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

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 19.15.13.1115 NMAC AND 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-DECLARING WELLS COMPLIANCE, THE **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)**

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AFFIDAVIT OF NOTICE AND PUBLICATION

In accordance with Division Rule 19.15.5.10.D NMAC and Rule'-19.15.4.12 NMAC I hereby certify:

Notice of the May 20, 2010 hearing in the above-captioned case was mailed to the 1. following by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the motion re-opening the case:

Ernest L. Padilla Attorney for C&D Management Company d/b/a Freedom Ventures Company P.O. Box 2523 Santa Fe, NM 87504-2523 2010 HAY 19

Certified Mail No.: 7008 3230 0000 2319 8891

C&D Management Company d/b/a Freedom Ventures Company 4801 Lang NE, Suite 110 Albuquerque, NM 87109

Certified Mail No.: 7008 3230 0000 2319 8877

South Central Bank of Barren Co., Inc. P.O. Box 667

Case 14055 – De Novo (re-opened) Affidavit of Notice and Publication Page 1 of 2

Glasgow, KY 42142-0667 **Re: Letter of Credit 180**

Certified Mail No.: 7008 3230 0000 2319 8884

2. Exhibit A to this affidavit is a copy of the notice, with a copy of the certified mail return receipts for the notices mailed to the above identified parties. Ernest Padilla signed for Ernest Padilla. Larry Alexander signed for South Central Bank of Barren Co., Inc. The signature for C&D Management Company d/b/a Freedom Ventures Company is not readable.

3. On April 7, 2010, I emailed the hearing notice and motion to Ernest Padilla and C & D Management Company d/b/a Freedom Ventures Company. Exhibit B to this affidavit is a copy of the email.

4. Notice of the hearing was published in Artesia Daily Press, a newspaper of general circulation in Eddy County. The affidavit of publication from Artesia Daily Press is attached as Exhibit C.

Sonny Swazo

SUBSCRIBED AND SWORN to before me this 19^{tk} day of May, 2010.

My Commission Expires:

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson Governor

Jon Goldstein Cabinet Secretary

Jim Noel Deputy Cabinet Secretary Mark Fesmire Division Director Oil Conservation Division



April 6, 2010

Ernest L. Padilla Attorney for C&D Management Company d/b/a Freedom Ventures Company P.O. Box 2523 Santa Fe, NM 87504-2523

Certified Mail No.: 7008 3230 0000 2319 8891

C&D Management Company d/b/a Freedom Ventures Company 4801 Lang NE, Suite 110 Albuquerque, NM 87109

Certified Mail No.: 7008 3230 0000 2319 8877

South Central Bank of Barren Co., Inc. P.O. Box 667 Glasgow, KY 42142-0667 **Re: Letter of Credit 180**

Certified Mail No.: 7008 3230 0000 2319 8884

CASE NO. 14055 (DE NOVO): 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 19.15.13.1115 NMAC AND 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.

You are hereby notified that the Oil Conservation Division has filed a motion to re-open the case. In the motion the Division is asking the Oil Conservation Commission to clarify its order to require C & D Management Company d/b/a Freedom Ventures

De Novo Re-Opened OCD Exhibit / Case 14055

April 6, 2010 Page 2

Company (C & D) to plug and abandon its wells by a date certain for its non-compliance with Division Rule 19.15.7.24 NMAC (formerly 19.15.13.1115 NMAC), and Division authorization to plug and abandon the wells and forfeit any applicable financial assurance in the event of C & D's non-compliance with the Order. A copy of the motion is enclosed.

The Commission will hear the Division's motion on <u>Thursday May 20, 2010</u>, at <u>9:00</u> <u>a.m.</u>, in <u>Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New</u> <u>Mexico</u>.

At the hearing you will have an opportunity to oppose the motion.

Please contact me at (505) 476-3463 or <u>sonny.swazo@state.nm.us</u> if you have questions.

Sincerely yours,

Sonny Swazo

Assistant General Counsel New Mexico Oil Conservation Division

cc: Daniel Sanchez, OCD Enforcement and Compliance Manager John Bramhall, BLM

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

APPLICATION OF THE NEW MEXICO OIL CONSERVA706MADI DISTON. 07 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 19.15.13.1115 NMAC AND 19.15.4.201 NMAC: ASSESSING PENALTIES: REOUIRING 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

Motion to Re-Open Case to Clarify Order

COMES NOW, the Enforcement & Compliance Manager of the Oil Conservation Division (OCD) and hereby moves the Oil Conservation Commission (Commission) to re-open the case in order to clarify the Order, which authorizes the OCD to plug and abandon all of the wells operated by C & D Management Company d/b/a Freedom Ventures Company (C & D) if C & D does not comply with portions of the Order on or 2010 848 before January 16, 2010.

