

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

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Mark Fesmire
Division Director
Oil Conservation Division



July 8, 2008

Mr. Terry Warnell, Hearing Examiner
Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: Case No. 14137, Application for a Compliance Order Against Calvin F. Tennison

Dear Mr. Warnell,

The Oil Conservation Division (OCD) respectfully requests that Case No. 14137, currently scheduled for July 10, 2008, be re-set for the August 21, 2008 docket.

This matter was originally heard on June 12, 2008. At the hearing, the OCD presented evidence of its unsuccessful attempts to contact the operator of record for the wells at issue: Mr. Calvin F. Tennison. The OCD believes Mr. Tennison is deceased.

The examiner hearing the case requested that notice also be sent to Bill and Patsy Rich, whose names appeared in the well file, to determine if they wanted to assert an interest in the wells. The case was continued until July 10, 2008 to give the OCD time to notify Bill and Patsy Rich.

The OCD sent notices to Bill and Patsy Rich and to "Sisters LLC," an entity whose name also appears in the well files. The notice sent to Patsy Rich was returned, marked "refused." The OCD received green return receipt cards for the notices sent to Bill Rich and Patsy Rich. A copy of the notice is attached, with copies of the returned envelope and the two green return receipt cards.

Sisters LLC responded to the notice with a letter explaining the history of the well transfers after Mr. Tennison's death, and stating that the current interest owner is Master Energy Resources Inc. A copy of the letter is attached.

Undersigned counsel contacted Master Energy Resources Inc., and they have confirmed that they are in the process of becoming the operator of record for the wells, under the name "Master Energy Resources, LLC."

Case 14137
Calvin F. Tennison
OCD Exhibit No. 10

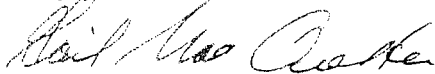
Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505

* Phone: (505) 476-3440 * Fax: (505) 476-3462 * <http://www.emnrd.state.nm.us>



The OCD requests that the hearing in this matter be continued until August 21, 2008 to give Master Energy Resources, LLC time to become the operator of record for the wells. If the wells are transferred to Master Energy Resources, LLC, the plugging case against Calvin F. Tennison will be dismissed.

Very truly yours,



Gail MacQuesten

Assistant General Counsel

Encl: Notice of Hearing, dated June 13, 2008
Returned envelope and green cards
Letter from Sisters, LLC dated June 19, 2008

Cc w/encl: Sisters, LLC
Master Energy Resources
Bill Rich

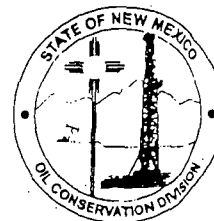
Ec w/o encl: Daniel Sanchez, Compliance and Enforcement Manager
Tim Gum, Artesia District Office
Gerry Guye, Artesia District Office

New Mexico Energy, Minerals and Natural Resources Department

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Mark Fesmire
Division Director
Oil Conservation Division



June 13, 2008

NOTICE OF HEARING

Patsy Rich
2401 Martin Lane
Carlsbad, NM 88220
Certified Mail No. 7099 3220 0009 7873 2077

Bill Rich
2401 Martin Lane
Carlsbad, NM 88220
Certified Mail No. 7099 3220 0009 7873 2084

Sisters, LLC
2401 Martin Lane
Carlsbad, NM 88220
Certified Mail No. 7099 3220 0009 7873 2091

CASE No. 14137: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST CALVIN F. TENNISON PURSUANT TO NMSA 1978, SECTION 70-2-14(B) ORDERING CALVIN F. TENNISON TO RETURN TO COMPLIANCE OR PLUG AND ABANDON ALL WELLS IT OPERATES IN NEW MEXICO BY A DATE CERTAIN AND AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.

Ladies and Gentlemen,

You are hereby notified that the New Mexico Oil Conservation Division (OCD) has filed the above-captioned application for a compliance order against Calvin F. Tennison. A copy of the application is enclosed.

A hearing on this application will take place before a Division hearing officer on Thursday, July 10, 2008, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. You are being notified of the hearing because your name appears in the well file for the well that is the subject of the hearing, and it appears that you may have an interest in the well. At that hearing you will have an opportunity to oppose the entry of the order. 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, as required by 19.15.14.1211.B NMAC. A copy of that rule is enclosed. I have also enclosed a copy of 19.15.14.1212 NMAC, which addresses representation at administrative hearings before the Division.

