• Case No. <u>14041</u>. Application of the New Mexico Oil Conservation Division for a Compliance Order against MARKS AND GARNER PRODUCTION LTD. CO.. The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to twenty-three (23) wells, or, alternatively, that Operator is in violation of 19.15.13.1115 NMAC; requiring operator to plug and abandon the twenty-three (23) wells by a date certain and/or to file any delinquent production reports relating to the subject wells by a date certain, thus bringing them into compliance with 19.15.4.201 and 19.15.13.1115 NMAC, and authorizing the division to plug said wells in the event of non-compliance. The twenty-three (23) affected wells are:

30-025-08154 BRADLEY FEDERAL #001, 30-025-08156 BRADLEY FEDERAL #003, 30-015-02897 CAVE POOL UNIT #027, 30-015-02915 CAVE POOL UNIT #036, 30-025-23551 CITIES SERVICE STATE #001, 30-025-27992 COQUINA STATE #001, 30-025-08163 ERNEST FEDERAL #001, 30-025-28655 GRAHAM FEDERAL #003, 30-025-08149 JENNINGS FEDERAL #002, 30-025-24979 JULIA CULP #001, 30-025-02703 WM SNYDER #001, 30-015-24732 THEOS STATE #001, 30-025-28767 KEMNITZ 17 STATE #001, 30-025-28484 LEA/UA/STATE #001, 30-015-02787 LEVERS #003Y, 30-025-21291 NORTHEAST MALAJMAR UNIT #001, 30-015-25059 RED TWELVE FEDERAL #002, 30-015-25090 RED TWELVE LEVERS FED #008Q, 30-015-25152 RED TWELVE LEVERS FED#012, 30-015-24989 RED TWELVE STATE #003, 30-015-25055 RED TWELVE STATE #006, 30-015-02888 STATE #001, 30-015-02889 STATE #002

State Wells #001 and #002, Cave Pool Units #27 and #36, Theos State #001, Levers #003Y, Red Twelve Federal #002, Red Twelve Levers Federal #012 and #008Q, and Red Twelve State #003 and #006 are all located in Eddy County, New Mexico, approximately sixteen (16) miles East of Artesia. The remainder of the subject wells are located in Lea County, New Mexico, with three wells (the Julia Culp #001, Wm Snyder #001 and Cities Service State #001) being located Northwest of Lovington, two (the Northeast Malajmar Unit #001 and Kemnitz 17 State #001) being located Northwest of Malajmar, and the remainder being located Southwest of Hobbs.

Application for Compliance Order Marks & Garner Production Ltd. Co. Page 6 of 6