

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 14326
ORDER NO. R-13166

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ("DIVISION") THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER FOR A COMPLIANCE ORDER AGAINST NACOGDOCHES OIL AND GAS, INC. [OGRID 256689] FINDING THAT OPERATOR IS IN VIOLATION OF 19.15.8.9 NMAC, 19.15.25.8 NMAC, AND 19.15.7.24 NMAC; REQUIRING THAT OPERATOR PLUG AND ABANDON ALL 121 OF ITS WELLS IN NEW MEXICO BY A DATE CERTAIN; AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG AND ABANDON THE WELLS, AND FORFEIT ANY APPLICABLE FINANCIAL ASSURANCE, PURSUANT TO SECTION 70-2-14(B) NMSA 1978.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on July 9, 2009, at Santa Fe, New Mexico, before Examiner Richard I. Ezeanyim, and again on August 20, 2009 before examiner David K. Brooks.

NOW, on this 15th day of September 2009, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The New Mexico Oil Conservation Division ("Division") seeks an order requiring Nacogdoches Oil and Gas, Inc. ("NOG" or "Nacogdoches" or "Operator") to plug and abandon all 121 of its wells identified on **Exhibit "A"** attached to this order [**Titled Nacogdoches Case No. 14326 -121 Inactive wells in violation of OCD Rule 19.15.25.8 NMAC at the time OCD Filed the Application**] or alternatively transfer these wells to

another unaffiliated operator by a date certain, or in the event that Operator fails to do so, pursuant to Section 70-2-14(B) NMSA 1978, authorizing the Division to plug and abandon all such wells and forfeit any applicable financial assurances.

(3) The Division appeared at the hearing through legal counsel and presented the following testimony.

(a) Nacogdoches Oil and Gas, Inc. acquired 183 wells from Mountain States Petroleum on August 31, 2007, and is the current operator of these wells at the time of the hearing;

(b) On April 20, 2009, **121** of these wells as shown in **EXHIBIT "A"** attached to this order were inactive in violation of Division Rule 19.15.25.8 NMAC;

(c) Further, on April 20, 2009, **39** of these wells as shown in **EXHIBIT "B"** attached to this order required single well financial assurances for state and fee lands because they were in violation of Division Rule 19.15.8.9(C);

(d) Nacogdoches also failed to report production on a monthly basis in violation of Division Rule 19.15.7.24 NMAC; and

(e) Nacogdoches is out of compliance with Division Rule 19.15.5.9 NMAC.

(4) On April 23, 2009, the Division filed an application for a compliance order against Nacogdoches Oil and Gas, Inc. This case was initially heard on July 9, 2009.

(5) The witness for the Division testified that on July 8, 2009, just a day before the hearing, Nacogdoches still has **86** wells in the inactive well list in violation of Division Rule 19.15.25.8 NMAC, and **28** wells still required single well financial assurances in violation of Division Rule 19.15.8.9(C).

(6) The Division's financial assurance administrator testified by affidavit that Nacogdoches Oil and Gas, Inc. posted \$50,000 blanket plugging financial assurance Number LOCA276171, through Compass Bank, 24 Greenway Plaza, Suite 1601, Houston Texas 77046. She also testified that as of April 23, 2009, the date of filing this application, NOG has 39 wells that required single well financial assurances, and by July 8, 2009, NOG has 28 wells that still required single well financial assurances. She further testified that the blanket financial assurance and any single well financial assurances posted by NOG have been provided in the form of Letters of Credit.

(7) Nacogdoches Oil and Gas, Inc. appeared at the hearing through legal counsel and presented the following testimony:

(i) Nacogdoches Oil and Gas, Inc. acquired the 183 wells from Mountain States Petroleum on August 31, 2007, however, the Division did not recognize Nacogdoches as the

operator of those wells until March 18, 2008. As a consequence, all the production was reported under Mountain States Petroleum, the prior operator of these wells;

(ii) Nacogdoches has worked very hard to return the wells to production or injection after acquiring the Wells from Mountain States Petroleum;

(iii) Recently Nacogdoches filed an application for a salt water disposal well, but the application was continued indefinitely because Nacogdoches was out of compliance with Division Rule 19.15.5.9;

(iv) Several wells could come into compliance with the Division Rules if the salt water disposal well is approved namely: (1) some of the shut-in producing wells could be put on production again, (2) the injection wells that failed Mechanical Integrity Tests (MITs) or that have constant sand problems could be replaced with the new salt water disposal well;

(v) If additional wells are allowed to be put on production by approving the salt water disposal well, the project will be economical. The project can produce between 300 to 400 barrels of oil per day; and

(vi) Nacogdoches has spent approximately \$8 million in capital investment for the purchase of hardware, pipe, flow lines, plugging equipment, acid trucks, pulling units, and bulldozers, and this does not include the purchase price of the property.

