

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

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

APPLICATION OF THE NEW MEXICO
OIL CONSERVATION DIVISION, THROUGH
THE ENFORCEMENT AND COMPLIANCE
MANAGER, FOR A COMPLIANCE ORDER
AGAINST C & D MANAGEMENT COMPANY
D/B/A FREEDOM VENTURES COMPANY,
FINDING THAT THE OPERATOR KNOWINGLY
AND WILLFULLY VIOLATED 19.15.4.201 NMAC;
ASSESSING PENALTIES; REQUIRING OPERATOR TO
BRING SAID WELLS INTO COMPLIANCE WITH
19.15.13.1115 NMAC AND 19.15.4.201 NMAC BY A
DATE CERTAIN; AND IN THE EVENT OF NON-
COMPLIANCE, DECLARING THE WELLS ABANDONED
AND AUTHORIZING THE DIVISION TO PLUG THE
WELLS AND FORFEIT THE APPLICABLE FINANCIAL
ASSURANCE, EDDY COUNTY, NEW MEXICO.

CASE NO. 14055 (De Novo)
RE-OPENED
ORDER NO. R-12913-G

ORDER OF THE COMMISSION

THIS MATTER, having come before the New Mexico Oil Conservation Commission (Commission) on May 20, 2010 at Santa Fe, New Mexico, on the motion of the New Mexico Oil Conservation Division (Division) to re-open the case to clarify the Commission's Order No. R-12913-E and the Commission having carefully considered the evidence and other materials the parties submitted at its July 16, 2009, August 13, 2009, and November 4, 2009 hearings, and the Division's motion and C & D Management Company's response to the motion now, on this 17th day of June 2010, clarifies its order No. R-12913-E and finds and orders as follows:

1. Pursuant to 19.15.5.9 NMAC, the Commission ordered C & D Management Company in Order No. R-12913-E to on or before January 16, 2010 bring all wells that C & D Management Company operates into full compliance with (i) the reporting obligations under the August 14, 2008 Commission order, Order No. R-12913-A, and 19.15.7.24 NMAC; and (ii) the financial assurance requirements in the rules promulgated pursuant to the New Mexico Oil and Gas Act (Act). In Order No. R-12913-E the Commission ordered that C & D Management Company shall be deemed to remain out of compliance with 19.15.5.9 NMAC until the Commission grants a motion pursuant to 19.15.5.9(D)(3) NMAC, containing a finding that C & D Management Company has

complied with the reporting obligations under Order No. R-12913-A and 19.15.7.24 NMAC and the financial assurance requirements in the rules promulgated pursuant to the Act.

2. In Order No. R-12913-E the Commission also ordered C & D Management Company, on or by January 16, 2010, for each well that it operates, to (i) bring the well into or back into production or, for gas wells, obtain from the Division certification that the well is capable of production, and (ii) place the well on temporary abandonment status approved by the Division pursuant to the rules. In the alternative, C & D Management Company was to plug and abandon the wells pursuant to the rules.

3. The Commission's intent in Order No. R-12913-E was that on or before January 16, 2010 C & D Management Company was required to bring all its wells into full compliance with the reporting obligations under the August 14, 2008 Commission order, Order No. R-12913-A, and 19.15.7.24 NMAC; into full compliance with the financial assurance requirements in the rules promulgated pursuant to the Act; into production or back into production or, for gas wells, obtain from the Division certification that the well is capable of production; and place the wells on temporary abandonment status approved by the Division pursuant to the rules. If C & D Management Company failed to comply with these requirements, C & D Management Company was to on or before January 16, 2010 plug and abandon the wells pursuant to the rules.

4. Therefore, if, on or by January 16, 2010, C& D Management Company did not bring all its wells into (i) full compliance with the reporting obligations under the August 14, 2008 Commission order, Order No. R-12913-A, and 19.15.7.24 NMAC; (ii) into full compliance with the financial assurance requirements in the rules promulgated pursuant to the Act; (iii) into production or back into production or, for gas wells, obtain from the Division certification that the well is capable of production; and (iv) place the wells on temporary abandonment status approved by the Division pursuant to the rules, then C & D Management Company shall plug and abandon all wells it operates on or by July 17, 2010.

5. If C & D Management Company fails to fully comply with Paragraph 4 on or by July 17, 2010, the Division shall be and is hereby authorized to plug all wells now operated by C & D Management Company and decree forfeiture of C & D Management Company's applicable financial assurance, if any. If the Division plugs any or all wells pursuant to such authorization, such plugging shall have no effect on C & D Management Company's obligation to become compliant under 19.15.5.9 NMAC.

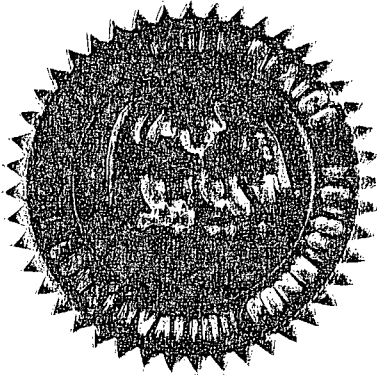
6. As ordered in Order No. R-12913-E, pursuant to 19.15.5.10 NMAC, C & D Management Company's authority to transport or inject for all wells that it now operates was suspended as of December 16, 2009 and shall continue to be suspended until C & D Management Company is in full compliance with this Order and Order No. R-12913-E.

DONE at Santa Fe, New Mexico on the 17th of June 2010.

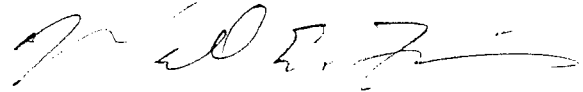
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



JAMI BAILEY, CPG, MEMBER



WILLIAM OLSON, MEMBER



MARK E. FESMIRE, P.E., CHAIR

SEAL