AS GROUNDS, the Division states the following:

1. On December 16, 2009, the Commission issued Order No. R-12913-E

2. Ordering Paragraph II of Order No. R-12913-E requires C & D to bring all wells that it operates into full compliance with OCD's reporting and financial assurance requirements. Ordering Paragraph II specifically states:

Pursuant to 19.15.5.9 NMAC, C & D shall bring all wells that it operates into full compliance with (i) the reporting obligations under the 2008 Order and 19.15.7.24 NMAC and (ii) the financial assurance requirements in the rules promulgated pursuant to the Act. C & D shall be deemed to remain out of compliance with Rule 19.15.5.9 NMAC until a motion is granted pursuant to 19.15.5.9(D) (3) NMAC, containing a finding that C & D has complied with Paragraph 11.

3. Ordering Paragraph III of Order No. R-12913-E requires C & D to bring

each well that it operates into compliance with OCD's inactive well rule. Ordering

Paragraph III specifically states in relevant part:

C & D shall, for each well that it operates, (i) bring the well into or back into production or, for gas wells, obtain from OCD certification that the well is capable of production, and (ii) place it on temporary abandonment status approved by the Division pursuant to the rules. In the alternative, C & D shall plug and abandon the well pursuant to the rules.

4. Ordering Paragraph IV of Order No. R-12913-E states:

If, on or before January 16, 2010, C & D has not fully complied with Paragraphs II and III of this Order for each well that C & D now operates, the Division shall be and hereby is authorized to plug all wells now operated by C & D.

5. Conclusion Paragraph J of Order No. R-12913-R cites Section 70-2-14(B),

NMSA 1978, which is the basis for Order Paragraph IV. Section 70-2-14(B) states:

If any of the requirements of the Oil and Gas Act or the rules promulgated to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

6. As Section 70-2-14(B) indicates, the financial assurance shall be forfeited and

a well plugged, if the order requiring a well to be plugged and abandoned by an operator

or surety or both for non-compliance with any of the requirements of the Oil and Gas Act

or the rules promulgated pursuant to that Act has not been complied with in the time period set out in the order.

7. While Order No. R-12913-E authorizes the OCD to plug all wells now operated by C & D if C & D has not fully complied with Paragraphs II and III of the Order for each well that C& D now operates on or before January 16, 2010, Order No. R-12913-E does not order C & D to plug and abandon any well for C & D's non-compliance with the Oil and Gas Act and the rules promulgated pursuant to that Act requiring C & D to file monthly production or injection reports on form C-115 and post the required financial assurance. Since the Order contains no such order, which is required under Section 70-2-14(B), the OCD does not have the authority to plug and abandon any of C & D's wells pursuant to Section 70-2-14(B).

8. Since the Order does not order C & D to plug and abandon any of its wells for non-compliance with OCD rules but yet authorizes the OCD to plug and abandon all of C & D's wells for C & D's non-compliance with the Order, the Division is asking that the Commission clarify the Order and order C & D to plug and abandon its wells by a date certain for its non-compliance with OCD rules, and in the event of C & D's noncompliance with the Order, authorize OCD to plug and abandon the wells and forfeit any applicable financial assurance.

WHEREFORE, for the foregoing reasons, the Division respectfully request that:

(1) The Commission re-open the case to clarify the Order, and order C & D to plug and abandon its wells by a date certain for its non-compliance with OCD's reporting and financial assurance rules, and in the event of C & D's

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non-compliance, authorize the OCD to plug and abandon the wells and forfeit

any applicable financial assurance; and

(2) For any additional relief that the Commission deems appropriate.

Respectfully submitted

this 3rd day of March 2010 by

Sonny Swazo

Oil Conservation Division Energy, Minerals and Natural Resources Department 1220 S. St. Francis Drive Santa Fe, NM 87505 (505) 476-3463 Email: sonny.swazo@state.nm.us Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was mailed and emailed to the following parties on this 3rd day of March, 2010.

C&D Management Company d/b/a Freedom Ventures Company 4801 Lang NE, Suite 110 Albuquerque, NM 87109 Email: <u>oilfreedom@aol.com</u>

Ernest L. Padilla Attorney for C&D Management Company d/b/a Freedom Ventures Company P.O. Box 2523 Santa Fe, NM 87504-2523 Email: <u>padillalaw@qwest.com</u>

South Central Bank of Barren Co., Inc. 208 South Broadway P.O. Box 667 Glasgow, KY 42142-0667 **Re: Letter of Credit 180**

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The First National Bank 303 West Main Artesia, NM 88210 Re: Letter of Credit 203556-71

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Sonny Swazy Ć

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Swazo, Sonny, EMNRD

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Sent: Wednesday, April 07, 2010 5:42 PM
To: 'Ernest Padilla'; 'oilfreedom@aol.com'
Cc: Sanchez, Daniel J., EMNRD; 'john_bramhall@blm.gov'
Subject: Case No. 14055 C&D Management Company d/b/a Freedom Ventures Company
Attachments: 2010 4-6 Hearing Notice.pdf; 2010 4-6 Continuance Letter.pdf

Case 14055 De Novo Re-Opened OCD Exhibit B

A REAL PROPERTY OF THE REAL

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson Governor

Jon Goldstein Cabinet Secretary Mark Fesmire Division Director Oil Conservation Division



March 10, 2010

via email: Legals@artesianews.com

Artesia Daily Press P.O. Box 190 Artesia, New Mexico 88211

Attention: Legal Department

Re: Notice of Publication - Case No. 14055

Dear Legal Department:

Please publish the attached notice one time immediately on receipt of this request. Please proofread carefully, as any error in a land description or in a key word or phrase can invalidate the entire notice.