Case No. 14137

June 13, 2008

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If you have questions about the application you may call me at (505) 476-3451.

Very truly yours,

Gail MacQuesten
Assistant General Counsel

Encl: Application in Case No. 14137
Rule 1211 [19.15.14.1211 NMAC]
Rule 1212 [19.15.14.1212 NMAC]

cc: Daniel Sanchez, Compliance and Enforcement Manager
Tim Gum, Artesia District Office
Gerry Guye, Artesia District Office

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Thelbert D. Rice

Mary L. Rice

*3107 La Tierra Dr
Roswell, N.M. 88201
Home 575 627-0845
Long Cell 575 626-2848
Dad's Cell 575 841-9476
Dabamdon_rice@yahoo.com*

June 19, 2008

New Mexico Energy, Minerals and Natural Resources Department

Dear Sirs,

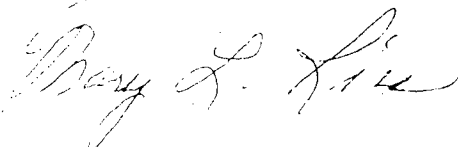
In response to your NOTICE OF HEARING dated June 13, 2008

Case No. 14137. Calvin F. Tennison past away on November 29, 1999, Alma Tennison, his spouse and heir passed away on April 19, 2000. At this time the heirs formed the LLC, Sisters. The two sisters, Mary L. Rice and Patsy Rich were the majority owners, with the children or in case of a death of a child the grand child or children received shares. Attached is a list of the names and known addresses of all the members. The lawyer that helped the sisters form the LLC Was Tom Martin of Carlsbad, NM 88220. He was supposed to have in formed every party at That time of the passing of Calvin and Alma.

Bill Rich was the operator of the business, and unbeknownst to the other members subsequently Ran the business into a greater debt than the partners could pay. Also Patsy Rich passed away on January 29 2008. At this time Bill Rich said that he had nothing more to do with Sisters LLC. And had all correspondence forwarded to Mary Rice in Roswell although he did inherit his spouses share.

Master Energy Resources Inc. of 10556 Westland Dr. Odessa, TX 79764, offered to purchase all Of Sisters LLC interest. A copy of this assignment is enclosed. Master Energy has assured us that a plugging bond has been acquired. And at this time they are working to bring the wells into compliance. A contact for Master energy is Steve Davis 1-432-349-3297. If There is any other information required please let us know.

Sincerely



*Mary L. Rice
Majority share holder
Sisters LLC*

Members of Sisters, LLC

Mary Lou Rice
3107 La Tierra
Roswell, NM 88201

Lisa Rueffer
825 E. Berrendo Rd.
Roswell, NM 88201

Josh Sherwood
3107 La Tierra
Roswell, NM 88201

The Rich Family Trust
2401 Martin Lane
Carlsbad, NM 88220

Diana Yeager
5103 Old Cavern Hwy
Carlsbad, NM 88220

Melissa Swagerty
HCR 63, Box 324
Raton, NM 87740

Shane McLeod
1282 Bedrock, NE
Palm Bay, FL 32907

Shawna Yates
3201 W. Loop 289, Apt 180
Lubbock, TX 79407

ASSIGNMENT OF OIL AND GAS LEASES AND INTEREST

KNOW ALL MEN BY THESE PRESENTS:

THAT Sisters L.L.C., 2401 Martin Lane, Carlsbad, New Mexico 88220 hereafter called

Assignor, for and in consideration of the sum of Ten Dollars (\$10.00) and other goods and services the Receipt and sufficiency of which is hereby acknowledged, does hereby assign, transfer, sell and convey unto Master Energy Resources Inc. of 10556 Westland Dr. Odessa, Texas 79764 as Assignee

100% of it's ownership and working Interests and all plugging liability and operatorship of any and all of it's leases, overriding royalty interests, and any and all of it's related records, data, and information wherever located, in the Oil and Gas Leases, lands, wells, and interests therein, as set out in Exhibit "A"

hereby attached to, and by referenced a part of this Assignment, said leases, lands, wells and interest therein being located in Eddy and Lea Counties, State of New México, together with the rights incident thereto, the personal property thereon, appurtenant thereto, or used or obtained in connection with said Oil and Gas Leases, said Leases and Assignments being free of all debts, liens, encumbrances, and obligations, etc, Whatsoever and Assignor hereby indemnifies the Assignee, its heirs, successors and assigns, from any and All such obligations of Assignor or from any and all such claims or other claims to any interests in said Oil And gas leases or assignments as a result of Assignor's actions or omissions as regarding any such claims or to said leases and or assignments.