(8) After the hearing on July 9, 2009, the case was continued to August 20, 2009, to enable the Operator to come into compliance with all the Division Rules. Specific instructions given to the Operator to ensure that it complies with the Division Rules include the following: (1) bring all its inactive wells into compliance with Rule 19.15.25.8 NMAC; (2) post all additional financial assurances; and (3) file all the production and injection reports on form C-115. If on August 20, 2009, the Operator had complied with all these requirements to the satisfaction of the Compliance and Enforcement Manager, this case would therefore be dismissed. Should the Operator fail to comply with all these requirements on this date, then this case would be taken under advisement and an order entered.

The Division determined the following:

(9) At the August 20, 2009 hearing, it was determined that the Operator failed to comply with all the Division Rules, the specific instructions and requirements outlined on July 9, 2009, and therefore, the case was accordingly taken under advisement.

(10) Evidence presented by the Division at the hearing on August 20, 2009, indicated that there were still 48 inactive wells in violation of Division Rules 19.15.5.9 NMAC, and 19.15.25.8 NMAC. These wells are shown on **EXHIBIT "C"** attached to this order.

(11) Nacogdoches did bring 38 wells out of 86 wells into compliance by August 20, 2009 [86-48=38].

(12) Nacogdoches complied with the financial assurance requirements even though some single well financial assurances were posted on the morning of August 20, 2009, just before the hearing.

(13) Nacogdoches has complied with the monthly reporting requirements of the Division.

(14) The Operator however, could not demonstrate that it has complied with all the Division Rules, and for failure to comply with all the Rules, and specific requirements by August 20, 2009, the Operator is still in violation of Division **Rule 19.15.5.9 NMAC**. As a consequence, the Operator should be ordered to take one of the following actions with respect to each of the 48 inactive wells on or before December 31, 2009:

- (a) Plug and abandon the wells.
- (b) Obtain OCD approved temporary abandonment status for the wells.
- (c) Return the wells to regular production or injection.
- (d) Transfer the wells to another unaffiliated operator.

(15) Should the Operator fail to comply with this Order by December 31, 2009, then:

(a) its blanket plugging financial assurance, and any single well financial assurances applicable to wells remaining out of compliance with the Rules shall be forfeited;

(b) the Division may proceed to plug and abandon any well that remains out of compliance with Division Rules, and the Operator shall, immediately upon presentation of an invoice, reimburse the Division for all costs incurred in properly plugging and abandoning any such well, in excess of applicable financial assurance proceeds; and

(c) after notice to the Operator and opportunity for a hearing, unless the Operator demonstrates that it has, in fact, complied with all the requirements of this Order by December 31, 2009, the Division Director may order the Operator to shut in all of the wells that it operates until it replaces the blanket financial assurances herein declared forfeited, and furnishes any additional financial assurances required for continuation of its operations under applicable Division Rules.

IT IS THEREFORE ORDERED THAT:

(1) Pursuant to the application of the Division, Nacogdoches Oil and Gas, Inc. is hereby ordered to take one of the following actions on or before December 31, 2009:

- (a) Plug and abandon the wells.
- (b) Obtain OCD approved temporary abandonment status for the wells.
- (c) Return the wells to regular production or injection.
- (d) Transfer the wells to another unaffiliated operator.

