



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

October 12, 2006

C&D Management Co., dba Freedom Ventures
513 Don Lyle Rd.
Edmonton, KY 42129

Attn: Ms. Darla Jeffries

Cert. Filed Mail No. 7001 1940 CCC 4 7922 8536

e-mail: cdmanagementcompany@yahoo.com

Re: Cancellation of Authority to Transport from or Inject into Wells Operated by C&D Management Co., dba Freedom Ventures, OGRID 231382

Dear Operator,

Effective immediately, the Oil Conservation Division (OCD) cancels the authority of C&D Management Co., dba Freedom Ventures (C&D) to transport from or inject into all wells it operates. This cancellation is issued pursuant to OCD Rule 1115.C [19.15.13.1115.C NMAC].

Rule 1115.C provides:

If an operator fails to file a form C-115 that the division accepts, the division shall, within 60 days of the appropriate filing date, notify the operator by electronic mail or letter of its intent to revoke the operator's authorization to transport or inject if the operator does not submit an acceptable and complete form C-115. If the operator does not file an acceptable and complete form C-115 or request a hearing on the proposed cancellation within 120 days of the original due date of the form C-115, the division may cancel the operator's authority to transport from or inject into all wells it operates.

By e-mail dated May 22, 2006, the OCD notified C&D that it had not received C-115 reports for several reporting periods, including March 2006, and that it intended to revoke C&D's authorization to transport or inject if it did not receive an acceptable and complete C-115 for March 2006 within 120 days of the original due date for the March 2006 report. The notice further stated that C&D could request a hearing on this proposed cancellation within 120 days of the original due date. A copy of the OCD's May 22, 2006 e-mail is attached.

To date, C&D has not submitted a C-115 report for March 2006, and has not requested a hearing on the proposed cancellation. More than 120 days have passed from the original due dates of the report for March 2006. C&D's authority to transport from or inject into its wells is cancelled. When C&D has filed an acceptable and complete C-115 for March 2006 it may apply for reinstatement of its authority to transport from or inject into the wells it operates. If C&D transports from or injects into wells it operates while the cancellation is in effect, it will be in violation of OCD Rules 1104 [19.15.13.1104 NMAC], 804.A [19.15.10.804.A NMAC] and/or 701 [19.15.9.701 NMAC]. A knowing and willful violation of an OCD rule may subject C&D to penalties of up to \$1,000 per day. NMSA 1978, Section 70-2-31(A).

Please note that although this cancellation of authority to transport from or inject into wells operated by C&D relates to C&D's failure to file reports for March 2006, C&D is delinquent in filing C-115 reports for other periods as well. As stated in the May 22, 2006 e-mail, C&D has not filed reports for October 2004 through March 2006. C&D has also failed to file any C-115 reports due after March. C&D can expect to receive additional notices of cancellation of authority to transport

from or inject into its wells in connection with these more recent failures. In addition, the OCD intends to take additional enforcement action against C&D for its failure to file production reports. The enforcement actions may include seeking penalties under NMSA 1978, Section 70-2-31(A) and/or an order requiring C&D to plug and abandon its wells pursuant to NMSA 1978, Section 70-2-14(B).

Sincerely,

Daniel Sanchez
Enforcement and Compliance Manager
Oil Conservation Division

Encl: E-mail from David Bradshaw to C&D dated May 22, 2006
120-Day Action Report for C&D

cc: Bureau of Land Management, Carlsbad Field Office
State Land Office

cc: Chris Williams, District I
Tim Gum, District II
Charlie Perrin, District III
David Bradshaw, OCD Automation and Records Bureau
Gail MacQuesten, OCD Attorney
Theresa Duran-Saenz, Legal Assistant



SENDER: COMPLETE THIS SECTION

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

1. Print your name and address on the reverse so that we can return the card to you.

2. Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Freedom Management Co., dba
Freedom Ventures
513 Don Lyle Rd
Edmonton, KY 42129

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee
x Darla Jeffries

B. Received by (Printed Name) *Darla Jeffries* C. Date of Delivery *RD 10-16-06*

D. Is delivery address different from item 1? Yes No
 If YES, enter delivery address below:

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes