

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 29, 2007

Rojo Grande Company, LLC

Attn: Rob Matthews

P.O. Box 181

Madisonville, TX 77864

CERTIFIED MAIL: 7004 2510 0006 6624 4665

Re: Case No. 13980—Application of Oil Conservation Division for a Compliance Order Against Rojo Grande Company, LLC, OGRID 182162, to Bring the Ramapo No. 006 Well, API No. 30-015-30964, Into Compliance with Oil Conservation Division Rule 19.15.4.201 NMAC.

Dear Mr. Matthews:

Please find enclosed a copy of the motion for continuance that I filed in this case on August 29, 2007 and a copy of the compliance order application that I filed against Rojo Grande Company, LLC on July 25, 2007.

As I explained to you on the telephone on August 28, 2007, the Oil Conservation Division ("OCD") is seeking a compliance order against Rojo Grande Company to have the Ramapo No. 006 well brought into compliance with OCD Rule 19.15.4.201 NMAC ("Rule 201"). OCD Rule 201 requires wells that have been inactive for a continuous period exceeding one year plus ninety (90) days to be plugged and abandoned, placed on approved temporary abandonment status, or returned to an OCD-approved productive use. OCD records show that the Ramapo No. 006 well has been inactive since November 2001. I have also applied for forfeiture of the \$5,000.00 financial assurance you posted for the Ramapo No. 006 well should you fail to bring the well into compliance with OCD Rule 201.

I moved for a continuance of the case to allow you the opportunity to bring the Ramapo No. 006 well into compliance with OCD Rule 201 by returning the well back into production status, which you said was close to being done. Please be aware that the case has not been dismissed and is still pending against Rojo Grande Company. Please keep me informed with the well.

Rojo Grande Company LLC

***Case 13980
OCD Exhibit No. 1-B***

Rojo Grande Company, LLC

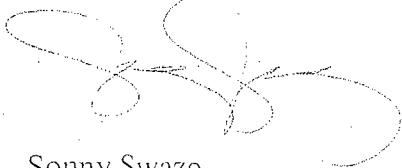
August 29, 2007

Page 2

In the future please notify the OCD of any address changes. As a well operator, you are responsible under OCD's Rules for notifying the OCD of any change of address.

Should you have any questions please call me at (505) 476-3463 or email at ~~SONNY.SWAZO@OCD.UTAH.GOV~~. Good luck with your endeavors.

Sincerely yours,



Sonny Swazo

OCD Assistant General Counsel

Enclosures: (1) Motion for Continuance
(2) Application For Compliance Order

cc: Daniel Sanchez, OCD Enforcement & Compliance Manager
Tim Gum, OCD District II Supervisor
Richard Inge, OCD Field Officer

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 ROJO GRANDE COMPANY LLC, FINDING
THAT OPERATOR VIOLATED 19.15.4.201 NMAC AS TO ONE WELL,
REQUIRING OPERATOR TO RETURN SAID WELL INTO COMPLIANCE
WITH 19.15.4.201 NMAC BY A DATE CERTAIN, AND AUTHORIZING THE
DIVISION TO PLUG THE WELL AND FORFEIT THE APPLICABLE
FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE, EDDY
COUNTY, NEW MEXICO.

CASE NO. _____

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2007 JUL 25 PM 3 19

APPLICATION FOR COMPLIANCE ORDER

1. Rojo Grande Company LLC ("Operator") is a limited liability company operating a single well, the Ramapo No. 006, in New Mexico under OGRID 182162.
2. The Operator has posted a five thousand dollar (\$5,000) single well cash bond through Western Bank in Artesia, New Mexico pursuant to NMSA 1978, Section 70-2-14 to secure its obligation to plug and abandon the Ramapo No. 006 in compliance with the rules of the Oil Conservation Division ("Division").
3. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.
4. The following well ("subject well") operated by Operator in New Mexico has been inactive for a continuous period exceeding one year plus 90 days, and is neither

plugged and abandoned in accord with 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with 19.15.4.203 NMAC:

- The Ramapo No. 006 N-36-17S-27E API 30-015-30964

5. Division rule 19.15.3.101(H) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain, and to direct the Division to forfeit the financial assurance upon failure or refusal of the operator, surety or other responsible party to properly plug and abandon the well and restore and remediate the location.

6. NMSA 1978, Section 70-2-12(B)(18) and NMSA 1978, Section 70-2-38 authorize the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

7. NMSA 1978, Section 70-2-33(A) defines "person" to include companies and other entities.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

A. Determining that the subject well is not in compliance with 19.15.4.201 NMAC;

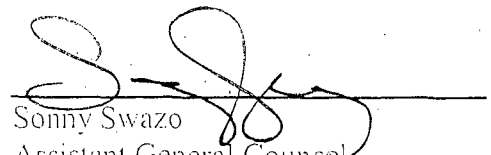
B. Requiring the Operator to bring the subject well into compliance with 19.15.4.201 NMAC within a date certain by plugging and abandoning the well in accordance with 19.15.4.202 NMAC, securing approved temporary abandonment status for the subject well in accordance with 19.15.4.203 NMAC, or returning the subject well to a Division-approved beneficial use; and

C. Further, if the subject well is not brought into compliance with 19.15.4.201 NMAC by the date set in the order:

- (1) Assessing a penalty of one thousand dollars (\$1,000) per day for each day the well is out of compliance with the order;
- (2) Authorizing the Division to plug the subject well in accordance with a Division-approved plugging program and restore and remediate the location; and
- (3) Authorizing the Division to declare forfeit the security furnished by the Operator; and

D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 25 day of July, 2007 by


Sonny Swazo
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463

Attorney for the New Mexico Oil
Conservation Division

- Case No. _____. Application of the New Mexico Oil Conservation Division for a Compliance Order against Rojo Grande Company LLC. The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to one well, requiring operator to return said well to compliance with 19.15.4.201 NMAC by a date certain and authorizing the Division to plug said well in the event of non-compliance. The affected well is: Ramapo No. 006, N-36-17S-27E, API 30-015-30964. The well is located approximately 10 miles southwest of Loco Hills, in Eddy County, New Mexico.

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 ROJO GRANDE COMPANY LLC, FINDING THAT OPERATOR VIOLATED 19.15.4.201 NMAC AS TO ONE WELL, REQUIRING OPERATOR TO RETURN SAID WELL INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN, AND AUTHORIZING THE DIVISION TO PLUG THE WELL AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE, EDDY COUNTY, NEW MEXICO.

CASE NO. 13980

Motion for Continuance

COMES NOW Applicant Oil Conservation Division and hereby moves for a continuance of the case.

AS GROUNDS Applicant Oil Conservation Division states:

- (1) The case is scheduled for hearing on September 6, 2007, at 8:15 a.m.
- (2) Undersigned Counsel sent notices for the hearing to Operator Rojo Grande Company, LLC at two separate addresses. Both notices were returned.
- (3) Undersigned Counsel recently obtained the telephone number for Rojo Grande Company owner Rob Matthews.
- (4) On August 28, 2007, Undersigned Counsel spoke with Mr. Matthews about the case and obtained Mr. Matthews' current mailing address. Mr. Matthews told Undersigned Counsel that he was working on retuning the Ramapo No. 006 well to production status. Mr. Matthews

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indicated that he is close to returning the Ramapo No. 006 well to production.

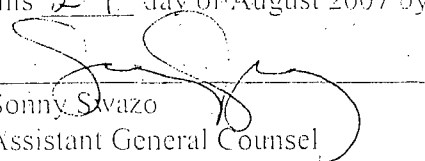
(5) Oil Conservation Division Rules require an Operator to be notified of a hearing at 20 days before the hearing.

(6) Undersigned Counsel requests a continuance to allow him to properly notify Mr. Matthews of the hearing. Undersigned Counsel requests additional time to see how much progress Mr. Matthews has made toward returning the Ramapo No. 006 well to production status.

WHEREFORE, Undersigned Counsel requests that the hearing be continued to at least the October 4, 2007 hearing calendar.

Respectfully submitted,

this 29 day of August 2007 by

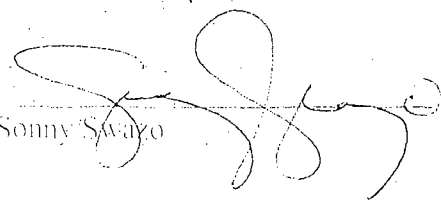


Sonny Swazo
Assistant General Counsel
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of Applicant Oil Conservation Division's Motion for Continuance was mailed by certified mail to Rojo Grande Company, LLC; Attn: Rob Matthews; P.O. Box 181, Madisonville, Texas 77864 this 29 day of August 2007:



Sonny Swazo

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Rojo Grande Company, LLC
Attn: Rob Matthews
P.O. Box 181
Midisonville, TX 77864

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X *Debra Walker*☐ Agent
☐ AddresseeD. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number (Copy from service label)

7004 2510 0006 6624 4665



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 13, 2007

Rojo Grande Company, LLC
Attn: Rob Matthews
P.O. Box 181
Madisonville, TX 77864

CERTIFIED MAIL: 7004 2510 0006 6624 4757

Re: Case No. 13980—Application of Oil Conservation Division for a Compliance Order Against Rojo Grande Company, LLC, OGRID 182162, to Bring the Ramapo No. 006 Well, API No. 30-015-30964, Into Compliance with Oil Conservation Division Rule 19.15.4.201 NMAC.

Dear Mr. Matthews:

The administrative hearing on the Oil Conservation Division's application for a compliance order against Rojo Grande Company, LLC, has been set for **8:15 a.m., on Wednesday October 3, 2007**, in the **Oil Conservation Division Hearing Room** at **1220 South St. Francis Drive, Santa Fe, New Mexico**.

Should you have any questions please call me at (505) 476-3463 or email at sonny.swazo@state.nm.us.

Sincerely yours,

Sonny Swazo

OCD Assistant General Counsel

Enclosure: Application For Compliance Order

cc: Daniel Sanchez, OCD Enforcement & Compliance Manager
Tim Gum, OCD District II Supervisor
Richard Inge, OCD Field Officer

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 ROJO GRANDE COMPANY LLC, FINDING
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REQUIRING OPERATOR TO RETURN SAID WELL INTO COMPLIANCE
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DIVISION TO PLUG THE WELL AND FORFEIT THE APPLICABLE
FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE, EDDY
COUNTY, NEW MEXICO.

CASE NO. _____

APPLICATION FOR COMPLIANCE ORDER

1. Rojo Grande Company LLC ("Operator") is a limited liability company operating a single well, the Ramapo No. 006, in New Mexico under OGRID 182162.
2. The Operator has posted a five thousand dollar (\$5,000) single well cash bond through Western Bank in Artesia, New Mexico pursuant to NMSA 1978, Section 70-2-14 to secure its obligation to plug and abandon the Ramapo No. 006 in compliance with the rules of the Oil Conservation Division ("Division").
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4. The following well ("subject well") operated by Operator in New Mexico has been inactive for a continuous period exceeding one year plus 90 days, and is neither

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plugged and abandoned in accord with 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with 19.15.4.203 NMAC:

- The Ramapo No. 006 N-36-17S-27E API 30-015-30964

5. Division rule 19.15.3.101(H) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain, and to direct the Division to forfeit the financial assurance upon failure or refusal of the operator, surety or other responsible party to properly plug and abandon the well and restore and remediate the location.

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7. NMSA 1978, Section 70-2-33(A) defines "person" to include companies and other entities.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

A. Determining that the subject well is not in compliance with 19.15.4.201 NMAC;

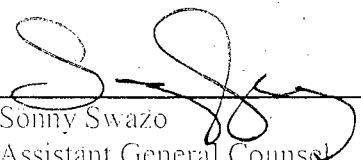
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- (3) Authorizing the Division to declare forfeit the security furnished by the Operator; and

D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 25 day of July, 2007 by


Sonny Swazo
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463

Attorney for the New Mexico Oil
Conservation Division

- Case No. _____. Application of the New Mexico Oil Conservation Division for a Compliance Order against Rojo Grande Company LLC. The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to one well, requiring operator to return said well to compliance with 19.15.4.201 NMAC by a date certain and authorizing the Division to plug said well in the event of non-compliance. The affected well is: Ramapo No. 006, N-36-17S-27E, API 30-015-30964. The well is located approximately 10 miles southwest of Loco Hills, in Eddy County, New Mexico.

SENDER: COMPLETE THIS SECTION

- 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.

1. Article Addressed to:

Rojo Grande Company, LLC
Attn: Rob Matthews
P.O. Box 181
Madisonville, TX 77864

2. Article Number

(Transfer from service label)

7004 2510 0006 6624 4757

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Paula Wilkins ☐ Agent ☒ Addressee

B. Received by (Printed Name)

Paula Wilkins 10-1

C. Date of Delivery

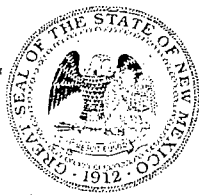
D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



11/5/07

NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

September 24, 2007

Rojo Grande Company, LLC

Attn: Rob Matthews

P.O. Box 181

Madisonville, TX 77864

CERTIFIED MAIL: 7001 1940 0004 7922 8909

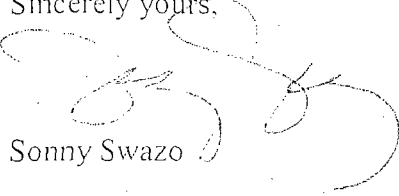
Re: Case No. 13980—Application of Oil Conservation Division for a Compliance Order Against Rojo Grande Company, LLC, OGRID 182162, to Bring the Ramapo No. 006 Well, API No. 30-015-30964, Into Compliance with Oil Conservation Division Rule 19.15.4.201 NMAC.