(2) Should the Operator fail to comply with this Order by December 31, 2009, then:

(a) its blanket plugging financial assurance, and any single well financial assurances applicable to the wells remaining out of compliance with the Rules shall be forfeited;

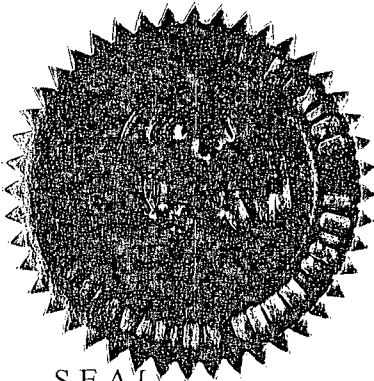
(b) the Division may proceed to plug and abandon any well that remains out of compliance with Division Rules, and the Operator shall, immediately upon presentation of an invoice, reimburse the Division for all costs incurred in properly plugging and abandoning any such well, in excess of applicable financial assurance proceeds; and

(c) after notice to the Operator and opportunity for a hearing, unless the Operator demonstrates that it has, in fact, complied with all the requirements of this Order by December 31, 2009, the Division Director may order the Operator to shut in all of the wells that it operates until it replaces the blanket financial assurances herein declared forfeited, and furnishes any additional financial assurances required for continuation of its operations under applicable Division Rules.

(3) On the other hand, should the Operator comply with all the provisions of this order by December 31, 2009, it shall be allowed to re-open its salt water disposal application which was continued indefinitely.

(4) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read "Mark E. Fesmire", written over a horizontal line.

MARK E. FESMIRE, P.E.
Director

EXHIBIT "A" Nacogdoches - Case No. 14326 - 121 Wells Inactive [in violation of OCD Rule 19.15.25.8] at time Application Filed by OCD

Order No. R-13166, September 15, 2009

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|-----------------------------------|------------------|
| 1. SANTA FE #029 | 1. 30-031-20341 |
| 2. SANTA FE PACIFIC RAILROAD #002 | 2. 30-031-20165 |
| 3. SANTA FE PACIFIC RAILROAD #008 | 3. 30-031-20181 |
| 4. SANTA FE PACIFIC RAILROAD #009 | 4. 30-031-20182 |
| 5. SANTA FE RAILROAD #003 | 5. 30-031-05147 |
| 6. SANTA FE RAILROAD #004 | 6. 30-031-05151 |
| 7. SANTA FE RAILROAD #007 | 7. 30-031-05141 |
| 8. SANTA FE RAILROAD #008 | 8. 30-031-05496 |
| 9. SANTA FE RAILROAD #009 | 9. 30-031-05531 |
| 10. SANTA FE RAILROAD #012 | 10. 30-031-20032 |
| 11. SANTA FE RAILROAD #013 | 11. 30-031-20038 |
| 12. SANTA FE RAILROAD #014 | 12. 30-031-20037 |
| 13. SANTA FE RAILROAD #015 | 13. 30-031-20036 |
| 14. SANTA FE RAILROAD #018 | 14. 30-031-20138 |
| 15. SANTA FE RAILROAD #019 | 15. 30-031-20139 |
| 16. SANTA FE RAILROAD #020 | 16. 30-031-20140 |
| 17. SANTA FE RAILROAD #021 | 17. 30-031-20141 |
| 18. SANTA FE RAILROAD #023 | 18. 30-031-20150 |
| 19. SANTA FE RAILROAD #039 | 19. 30-031-20452 |
| 20. SANTA FE RAILROAD #040 | 20. 30-031-20451 |
| 21. SANTA FE RAILROAD #041 | 21. 30-031-20594 |
| 22. SANTA FE RAILROAD #042 | 22. 30-031-20745 |
| 23. SANTA FE RAILROAD #043 | 23. 30-031-20712 |
| 24. SANTA FE RAILROAD #044 | 24. 30-031-20713 |
| 25. SANTA FE RAILROAD #045 | 25. 30-031-20804 |
| 26. SANTA FE RAILROAD #047 | 26. 30-031-20836 |
| 27. SANTA FE RAILROAD #048 | 27. 30-031-20837 |
| 28. SANTA FE RAILROAD #049 | 28. 30-031-20838 |
| 29. SANTA FE RAILROAD #050 | 29. 30-031-20854 |
| 30. SANTA FE RAILROAD #051 | 30. 30-031-20853 |
| 31. SANTA FE RAILROAD A #074 | 31. 30-031-20021 |
| 32. SANTA FE RAILROAD A #083 | 32. 30-031-20147 |
| 33. SANTA FE RAILROAD A #084 | 33. 30-031-20372 |
| 34. SANTA FE RAILROAD A #087 | 34. 30-031-20413 |
| 35. SANTA FE RAILROAD A #097 | 35. 30-031-20855 |
| 36. SANTA FE RR B #032 | 36. 30-031-20303 |
| 37. SANTA FE RR B #033 | 37. 30-031-20369 |