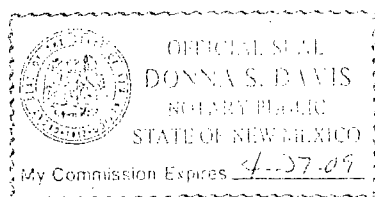
The Assignor herein states that it does not, is not, and shall not reserve unto itself, its heirs, successors or assigns any interests in any or all present wells or subsequent wells in and of the Oil and Gas leases described in Exhibit "A".

Assignor hereby agrees that the Assignee, its heirs, successors and assigns, have no duty or obligation whatsoever to develop or operate the leased premises for oil, gas or other hydrocarbons not otherwise imposed by the provisions of the original Oil and Gas Leases.

It is understood by Assignor and Assignee that the intent of this assignment is to assign one hundred percent (100%) of all of Sisters L.L.C., leases and original interests in the Leases described in Exhibit "A" except for 2.65% of the Gulf Federal #3

for the same consideration, the Assignor covenants with the Assignee its heirs successors and assigns
That the Assignor is the lawful owner of and has good title to the interests above assigned in and to
said Oil and Gas leases, estates, rights, and property; that such interests are free and clear from all liens,
encumbrances or adverse claims; that Assignor shall indemnify, it heirs, successors and assigns,
from any and all claims or other adverse claims as a result of Assignor's past, present, or future actions
pertaining to said leases that said Leases are valid and subsisting leases in the lands covered thereby; that
all rentals and royalties, fees and taxes due under or due to said Oil and Gas or Assignors actions up to
the time of this assignment have been paid or shall be paid in full by Assignor; and all conditions
necessary to keep the leases in full force and effect have been duly performed.

Executed this 15th of May, 2008



Notary Donna S. Davis

Mary L. Rice
Mary Lou Rice a duly authorized Agent
for and an officer of, as, and for Assignor,
Sisters L.L.C.

EXHIBIT "A"

Page 1 of 1

Attached to and made part of that
Assignment of Oil and Gas Interests

Sisters L.L.C. 2401 Martin Lane, Carlsbad, New Mexico 88220

And

Master Energy Resources Inc. 10556 Westland Dr. Odessa, Texas 79764

Dated 12th day of May, 2008

Assignment Oil and Gas Leases, Wells, Data, Records, and Information:

Assignment of Oil and Gas Interests being all such interests of Assignor in the following described wells recorded in Eddy County and Lea County New Mexico.

Well #1---R&B Federal #1	Sec 17. T25S. R30E API #30-015-04753	Eddy County
Well #2---Superior State #1	Sec 8. T25S. R30E API #30-015-04745	Eddy County
Well #3---Superior State #2	Sec 8. T30S. R26E API #30-015-10181	Eddy County
Well #4---Hanagan State #1	Sec 8. T25S. R30E API #30-015-04746	Eddy County
Well #5---Gulf Federal #3	Sec 13. T26S. R29E API #30-015-25265	Eddy County
Well #6---Malaga Unit #1	Sec 7. T24S. R29E API #30-015-03701	Lea County
Well #7---Malaga Unit #2	Sec 7. T24S. R29E API #30-015-03699	Lea County
Well #8---Malaga Unit #3	Sec 7. T24S. R29E API # 30-015-03695	Lea County
Well #9---Malaga #2 SWD	Sec 7. T24S. R29E API# 30-015-03702	Lea County

This Assignment includes all of Sisters L.L.C. and its associates, affiliates, and interests owner's interests in and 100% of its and their working interests and any and all of its retained royalty and minerals interests in any and all of the royalty and minerals interests and any and all of the oil and gas leases in Section 17, Section 8, Section 13, Section 7 and all of Sisters L.L.C. and it's associates, affiliates, and interests owner's interests whatsoever in any and all wells upon such section, and any and all of any of it's or their working interests, revenue interests, and royalty interests in and of the leases as described and in and of all of it's or their rights to any wells thereof and all the wells described as, R & B Federal #1, Superior State #1, Superior State #2, Hanagan State #1, Gulf Federal #3, Malaga Unit #1, Malaga Unit #2, Malaga Unit #3 Malaga Unit #2 SWD (Injection Well), all described sections being of Eddy and Lea Counties, New Mexico, and all relevant data, records or information may be located, and all such interests being free of all debts, liens, encumbrances, and obligations, ect. whatsoever.