Case No. 14041, De Novo OCD Exhibit F Marks & Garner Prod. Ltd

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

CASE NO. 13163 ORDER NO. R-12132-B

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING SABA ENERGY OF TEXAS, INC. TO BRING SIX WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC, ASSESSING APPROPRIATE CIVIL PENALTIES, AND AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE SECURITY IN DEFAULT OF COMPLIANCE BY THE OPERATOR; LEA COUNTY, NEW MEXICO.

# ORDER OF THE OIL CONSERVATION COMMISSION

### BY THE COMMISSION:

THIS MATTER came before the Oil Conservation Commission (the Commission) for hearing on June 15, 2006 at Santa Fe, New Mexico on the motion of the Oil Conservation Division (the Division) to re-open Case No. 13163 for entry of an order finding Saba Energy of Texas, Inc. (Saba) to be in violation of an order requiring corrective action, and the Commission, having heard the evidence and arguments of counsel and carefully considered the same, now, on this 15<sup>th</sup> day of June, 2006

### FINDS,

- 1. Notice has been given of the motion and the hearing of this matter, and the Commission has jurisdiction of the parties and the subject matter,
- 2. In Order No. R-12132-A, issued by the Commission in Case No. 13163 on August 12, 2004, Saba was directed to take the following corrective actions:
  - A. plug and abandon the following wells within thirty days after issuance of the order:
    - San Simon 5 State #1, API #30-025-27564, Unit Letter E, Section 5, Township 22 South, Range 35 East
    - San Simon 5 State #2, API #30-025-28480, Unit Letter G, Section 5, Township 22 South, Range 35 East
  - B. return each of the following wells to compliance with Division rules within thirty days after issuance of the order, by either plugging the well, restoring it to production, or placing the well on approved temporary abandonment status:

Case No. 13163 Order No. R-12132-B Page 2

- Morris #1, API #30-025-29247, Unit Letter D, Section 8, Township 13 South, Range 36 East
- Saba State #1, API #30-025-33726, Unit Letter I, Section 7, Township 13
   South, Range 36 East
- C. return each of the following wells to compliance with OCD rules no later than December 31, 2004, by either plugging the well, restoring it to production, or placing the well on approved temporary abandonment status:
  - Harton State #1, API #30-025-28540, Unit Letter H, Section 7, Township 13 South, Range 36 East.
  - Fern Guye #1, API #30-025-34488, Unit Letter M, Section 5, Township 13 South, Range 36 East.
- 3. Order No. R-12I32-A further provided that the Commission retained jurisdiction for the entry of such further orders as it may deem necessary.
- 4. The Division presented the testimony of Daniel Sanchez, the Division's Enforcement and Compliance Manager, Mr. Sanchez testified that
  - to date, Saba has not performed the corrective action required by Order No. R-12132-A, and the wells subject to Order No. R-12132-A remain out of compliance;
  - B. the Division is proceeding to plug the wells subject to Order No. R-12132-A: and
  - C. the estimated cost of plugging the wells subject to Order No. R-12132-A exceeds the \$50,000 surety bond posted by Saba.
- 5. Saba did not appear. Mr. Kevin Sexton of Sturges, Houston & Sexton, P.C., appeared on behalf of Capital Insurance Company, as successor in interest to Redlands Insurance Company.
- 6. OCD Rule 40.A [19.I5.1.40.A NMAC] provides, in relevant part, that an operator is out of compliance with its provisions if an order is issued after notice and hearing finding the operator to be in violation of an order requiring corrective action.

#### IT IS THEREFORE ORDERED THAT:

- 1. The Commission has determined that Saba is out of compliance with OCD Rule 40.A [19.15.1.40.A NMAC] because it has failed to take required corrective action pursuant to Order No. R-12132-A.
- 2. Saba may comply with the requirements of Rule 40 by reimbursing the Division for the Division's actual costs of completing those actions on Saba's behalf, as required by Order No. R-12132-A, minus any amounts recovered by the Division on Saba's surety bond.

