

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

2007 MAY 16 PM 12:54

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST YESO ENERGY, INC. FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO SIX WELLS, DETERMINING THAT THE VIOLATION IS KNOWING AND WILLFUL AND IMPOSING A PENALTY, 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, AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, EDDY, LEA AND ROOSEVELT COUNTIES, NEW MEXICO.

CASE NO. 13921

ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 1211 [19.15.14.1211 NMAC].

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

RESPONDENT

Yeso Energy Inc.
(no entry of appearance filed
at this time)

Yeso Energy Inc.
3103 Yeso
Roswell, NM 88201

Yeso Energy, Inc.
P.O. Box 2248
Roswell, NM 88202

E-mail: leeconinc@aol.com

U.S. Specialty Insurance Co.
(no entry of appearance filed

U.S. Specialty Insurance Co.
13403 Northwest Freeway

at this time)

Houston, TX 77040

FILED IN 1005 MAY 16 2007

STATEMENT OF THE CASE

The Oil Conservation Division (OCD) seeks a compliance order against Yeso Energy, Inc. (Yeso) finding that Yeso knowingly and willfully violated 19.15.4.201 NMAC as to the 6 wells identified in the order, imposing penalties for that knowing and willful violation, requiring Yeso to plug or otherwise return the wells to compliance by a date certain, and if Yeso fails to comply, authorizing the OCD to plug the wells and forfeit the applicable financial assurances. Yeso has posted surety bonds through U.S. Specialty Insurance Company and a letter of credit through Frost Bank..

APPLICANT’S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

Daniel Sanchez, Enforcement and Compliance
Manager

30 minutes

Dorothy Phillips, Financial Assurance Administrator

by affidavit

PROCEDURAL MATTERS

The legal advertisement for this case was issued under the caption used for Commission Hearings. The OCD requests a ruling on whether it needs to re-advertise the case.

Respectfully submitted
this 16th day of May 2007 by



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

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon Yeso Energy, Inc. and U.S. Specialty Insurance Company at the addresses and E-mails indicated above this 16th day of May 2007.


Gail MacQuesten