Order No. R-13166, September 15, 2009

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| 38. | SANTA FE RR B #034 | 38. | 30-031-20390 |
| 39. | SANTA FE RR B #035 | 39. | 30-031-20391 |
| 40. | SANTA FE RR B #036 | 40. | 30-031-20416 |
| 41. | SANTA FE RR B #037 | 41. | 30-031-20415 |
| 42. | SOUTH HOSPAH UNIT #001 | 42. | 30-031-05142 |
| 43. | SOUTH HOSPAH UNIT #002 | 43. | 30-031-05139 |
| 44. | SOUTH HOSPAH UNIT #003 | 44. | 30-031-05140 |
| 45. | SOUTH HOSPAH UNIT #004 | 45. | 30-031-05145 |
| 46. | SOUTH HOSPAH UNIT #005 | 46. | 30-031-05146 |
| 47. | SOUTH HOSPAH UNIT #006 | 47. | 30-031-20009 |
| 48. | SOUTH HOSPAH UNIT #007 | 48. | 30-031-20012 |
| 49. | SOUTH HOSPAH UNIT #008 | 49. | 30-031-20015 |
| 50. | SOUTH HOSPAH UNIT #009 | 50. | 30-031-20013 |
| 51. | SOUTH HOSPAH UNIT #010 | 51. | 30-031-60017 |
| 52. | SOUTH HOSPAH UNIT #011 | 52. | 30-031-20016 |
| 53. | SOUTH HOSPAH UNIT #012 | 53. | 30-031-20020 |
| 54. | SOUTH HOSPAH UNIT #013 | 54. | 30-031-20054 |
| 55. | SOUTH HOSPAH UNIT #014 | 55. | 30-031-20053 |
| 56. | SOUTH HOSPAH UNIT #015 | 56. | 30-031-20055 |
| 57. | SOUTH HOSPAH UNIT #016 | 57. | 30-031-20056 |
| 58. | SOUTH HOSPAH UNIT #017 | 58. | 30-031-20057 |
| 59. | SOUTH HOSPAH UNIT #021 | 59. | 30-031-05134 |
| 60. | SOUTH HOSPAH UNIT #022 | 60. | 30-031-05498 |
| 61. | SOUTH HOSPAH UNIT #024 | 61. | 30-031-20091 |
| 62. | SOUTH HOSPAH UNIT #025 | 62. | 30-031-20092 |
| 63. | SOUTH HOSPAH UNIT #026 | 63. | 30-031-20093 |
| 64. | SOUTH HOSPAH UNIT #027 | 64. | 30-031-20094 |
| 65. | SOUTH HOSPAH UNIT #028 | 65. | 30-031-20095 |
| 66. | SOUTH HOSPAH UNIT #029 | 66. | 30-031-20120 |
| 67. | SOUTH HOSPAH UNIT #030 | 67. | 30-031-20121 |
| 68. | SOUTH HOSPAH UNIT #031 | 68. | 30-031-20122 |
| 69. | SOUTH HOSPAH UNIT #032 | 69. | 30-031-20125 |
| 70. | SOUTH HOSPAH UNIT #033 | 70. | 30-031-20124 |
| 71. | SOUTH HOSPAH UNIT #035 | 71. | 30-031-20119 |
| 72. | SOUTH HOSPAH UNIT #036 | 72. | 30-031-20118 |
| 73. | SOUTH HOSPAH UNIT #037X | 73. | 30-031-20135 |

EXHIBIT "A" Nacogdoches - Case No. 14326 - 121 Wells Inactive fin violation of OCD Rule 19.15.25.81 at time Application Filed by OCD

