

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 15th 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:

- 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-12132-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
- A. 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 [19.15.1.40.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.

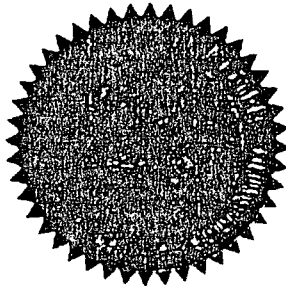
IT IS THEREFORE ORDERED THAT:

- 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 CONSERVATION COMMISSION


MARK E. FESMIRE, P.E., CHAIR


JAMI BAILEY, CPG, MEMBER


WILLIAM OLSON, MEMBER

SEAL

Form C-103
Nov 27, 2004

MAY 19 2009

Submittal Copies To: Appropriate District Office
District I
6425 N. French Dr., Hobbs, NM 88240
District II
1301 W Grand Ave., Artesia, NM 88210
District III
1000 Red Throat Rd., Aztec, NM 87410
District IV
1220 S. Francis Jr., Santa Fe, NM 87505
District V
1220 S. Francis Jr., Santa Fe, NM 87505

**State of New Mexico
Energy, Minerals and Natural Resources**

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

STANDARD NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE APPLICATION FOR PERMIT FORM C-1010 FOR SUCH PURPOSES.)

1. Type of Well: Oil well ☒ Gas well ☐ Other _____

2. Name of Operator _____
STATE OF NEW MEXICO FOR MARKS AND GARNER PRODUCTION LTD CO.

3. Address of Operator _____
P.O. BOX 70 LOVINGTON, NM 88260

4. Well location
Unit Letter P, 990 feet from the SOUTH line and 990 feet from the EAST line
Section 5 Township 17S Range 29E NMPM County EDDY, NM

5. Address of well location
11. Elevation (Show whether DR R.R. RT. GR. etc.) _____

Prior to being graded Tank Application ☐ or Flamingo ☐

Pit Pipe _____ Depth to Groundwater _____ Distance from nearest fresh water well _____ Distance from nearest surface water _____
mft Relics Grade Tank Volume bbls Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:
PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
CASING/CEMENT JOB ☐

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

OTHER: ☐ OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give permit dates, including estimated date of starting any proposed work) SEE RULE 1103 for Multiple Completions. Attach wellhole diagram of proposed completion or recompletion.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below grade tank has been/will be constructed or closed according to NMATCH guidelines Or a general permit Or an (attached) alternative (X) to approved plan Or SIGNATURE: Paul O'Neil TITLE: AGENT DATE: 5-15-09

Type or print name _____ E-mail address: _____ Telephone No. _____
For State Use Only

APPROVED BY: [Signature] TITLE: _____ DATE: 5/21/09

Conditions of Approval (if any):

Approved for Plugging of well have only:
Lubrication and sealant components
or Cement subsequent Reports of Well plugging
which may be found at OGD Web Page under
Forms: www.oilandnaturalresources.nm.gov

State of New Mexico
Energy, Minerals and Natural Resources

WELL API NO. 322-015-02915
5. Indicate Type of Lease: FEDERAL
STATE ☒ FEE ☐
6. State Oil & Gas Lease No. E4200
7. Lease Name or Unit Agreement Name
8. Well Number 360
9. OGRID Number
10. Pool name or Wildcat

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)
1. Type of Well: Oil Well ☐ Gas Well ☐ Other
2. Name of Operator
3. Address of Operator
4. Well Location
Unit Letter B-660 feet from the N line and 1950 feet from the E line
Section 8 Township 17 Range 29 NMJM County
11. Elevation (Show whether DR, RKB, RT, GR, etc.)

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PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
OTHER: ☐
13. Describe proposed or completed operations. (Clearly state all pertinent details, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.
1) Set 5 1/2" C18A @ 2332' w/ 255x on Top - Circ. plugging mud
2) Port and slot 355x @ 1975' (TAG)
3) Port and Pump 555x from 475' to surface
4) Install Dry hole marker - clean up loc.
* Set B. 5-15' 445' Port 555x on top of Tag.
Yates 422.

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4/23/09 - Set C18A @ 2332' - Circ. plugging mud - 255x @ 2332'
4/24/09 - Port 1975' - Hold PSI - slot 255x @ 2025'
Port 445' - Circ 2950x for surface
Install PA Marker - clean up location

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State of New Mexico
Energy, Minerals and Natural Resources

WELL API NO. 30-015-02915
5. Indicate Type of Lease: FEDERAL
STATE ☒ FEE ☐
6. State Oil & Gas Lease No. E-4200
7. Lease Name or Unit Agreement Name
8. Well Number 036
9. OGRID Number 14070
10. Pool name or Wildcat
CAVE CIB/SA

SUNDRY NOTICES AND REPORTS ON WELLS
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