19.15.4.201 NMAC by a date certain and authorizing the Division to plug said wells in the event of non-compliance.

The affected wells are:

- AMOCO #001, L-13-17S-27E, 30-015-24738
Hastie #016, 4-18-17S-28E, 30-015-22371
Hastie #017, 3-18-17S-28E, 30-015-22852
Hastie #018, N-18-17S-28E, 30-015-22848
Hastie #019, 2-18-17S-28E, 30-015-23186
Hastie #020, 1-18-17S-28E, 30-015-23516
Hastie #021, C-18-17S-28E, 30-015-23821
Michael State #001, H-25-17S-27E, 30-015-24877
Muncy Federal #001, F-13-17S-27E, 30-015-23083
Muncy Federal #002, E-13-17S-27E, 30-015-25012
Saunders #012, O-13-17S-27E, 30-15-22348
Schneider #001, J-24-17S-27E, 30-015-22907
Scott Federal #001, P-12-17S-27E, 30-015-25437
Shearn Becky Federal #001, B-14-17S-27E, 30-015-34440
Shearn Freedom Federal #002, A-14-17S-27E, 30-015-34454
Shearn Samantha Federal #001, G-14-17S-27E, 30-015-31059
Shearn Shilo Federal #001, B-14-17S-27E, 30-015-31061.

The wells are located in Eddy County, New Mexico.

CASE NO. 13885: Application of the New Mexico Oil Conservation Division for a Compliance Order against Kimlar Oil Company. The Applicant seeks an Order finding that Operator is in violation of Division Rule 19.15.4.201 NMAC as to four wells, requiring operator to bring the four wells into compliance with Division Rule 19.15.4.201 NMAC by a date certain, and authorizing the Division

to plug said wells in the event of non-compliance. The affected wells are: Gourley Federal #003, A-31-22S-28E, API # 30-015-22660; Gourley Federal #004, J-31-22S-28E, API # 30-015-22661; Gourley Federal #005, J-31-22S-28E, API # 30-015-23501; Gourley Federal #006, I-31-22S-28E, API # 30-015-23707. The wells are located approximately ten miles southeast of Carlsbad, off of CR 605, in Eddy County, New Mexico.

Oil Conservation Division CASE NO. 13887: Application of the New Mexico Oil Conservation Division for a Compliance Order against Salado Operating LLC. The Applicant seeks an Order finding that operator is in violation of 19.15.4.201 NMAC as to six wells, requiring operator to bring the six wells into compliance with 19.15.4.201 NMAC by a date certain and authorizing the Division to plug said wells in the event of non-compliance. The affected wells are: East Henshaw Unit #001Y, 12-1-16S-30E, 30-015-05939; East Henshaw Unit #002, 15-1-16S-30E, 30-015-03813; East Henshaw Unit #002K, 11-1-16S-30E, 30-015-03808; East Henshaw Unit #004N, 14-1-16S-30E, 30-015-03815; East Henshaw Unit #004S, K-1-16S-30E, 30-015-03810; East Henshaw Unit #006M, M-1-16S-30E, 30-015-03816. The wells are located in Eddy County, New Mexico.

CASE NO. 13892: In the matter of the hearing called by the Oil Conservation Division to consider: The creation of the following pool in Eddy County: Pavo Mesa-Atoka Gas Pool in Township 16 South, Range 28 East; The extension of the following pools in Eddy County: Cemetery-Morrow Gas, Chosa Draw-Morrow Gas, South Corral Can-

yon-Bone Spring, Diamond Mound-Morrow Gas, Southwest Four Mile Draw-Wolfcamp Southeast, Henshaw-Wolfcamp, East-Hess-Morrow Gas, Laguna Salado-Bone Spring, Loco Hills-Glorieta-Yesc West Lusk-Morrow Gas, McMillan-Seven Rivers-Queen, Nash Draw-Atoka Gas, Sage Draw-Wolfcamp Gas, North Seven-Rivers Hills-Atoka Gas, North Turkey, Track-Cisco Gas, Winchester-Bone Spring

IN THE ABSENCE OF OBJECTION, THE CASE WILL BE TAKEN UNDER ADVISEMENT. Given under the Seal of the State of New Mexico, Oil Conservation Commission at Santa Fe, New Mexico on this 15 day of February 2007.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Mark E. Fesmire, P. J. Division Director

S. E. A. L. Published in the Artesia Daily Press, Artesia, N.M. February 18, 2007

Legal 1959