Order No. R-13166, September 15, 2009

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| 74. SOUTH HOSPAH UNIT #038 | 74. 30-031-20151 |
| 75. SOUTH HOSPAH UNIT #039 | 75. 30-031-20152 |
| 76. SOUTH HOSPAH UNIT #046 | 76. 30-031-20360 |
| 77. SOUTH HOSPAH UNIT #047 | 77. 30-031-20361 |
| 78. SOUTH HOSPAH UNIT #048 | 78. 30-031-20362 |
| 79. SOUTH HOSPAH UNIT #049 | 79. 30-031-20363 |
| 80. SOUTH HOSPAH UNIT #050 | 80. 30-031-20364 |
| 81. SOUTH HOSPAH UNIT #051 | 81. 30-031-20242 |
| 82. SOUTH HOSPAH UNIT #052 | 82. 30-031-20243 |
| 83. SOUTH HOSPAH UNIT #053 | 83. 30-031-20278 |
| 84. SOUTH HOSPAH UNIT #054 | 84. 30-031-20407 |
| 85. SOUTH HOSPAH UNIT #057 | 85. 30-031-20408 |
| 86. SOUTH HOSPAH UNIT #058 | 86. 30-031-20409 |
| 87. SOUTH HOSPAH UNIT #059 | 87. 30-031-20410 |
| 88. SOUTH HOSPAH UNIT #060 | 88. 30-031-20411 |
| 89. SOUTH HOSPAH UNIT #061 | 89. 30-031-20546 |
| 90. SOUTH HOSPAH UNIT #062 | 90. 30-031-20545 |
| 91. SOUTH HOSPAH UNIT #063 | 91. 30-031-20544 |
| 92. SOUTH HOSPAH UNIT #064 | 92. 30-031-20547 |
| 93. LONE PINE DAKOTA D UNIT #023 | 93. 30-031-20201 |
| 94. HOSPAH SAND UNIT #039 | 94. 30-031-05171 |
| 95. HOSPAH SAND UNIT #050 | 95. 30-031-05201 |
| 96. SANTA FE #016 | 96. 30-031-20086 |
| 97. SANTA FE #017 | 97. 30-031-20102 |
| 98. HOSPAH SAND UNIT #003 | 98. 30-031-05205 |
| 99. HOSPAH SAND UNIT #015 | 99. 30-031-05207 |
| 100. HOSPAH SAND UNIT #017 | 100. 30-031-05213 |
| 101. HOSPAH SAND UNIT #019 | 101. 30-031-05203 |
| 102. HOSPAH SAND UNIT #025 | 102. 30-031-05212 |
| 103. HOSPAH SAND UNIT #027 | 103. 30-031-05214 |
| 104. HOSPAH SAND UNIT #028 | 104. 30-031-05216 |
| 105. HOSPAH SAND UNIT #029 | 105. 30-031-05225 |
| 106. HOSPAH SAND UNIT #032 | 106. 30-031-05224 |
| 107. HOSPAH SAND UNIT #035 | 107. 30-031-05222 |
| 108. HOSPAH SAND UNIT #037 | 108. 30-031-05219 |
| 109. HOSPAH SAND UNIT #038 | 109. 30-031-05179 |
| 110. HOSPAH SAND UNIT #052 | 110. 30-031-05182 |

EXHIBIT "A" Nacogdoches - Case No. 14326 - 121 Wells Inactive [in violation of OCD Rule 19.15.25.8] at time Application Filed by OCD

Order No. R-13166, September 15, 2009

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| 111. HOSPAH SAND UNIT #058 | 111. 30-031-20115 |
| 112. HOSPAH SAND UNIT #059 | 112. 30-031-20116 |
| 113. HOSPAH SAND UNIT #084 | 113. 30-031-20248 |
| 114. HOSPAH SAND UNIT #092 | 114. 30-031-20613 |
| 115. HOSPAH SAND UNIT #093 | 115. 30-031-20611 |
| 116. HOSPAH SAND UNIT #095 | 116. 30-031-20608 |
| 117. HOSPAH SAND UNIT #100 | 117. 30-031-20831 |
| 118. HOSPAH SAND UNIT #105 | 118. 30-031-20944 |
| 119. LONE PINE DAKOTA D UNIT #012 | 119. 30-031-20183 |
| 120. LONE PINE DAKOTA D UNIT #014 | 120. 30-031-20174 |
| 121. HOSPAH SAND UNIT #051 | 121. 30-031-05194 |

EXHIBIT "B" Nacogdoches - Case No. 14326 -39 Wells in violation of financial assurance requirements at time OCD filed Application

Order No. R-13166, September 15, 2009

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| 1. HOSPAAH SAND UNIT #015 | 1. 30-031-05207 |
| 2. HOSPAAH SAND UNIT #017 | 2. 30-031-05213 |
| 3. HOSPAAH SAND UNIT #019 | 3. 30-031-05203 |
| 4. HOSPAAH SAND UNIT #025 | 4. 30-031-05212 |
| 5. HOSPAAH SAND UNIT #027 | 5. 30-031-05214 |
| 6. HOSPAAH SAND UNIT #028 | 6. 30-031-05216 |
| 7. HOSPAAH SAND UNIT #029 | 7. 30-031-05225 |
| 8. HOSPAAH SAND UNIT #032 | 8. 30-031-05224 |
| 9. HOSPAAH SAND UNIT #035 | 9. 30-031-05222 |
| 10. HOSPAAH SAND UNIT #052 | 10. 30-031-05182 |
| 11. HOSPAAH SAND UNIT #095 | 11. 30-031-20608 |
| 12. HOSPAAH SAND UNIT #105 | 12. 30-031-20944 |
| 13. SANTA FE #016 | 13. 30-031-20086 |
| 14. SANTA FE #017 | 14. 30-031-20102 |
| 15. SANTA FE #029 | 15. 30-031-20341 |
| 16. SANTA FE RAILROAD #004 | 16. 30-031-05151 |
| 17. SANTA FE RAILROAD #007 | 17. 30-031-05141 |
| 18. SANTA FE RAILROAD #008 | 18. 30-031-05496 |
| 19. SANTA FE RAILROAD #009 | 19. 30-031-05531 |
| 20. SANTA FE RAILROAD #013 | 20. 30-031-20038 |
| 21. SANTA FE RAILROAD #014 | 21. 30-031-20037 |
| 22. SANTA FE RAILROAD #015 | 22. 30-031-20036 |
| 23. SANTA FE RAILROAD #018 | 23. 30-031-20138 |
| 24. SANTA FE RAILROAD #019 | 24. 30-031-20139 |
| 25. SANTA FE RAILROAD #020 | 25. 30-031-20140 |
| 26. SANTA FE RAILROAD #021 | 26. 30-031-20141 |
| 27. SANTA FE RAILROAD #023 | 27. 30-031-20150 |
| 28. SANTA FE RAILROAD #039 | 28. 30-031-20452 |
| 29. SANTA FE RAILROAD #040 | 29. 30-031-20451 |
| 30. SANTA FE RAILROAD #041 | 30. 30-031-20594 |
| 31. SANTA FE RAILROAD #042 | 31. 30-031-20745 |
| 32. SANTA FE RAILROAD #043 | 32. 30-031-20712 |
| 33. SANTA FE RAILROAD #045 | 33. 30-031-20804 |
| 34. SANTA FE RAILROAD #047 | 34. 30-031-20836 |

EXHIBIT "B" Nacogdoches - Case No. 14326 -39 Wells in violation of financial assurance requirements at time OCD filed Application

Order No. R-13166, September 15, 2009

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| 35. SANTA FE RAILROAD #048 | 35. 30-031-20837 |
| 36. SANTA FE RAILROAD #049 | 36. 30-031-20838 |
| 37. SANTA FE RAILROAD #050 | 37. 30-031-20854 |
| 38. SANTA FE RAILROAD #051 | 38. 30-031-20853 |
| 39. SANTA FE RAILROAD A #074 | 39. 30-031-20021 |

EXHIBIT "C" Nacogdoches - Case No. 14326-48 Wells Inactive [in violation of OCD Rule 19.15.25.8] as of 8/20/09
Order No. R-13166, September 15, 2009

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| 1. HOSPAH SAND UNIT #038 | 1. 30-031-05179 |
| 2. HOSPAH SAND UNIT #039 | 2. 30-031-05171 |
| 3. HOSPAH SAND UNIT #051 | 3. 30-031-05194 |
| 4. HOSPAH SAND UNIT #058 | 4. 30-031-20115 |
| 5. HOSPAH SAND UNIT #084 | 5. 30-031-20248 |
| 6. HOSPAH SAND UNIT #092 | 6. 30-031-20613 |
| 7. HOSPAH SAND UNIT #093 | 7. 30-031-20611 |
| 8. HOSPAH SAND UNIT #100 | 8. 30-031-20831 |
| 9. LONE PINE DAKOTA D UNIT #012 | 9. 30-031-20183 |
| 10. LONE PINE DAKOTA D UNIT #014 | 10. 30-031-20174 |
| 11. LONE PINE DAKOTA D UNIT #023 | 11. 30-031-20201 |
| 12. SANTA FE PACIFIC RAILROAD #009 | 12. 30-031-20182 |
| 13. SANTA FE RAILROAD #023 | 13. 30-031-20150 |
| 14. SANTA FE RAILROAD #044 | 14. 30-031-20713 |
| 15. SANTA FE RAILROAD #051 | 15. 30-031-20853 |
| 16. SANTA FE RAILROAD A #074 | 16. 30-031-20021 |
| 17. SANTA FE RAILROAD A #083 | 17. 30-031-20147 |
| 18. SANTA FE RAILROAD A #084 | 18. 30-031-20372 |
| 19. SANTA FE RAILROAD A #087 | 19. 30-031-20413 |
| 20. SANTA FE RAILROAD A #097 | 20. 30-031-20855 |
| 21. SANTA FE RR B #032 | 21. 30-031-20303 |
| 22. SANTA FE RR B #035 | 22. 30-031-20391 |
| 23. SOUTH HOSPAH UNIT #002 | 23. 30-031-05139 |
| 24. SOUTH HOSPAH UNIT #004 | 24. 30-031-05145 |
| 25. SOUTH HOSPAH UNIT #005 | 25. 30-031-05146 |
| 26. SOUTH HOSPAH UNIT #006 | 26. 30-031-20009 |
| 27. SOUTH HOSPAH UNIT #008 | 27. 30-031-20015 |
| 28. SOUTH HOSPAH UNIT #009 | 28. 30-031-20013 |
| 29. SOUTH HOSPAH UNIT #012 | 29. 30-031-20020 |
| 30. SOUTH HOSPAH UNIT #013 | 30. 30-031-20054 |
| 31. SOUTH HOSPAH UNIT #017 | 31. 30-031-20057 |
| 32. SOUTH HOSPAH UNIT #021 | 32. 30-031-05134 |
| 33. SOUTH HOSPAH UNIT #022 | 33. 30-031-05498 |
| 34. SOUTH HOSPAH UNIT #027 | 34. 30-031-20094 |

EXHIBIT "C" Nacogdoches - Case No. 14326 -48 Wells Inactive [in violation of OCD Rule 19.15.25.81 as of 8/20/09
Order No. R-13166, September 15, 2009

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|------------------------------|------------------|
| 35. SOUTH HOSP AH UNIT #029 | 35. 30-031-20120 |
| 36. SOUTH HOSP AH UNIT #033 | 36. 30-031-20124 |
| 37. SOUTH HOSP AH UNIT #036 | 37. 30-031-20118 |
| 38. SOUTH HOSP AH UNIT #037X | 38. 30-031-20135 |
| 39. SOUTH HOSP AH UNIT #039 | 39. 30-031-20152 |
| 40. SOUTH HOSP AH UNIT #047 | 40. 30-031-20361 |
| 41. SOUTH HOSP AH UNIT #051 | 41. 30-031-20242 |
| 42. SOUTH HOSP AH UNIT #052 | 42. 30-031-20243 |
| 43. SOUTH HOSP AH UNIT #054 | 43. 30-031-20407 |
| 44. SOUTH HOSP AH UNIT #057 | 44. 30-031-20408 |
| 45. SOUTH HOSP AH UNIT #058 | 45. 30-031-20409 |
| 46. SOUTH HOSP AH UNIT #059 | 46. 30-031-20410 |
| 47. SOUTH HOSP AH UNIT #060 | 47. 30-031-20411 |
| 48. SOUTH HOSP AH UNIT #063 | 48. 30-031-20544 |