Dear Operator:

The hearing examiner has approved my motion to continue this case to **Thursday November 1, 2007**. A copy of the motion for continuance is enclosed. A hearing will be held on the above application on **Thursday November 1, 2007, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico**. A copy of the application is enclosed for your convenience. At the 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, Oil Conservation Division ("OCD") Rule 19.15.14.1211.B NMAC requires you to file a pre-hearing statement at least four business days in advance of the hearing.** I have enclosed a copy of OCD Rule 19.15.14.1211 for your convenience. OCD Rule 19.15.14.1211 describes what information is required to be contained in a party's pre-hearing statement. Please consult OCD Rule 19.15.14.1211 as to what information you need to provide in your pre-hearing statement. I have also enclosed a copy of OCD Rule 19.15.14.1212, which addresses representation at administrative hearings before the Oil Conservation Division.

Should you have any questions, please contact me at (505) 476-3463 or by email at sonny.swazo@rojo-grande.com.

Sincerely yours,

A handwritten signature in dark ink, appearing to read 'Sonny Swazo', with a large, stylized flourish extending from the end of the signature.

Sonny Swazo

Enclosures: Motion for Continuance
OCD Rule 19.15.14.1211
OCD Rule 19.15.14.1212
Application

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 ROJO GRANDE COMPANY LLC, FINDING THAT OPERATOR VIOLATED 19.15.4.201 NMAC AS TO ONE WELL, REQUIRING OPERATOR TO RETURN SAID WELL INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN, AND AUTHORIZING THE DIVISION TO PLUG THE WELL AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE, EDDY COUNTY, NEW MEXICO.

CASE NO. 13980

Motion for Continuance

COMES NOW Applicant Oil Conservation Division ("Applicant") and hereby moves for a continuance of the case.

AS GROUNDS Applicant states:

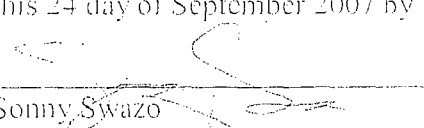
- (1) The case is scheduled for hearing on October 3, 2007, at 8:15 a.m.
- (2) Applicant's witness will not be available to testify at the October 3 hearing.
- (3) Applicant respectfully requests that the case be reset to the November 1, 2007 hearing calendar, when Applicant's witness will appear before the Division on an unrelated matter.

WHEREFORE, Undersigned Counsel requests that the hearing be continued to the November 1, 2007 hearing calendar.

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Respectfully submitted,
this 24 day of September 2007 by


Sonny Swazo
Assistant General Counsel
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of Applicant Oil Conservation Division's Motion for Continuance was mailed by certified mail to Rojo Grande Company, LLC; Attn: Rob Mattheyws; P.O. Box 181, Madisonville, Texas 77864 this 24 day of September 2007:


Sonny Swazo

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
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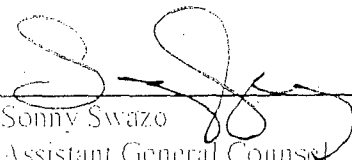
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C. Further, if the subject well is not brought into compliance with
FD-15.4.2.01 NMAC by the date set in the order:

- (1) Assessing a penalty of one thousand dollars (\$1,000) per day
for each day the well is out of compliance with the order;
- (2) Authorizing the Division to plug the subject well in accordance
with a Division-approved plugging program and restore and
remediate the location; and
- (3) Authorizing the Division to declare forfeit the security
furnished by the Operator; and

D. For such other and further relief as the Director deems just and proper
under the circumstances.

RESPECTFULLY SUBMITTED.
this 25 day of July, 2007 by


Sonny Swazo
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463

Attorney for the New Mexico Oil
Conservation Division

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1. Article Addressed to:

Rojo Grande Company, LLC
Attn: Rob Matthews
P.O. Box 181
Madisonville, TX 77864

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Darla Wilkinson* ☐ Agent
☒ Addressee

B. Received by (Printed Name)

Darla Wilkinson

C. Date of Delivery

10-1

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

3. Service Type

- ☒ Certified Mail ☐ Express Mail
☐ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number

(Transfer from service label)

7001 1940 0004 7922 8909

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540