Immediately upon completion of publication, please send the following to this office:

- 1. Publisher's affidavit in duplicate.
- 2. Statement of cost (also in duplicate).
- 3. Certified invoices for prompt payment.

We should have these immediately after publication in order that the legal notice will be available for the hearing which it advertises, and also so that there will be no delay in your receiving payment.

Please publish the notice as soon as possible.

Sincerely,

Theresa Duran-Saenz

Attachment

Case 14055 De Novo Re-Opened OCD Exhibit C

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

The State of New Mexico, through its Oil Conservation Commission hereby gives notice pursuant to law and Commission rules of the following meeting and public hearing to be held at 9:00 A.M. on **April 8, 2010**, in Porter Hall at 1220 South St. Francis Drive, Santa Fe, New Mexico, before the Oil Conservation Commission. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter or any other form of auxiliary aid or service to attend or participate in the hearing please contact Commission Clerk Florene Davidson at (505) 476-3458 or through the New Mexico Relay Network (1-800-659-1779) by **March 30, 2010**. Public documents can be provided in various accessible forms. Please contact Ms. Davidson if a summary or other type of accessible form is needed. A preliminary agenda will be available to the public no later than two weeks prior to the meeting. A final agenda will be available no later than 24 hours preceding the meeting. Members of the public may obtain copies of the agenda by contacting Ms. Davidson at the phone number indicated above. Also, the agenda will be posted on the Oil Conservation Division website at <u>www.ennrd.state.nm.us.</u>

STATE OF NEW MEXICO TO:

All named parties and persons having any right, title, interest or claim in the following cases and notice to the public.

<u>CASE 14055</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order against C&D Management Company d/b/a Freedom Ventures Company. The Oil Conservation Commission will hear the Division's Motion to Re-Open Case No. 14055 to Clarify Order. The Motion requests that the Commission clarify the Order and require C&D to plug and abandon its wells by a date certain for C&D's non-compliance with 19.15.7.24 NMAC and 19.15.8 NMAC, and in the event of C&D's non-compliance with the Order, Division authorization to plug and abandon the wells and forfeit any applicable financial assurance.

The affected wells are:

•	Amoco No. 001	L-13-17S-27E	30-015-24738
•	Michael State No. 001	H-25-17S-27E	30-015-24877
•	Schneider No. 001	J-24-17S-27E	30-015-22907

These wells are located approximately 10 miles west of Loco Hills, in Eddy County, New Mexico.

• H:	astie No. 016	4-18-17S-28E	30-015-22371
• Ha	astie No. 017	3-18-17S-28E	30-015-22852
• Ha	astie No. 018	N-18-17S-28E	30-015-22848
• H	astie No. 019	2-18-17S-28E	30-015-23186
• H:	astie No. 020	I-18-17S-28E	30-015-23516
• H:	astie No. 021	.C-18-17S-28E	30-015-23821

These wells are located approximately 8 miles west of Loco Hills, in Eddy County, New Mexico.

•	Shearn Samantha Federal No. 001	G-14-17S-27E	30-015-31059
•	Shearn Shilo Federal No. 001	B-14-17S-27E	30-015-31061

These wells are located approximately 11 miles west of Loco Hills, In Eddy County, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 10th day of March, 2010.

STATE OF NEW MEXICO OIL CONSERVATION DIVISION

Mark E. Fesmire, P.E. Acting Director, Oil Conservation Division

Affidavit of Publication
STATE OF NEW MEXICO County of Eddy: 2010 FIAR 16 PM 1 23 GARY D. SCOTT
sworn,says: That he is the PUBLISHER of The
Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached
Legal Notice
was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 Consecutive week/days on the same
day as follows:
First Publication March 14, 2010
Second Publication
Third Publication
Fourth Publication
Fifth Publication
Subscribed and sworn to before me this
14 Day March 2010
OFFICIAL SEAL Jo Morgan NOTARY PUBLIC-STATE OF NEW MEXICO
My commission expires:
Docan
Jo Morgan / Notary Public, Eddy County, New Mexico

Copy of Publication:

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVI-

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agenda will be posted on the Oil Conservation Division website at www.emnrd.state.nm.us.

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Mark E. Fesmire, P.E. Acting Director, Oil Conservation Division