- 3. When Saba reimburses the Division for the Division's actual costs of completing those actions required by Order No. R-12132-A and pays the civil penalties of Order No. R-12132-A it may file a motion with the Commission to declare Order No. R-12132-A satisfied.
- 4. Jurisdiction is hereby retained for the entry of such further order as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVAŢĮON COMMISSION

MARK E. FESMIRE, P.E., CHAIR

JAMI BAILEY, CPG, MEMBER

WILLIAM OLSON, MEMBER

SEAL

		DATE 3/20/09	THUE	APPROVED BY: MAX Conditions of Approval (if any):
		Telephone No.	E-mail address:	Type or print name For State Use Only
	conditions of Alphoval (II arry).	2 and belief. I further certify that may pli or below- or an (effected) effectiative OCD-approved plan	the best of n	I hereby certify that the information grade that has been will be empiricated. SIGNATURE MARKET
E-mai	Type or print name  For State Use Only  APPROVED BY:  Condition of Androyal (if any)	Notify OCD 24 hrs. prior to any work done.	1.75 12:11 De 14500	Steel
above is true and complete to the closed according to NMOCD guideling.	Thereby certify that the information above is true and complete to the grade task has been will be constructed or closed according to NMOCD guidelic SIGNATURE.	pla.	Install Dry hole Moker - Clean up lac	4) Install
11 PA Marker -		In but of Casing	Spot 2558 @ 2021' (TAG) Spot 305x from 311' to Surface	3) Port 250 3) Port 50 s
HOSK on CIBP	4/27/09 - Sct	on top - Circubse Musik	set 51/11 CIBPO 2296 W/2588 on top	i) set 51/3"
leted operations. (Clearly state rrk). SEE RULE 1103. For Mu	OTHER:  13. Describe proposed or completed operations. (Clearly state of starting any proposed work). SEE RULE 1103. For M or recompletion.	give pertinent dates, including estimated date tack wellbore diagram of proposed completion	HER. OTHER: OTHE	OTHER:  13. Describe proposed or con of starting any proposed or recompletion.
OF INTENTION TO: DRK   PLUG AND ABANDON   N   CHANGE PLANS     MULTIPLE COMPL	NOTICE OF IN PERFORM REMEDIAL WORK [] TEMPORARILY ABANDON [] PULL OR ALTER CASING []	SUBSEQUENT REPORT OF: WORK	ITENTION TO: PLUG AND ABANDON KI REMEDIAL CHANGE PLANS COMMENC MULTIPLE COMPL CASING/C	NOTICE OF IN PERFORM REMEDIAL WORK  TEMPORARILY ABANDON PULL OR ALTER CASING
12. Check Appropriate Box to Indicat	12. Check /	Report or Other Data	12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	12. Check
Relow-Grade Tank: Volume	Pir Liner Thickness: mil	Diviance from nearest surface water  biks. Construction Material	Distance from nearest fresh water well bbk;	Pit type Depth to Groundwater Pit Liner Thickness; mil
Chosure []	Lit of Below-grade Tank Application   or Closure			Pit or Below-grade Tank Application   or Chaure
Range 29E NMPM 11. Elevation (Show whether		NMPM County	Township 17 Range 29	Section 5
990_feet from the _SOUTH line :	4. Well Location Unit Letter_P:990_	990 feet from the E line	990 feet from the S line and S	4. Well Location Unit Letter
NM 88260	P.O. BOX 70 LOVINGTON, NM 88260	10. Pool name or Wildcat		
MARKS AND GARNER PRO	2. Name of Operator STATE OF NEW MEXICO FOR MARKS AND GARNER PRO	9. OGRID Number	Marks + Carner	NAM OCO Sperator
Gas Well Other	PROPOSALS)  1. Type of Well: Oil Well		Gas Well Other	PROPOSALS.)  1. Type of Well: Oil Well
ÍCES AND REPORTS ÓN WE SALS 10 DRILL OR TO DEEPEN O CATION FOR PERMIT" (FORM C-10	SUNDRY NOTICES AND REPORTS ON WE (XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	7. Lease Name or Unit Agreement Name  Cave Papl 11+	SUNDRY NOTICES AND REPORTS ON WELLS  (DO NOT USE THIS CORN FOR PROPOSALS TO DISILL OR TO DEFEND OUR DILL HACK TO A DIFFERENT RESERVORE, USE "APPLICATION OFR FERMIT FORMS, COLD FOR SUCT	SUNDRY NO (DO NOT USE THIS FORM FOR PRO DIFFERENT RESIRVOIR, USE "API
Santa Fc, NA	<u>Instrigt IV</u>   1220 S. St. Francas Dr., Santa Fe, NM   8750 S	6. State Oil & Gus Lease No.	Santa Fc. NM 8/505	<u>District IV</u> 1220 S. St. Francis Dr., Santa Fc, NM 87505
1220 South St.	1301 W. Grend Ave., Artesia, NM 88210 District III 1900 Rio Brayos Rd., Artec, NM 87410	5. Indicate Type of Lease STATE X FEE		District III  1000 Rio Brazos Rd., Aziec, NM 87410
OIL CONSERVAT	1625 N. French Dr., Hubbs, NM 88240 District II	0.0	L	Marks & Garner Prod. Ltd
State of New Energy, Minerals and I	Submit 3 Copies To Appropriate District Office District	MAR 19 2009 Form C-103 May 27, 2004	State of New Mexico Energy, Minerals and Natural Resources	Case No. 14041, De Novo OCD Exhibit G

	t or Other Data	Report	Vature of Notice.	12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	$\Lambda ppropria$	12. Check /	
	bbbs: Construction Material	mstructio	bbls; Co	Relow-Grade Tank: Volume	Relow-0	mi	ner Thickness:
	Distance from nearest surface water	tance fron		Distance from nearest fresh water well		_Bepth to Groundwater	
					or Closure	Below-grade Jank Application   or Closure	Below-grade   ;
		,	R. RKB. RT. GR, etc.	11. Elevation (Show whether DR, RKB, RT, GR, etc.)	11. Eleva		
		, NM	County EDDY, NM	E NMPM	Range 291	Section 5 Township 17S Range 29E	Section :
	ST_ line	e _EAS	1990_feet from the	Unit Letter_P:990_ feet from the SOUTH_ line and990_feet from the _EAST_ line	feet from t	er_P_:990_	Unit Let
							Vell Location
	CAVE GB/SA	CAVI			NM 88260	LOVINGTON, NM 88260	BOX 70
	10. Pool name or Wildcat	10. P				erator	ddress of Operator
		14070	CHON LTD CO.	TE OF NEW MEXICO FOR MARKS AND GARNER PRODUCTION LTD CO.	MARKSA	MEXICO FOR	TE OF NEW
	<ol><li>OGRID Number</li></ol>	9. 00				ator	lame of Operator
		027		Other	Gas Well   Other	ype of Well: Oil Well 🔯	ype of Well:
	8. Well Number	.∞	0.000	CI Element A Oktob C. 1947	CALICATOR	WORK COLUMN	POSALS )
	CAVE POOL UNIT	CAV	LUG BACK TO A	NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEFENOR PLAIG BACK TO A BENEFIT DESCRIPTION OF PROPOSALS TO DRILL OR TO DEFENOR CLUDYFOR SHOTI	DSALS TO DR	FORM FOR PROPE	NOT USE THIS
	7. Lease Name or Unit Agreement Name	7. Le	S	SUNDRY NOTICES AND REPORTS ON WELLS	ICES AND	SUNDRY NOT	
	1163	E-10163				S. St. Francis Lift., Santa Fe. 1988	S. St. Francis D
	6. State Oil & Gas Lease No.	5	37303	Saina FC, INIVI 87505			VID
	STATE N FEE		ancis lut.	Source NM 97505		Rio Brazos Rd., Aztec, NM 87410	Rio Brazos Rd.
	5. Indicate Type of Lease FEDERAL	S. In	NUMBION	OIL CONSERVATION DIVISION	011	W. Grand Ave., Artesia, NM 88210	W. Grand Ave.
	30-015-02897	30-01		35		N. French Dr., Hobbs, NM 88240	N, French Dr., I
7	Nav 27, 2004		tural Kesources	Energy, Minerals and Natural Resources	Ener		EL.
<b>→</b>	MAY 19 2009 Form C-103	<b>-</b>	fexico	State of New Mexico	!	nit 3 Copies To Appropriate District	nit 3 Copies To /

4/27/09 - Set CIBAD 2270' - Circ. 4/28/09 - SPOT 405% on CIBA- Port @ OTHER:

OTHER:

OTHER:

OTHER:

OTHER:

OTHER:

OF starting any proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellhore diagram of proposed completion or recompletion. Install PA Marker - Clean up location Perf @ 311'- Circ. 100 st to Surface

SUBSEQUENT REPORT OF:
REMEDIAL WORK ALTERING C
COMMENCE DRILLING OPNS. P AND A
CASING/CEMENT JOB

ALTERING CASING ☐ P AND A ☑

ype or print name or State Use Only pproved by: ereby certify that the information above is true and complete to the best of my knowledge and belief. I further erefly that any pit or below the best of my knowledge and belief. I further erefly that any pit or below the bank has been will be constructed or closed according to NMOCD guidelines (), a general permit () or an (attached) alternative OCD approved plan (). SNATURE Med Oxx TITLE Approved for plusting of well base only.

Approved for plusting a well-base only.

For C. Dis Schweigener Berging of Well Plusting!

For the way be found as OCD Web Page under

For the way comed cancermation. \_TITLE\_\_AGENT\_ E-mail address: DATE S-15-09 Telephone No.

Submit 3 Copies To Appropriate District State of New Mexico	MAY 19 2009 Form C-102/N
District District Inches NM 88240   Inches NM 88	
District III W. Grand Ave., Aresia, IMERALIO OII. CONSERVATION DIVISION District III 1220 South St. Francis Dr. 1220 South St. Francis Dr.	5. Indicate Type of Lease FEDERAL STATE STATE STATE
1900 Ru hazos Ru. Azrec, NM 8/310  Santa Fe, NM 8/365 1220 S. St. Francis Dr. Sana Fe, NM	Gas Lease
R7505	
DONOT USE THIS FORM FOR PROPOSALS TO DIRHLI, OF TO DIFFIELD WELL, INCK TO A CHECKEN OF PLACE TO A CHECKEN OF PLACE WAS THE WASHINGTON OF THE SAME IN VATION FOR DEPARTS FOR ME WASHINGTON FOR DEPARTS FOR THE WASHINGTON FOR DEPARTS FOR THE WASHINGTON FOR TH	7. Lease Name or Unit Agreement Name CAVI: POOL UNIT
DEFENDENT KERENVOR, VAR ANTERVATION FOR FERMIN (FORMACIONITION SOCIAL PROPERTY AND COMPANY SOCIAL CONTRACTOR OF A COMPANY SO	8. Well Number 036
1 2	9. OGRID Number
3. Address of Operator P.O. BOX 70 LOVINGTON, NM 88260	10. Pool name or Wildcat CAVE GB/SA
Unit Letter B: 660 feet from the NORTH line and 1980 feet from the EAST line	ne EAST, line
	, NM
H. Elevation (Show whether DK, KKB, KT, GK, etc.)	
Pit or Below.grade Tank Application   or Closure     Distriction	District from company of the contract
Thickness: onli Relow-Grade Tank: Volume bths:	bbly; Construction Meterial
12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data	Report or Other Data
PERFORM REMEDIAL WORK	SUBSEQUENT REPORT OF: WORK   ALTERING CASING   E DRILLING OPINS   P AND A   SMENT JOB
OTHER:	
12 5	I give pertinent dates, including estimated date ach wellbore diagram of proposed completion
4/22/03 - 62+ C18P(0) 2332 - CIFC Physing	Mud - 255×0 2330'
i	@ 2025'.
4/21/09 Perto 445'- Circ 2955x to surface	Durface
	location
11. Let un in the control of the con	
I freety certify that the information above is rule and compose to the cess of my knowledge and bettel, I terther certify that way pit or below: grade tank has becomit be constructed or chosed according to SMOCD guidelines □, a general permit □ or an (attached) alternative the Dapproved plan □.	S 400 feellel, a further certify that my pit of below- or an (attached) alternative (OCD-approved plan).
SIGNATURE Off Chart TITLE AGENT	DATE 5-15-09

Approved for planting of seed have only.

Lidelity under both seedings pointing DATE Seed and seeding pointing partial magnetic forms as to found at OCD Web Page under forms as wearened state managed.

Telephone No.

E-mail address: