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. 12811**
**ORDER NO. R-11934**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION THROUGH THE SUPERVISOR OF THE DISTRICT II ARTESIA OFFICE, FOR AN ORDER REQUIRING CERTAIN OPERATORS TO BRING THREE HUNDRED AND EIGHTY-EIGHT (388) WELLS INTO COMPLIANCE WITH RULE 201.B, AND ASSESSING APPROPRIATE CIVIL PENALTIES; EDDY, CHAVES, AND OTERO COUNTIES, NEW MEXICO.**

## ORDER OF THE DIVISION

**BY THE DIVISION:**

This case came on for hearing on March 21 and 22, 2002, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 14th day of May, 2003, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

**FINDS THAT:**

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

(2) There are seventy-three (73) Respondents named in this Application. At the hearing, the New Mexico Oil Conservation Division ("the Division") appeared through counsel and Respondents Bass Enterprises Production Company, Dominion Oklahoma Texas Exploration and Production, Inc. (formerly Louis Dreyfus Natural Gas Corporation), Nadel and Gussman Permian, L.L.C., Strata Production Company, Beach Exploration, Inc., Chi Operating, Inc., EGL Resources, Inc., Mewbourne Oil Company, Devon Energy Production Company, LP (formerly Mitchell Energy Corporation), Ocean Energy, Inc., Pogo Producing Company, and St. Mary Land and Exploration Company also appeared through counsel. Appearing at the hearing on their own behalf and offering testimony were the following: (i) Dalton Bell of Artesia, New Mexico for Happy Oil

Company, Inc., JDR Ltd., and Smith and Marrs, Inc.; (**ii**) Eddy LaRue of Artesia, New Mexico d.b.a. C. E. LaRue Operating for C. E. LaRue & B. M. Muncy, Jr.; (**iii**) Lewis Fulton of Artesia, New Mexico for CFM Oil Company and C. O. Fulton; (**iv**) Sonny Hope of Artesia, New Mexico for Vintage Drilling, LLC; (**v**) Jim Pierce of Roswell, New Mexico for MEW Enterprises and McQuadrangle, LC and Russell Whited of Roswell, New Mexico for MEW Enterprises; (**vi**) Jackie Brewer of Lovington, New Mexico for Sandlott Energy; (**vii**) Guy Baber of Hobbs, New Mexico for Pronghorn Management Corporation; and (**viii**) Dwayne Parrish of Artesia, New Mexico for H. Dwayne and Rhonda K. Parrish. Appearing at the hearing but offering no verbal comments were representatives of Mack Energy Corporation, Southwest Royalties, Inc., and Prairie Sun, Inc. The remaining respondents named in the Application, listed below, did not participate in these proceedings, either by filing written appearance or by appearance at the hearing:

Aghorn Operating, Inc.
AROC (Texas) Inc.
BC Development, LP
Bill and Patsy Rich
Brothers Production Company, Inc.
Calvin F. Tennison
Cibola Energy Corporation
Dakota Resources, Inc. (I)
David G. Hammond
Dennis Langlitz
Dorothy Boyce
Elk Oil Company
Fi-Ro Corporation
Great Western Drilling Company
Hanson Energy
Harvey E. Yates Company
Hudson Oil Company of Texas
I. T. Properties
J. Cleo Thompson
Jalapeno Corporation
Jenkins Brothers Drilling Company
John A. Yates, Jr.
Judah Oil
KC Resources, Inc.
Kersey and Company
Kersey and Donohue
Kimbell Oil Company of Texas
Klabzuba Oil & Gas, Inc.
Limark Corporation
Mar Oil and Gas Corporation
Matador Operating Company
Mineral Technologies, Inc.
Naumann Oil & Gas, Inc.
Nearburg Producing Company
Permian Resources, Inc.
Petroleum Development Corporation
Quality Production Corporation
Ralph E. Williamson
Ray Westall
Shackelford Oil Company
Stephens & Johnson Operating Company
Tom Brown, Inc.
United Oil & Mineral Limited Partnership
Western Reserves Oil Company, Inc.
Yates Drilling Company

(3) By this Application, the Division seeks an order directing the named respondents to bring certain wells into compliance with Division Rule 201.B, either by: (**i**) restoring these wells to production or other Division-approved beneficial use; (**ii**) causing these wells to be properly plugged and abandoned in accordance with Division Rule 202.B; or (**iii**) securing Division authority to maintain these wells in temporary abandonment status, in accordance with Division Rule 203. The Division further seeks to

impose appropriate civil penalties on operators for failure to comply with Division Rule 201.B.

(4) The Applicant at the hearing proposed a formula in assessing civil penalties in this case; however, such penalties levied in this proceeding should be based on precedent established by the Division in other inactive well cases.

(5) In May, 2000, the Division initiated its inactive well program. The purpose of this statewide program was to: **(i)** identify wells that were not in compliance with Division Rule 201.B; and **(ii)** direct the operators to bring these inactive wells into compliance with Division rules.

(6) At the hearing the Division's legal counsel represented that the thirty (30) following listed Respondents have satisfied the supervisor of the Division's Artesia district office that all of their eighty-nine (89) wells in Eddy, Chaves, and/or Otero, Counties, New Mexico, have been brought into compliance with Division Rule 201.B and the portion of this case seeking to bring them into compliance should therefore be **dismissed**:

AROC (Texas) Inc. (1 well)
Brothers Production Company, Inc. (9 wells)
Cibola Energy Corporation (4 wells)
Dakota Resources, Inc. (I) (2 wells)
Dennis Langlitz (2 wells)
Dorothy Boyce (1 well)
Elk Oil Company (3 wells)
Hanson Energy (7 wells)
Harvey E. Yates Company (1 well)
Jalapeno Corporation (1 well)
Jenkins Brothers Drilling Company (1 well)
Judah Oil (2 wells)
KC Resources, Inc. (1 well)
Kimbell Oil Company of Texas (1 well)
Limark Corporation (1 well)
Mack Energy Corporation (8 wells)
Mar Oil and Gas Corporation (1 well)
Matador Operating Company (4 wells)
Mewbourne Oil Company (2 wells)
Mitchell Energy Corporation (2 wells)
Nadel and Gussman Permian, LLC (11 wells)
Nearburg Producing Company (8 wells)
Ocean Energy, Inc. (3 wells)
Petroleum Development Corporation (3 wells)
Quality Production Corporation (2 wells)
Ralph E. Williamson (1 well)
Shackelford Oil Company (2 wells)
Tom Brown, Inc. (2 wells)
Western Reserves Oil Company, Inc. (2 wells)
Yates Drilling Company (1 well)

(7) The Application alleges that Aghorn Operating, Inc. of Odessa, Texas ("Aghorn") is the operator of the following ten (10) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit/STR | Footage Location |
|---|---|---|---|
| 30-015-05722 | B. I. Hanson Federal #1 | K-3-19S-31E | 2310' FS & WL |
| 30-015-04794 | Northeast Square Lake Premier Unit #3 | K-3-16S-31E | 1650' FSL & 2310' FWL |

| | | | |
|---|---|---|---|
| 30-015-04792 | Northeast Square Lake Premier Unit #6 | O-3-16S-31E | 560' FSL & 1980' FEL |
| 30-015-04785 | Northeast Square Lake Premier Unit #8 | M-2-16S-31E | 660' FS & WL |
| 30-015-04846 | Northeast Square Lake Premier Unit #9 | D-11-16S-31E | 660' FN & WL |
| 30-015-04831 | Northeast Square Lake Premier Unit #12 | A-9-16S-31E | 660' FN & EL |
| 30-015-04840 | Northeast Square Lake Premier Unit #20 | F-10-16S-31E | 2030' FNL & 1980' FEL |
| 30-015-04837 | Northeast Square Lake Premier Unit #21 | G-10-16S-31E | 1980' FN & EL |
| 30-015-04845 | Northeast Square Lake Premier Unit #25 | I-10-16S-31E | 2310' FSL & 990' FEL |
| 30-015-05866 | R. T. Wilson Federal #3 | H-24-26S-31E | 1984' FNL & 660' FEL |

(8) The testimony presented indicates that as of the date of this hearing nine of the ten wells, the Northeast Square Lake Premier Unit Well No. 25 being the exception, had been brought into compliance and the portion of this case seeking to bring them into compliance with Division Rule 201.B should therefore be **dismissed**.

(9) Subsequent to the hearing, the Division supplemented the record showing that by an approved OCD Form C-103, dated July 3, 2002, the Division's Artesia district office had accepted the above-described Northeast Square Lake Premier Unit Well No. 25 as a temporarily abandoned well. The Northeast Square Lake Premier Unit Well No. 25 is now in compliance with Division Rule 201.B and should therefore be **excluded**.

(10) Since all ten of Aghorn's wells are now in compliance with Division Rule 201.B, the case against Aghorn should be **dismissed** at this time.

(11) The Application alleges that Bass Enterprises Production Company of Midland, Texas ("Bass") is the operator of the following fourteen (14) wells in Eddy County, New Mexico:

| | | | |
|---|---|---|---|
| 30-015-22749 | Bass "10" Federal #2 | K-10-22S-28E | 1980' FSL & 1780' FWL |
| 30-015-23131 | Big Eddy Unit #64 | N-33-21S-28E | 660' FSL & 1980' FWL |
| 30-015-21529 | Big Eddy Unit #44 | H-16-21S-30E | 1980' FNL & 660' FEL |
| 30-015-24083 | Big Eddy Unit #92 | L-14-21S-28E | 1980' FSL & 660' FWL |
| 30-015-27664 | Big Eddy Unit #118 | O-25-22S-28E | 330' FSL & 1980' FEL |
| 30-015-22223 | Hopeful Federal #1 | L-30-21S-29E | 1980' FSL & 660' FWL |
| 30-015-23075 | James Ranch Unit #10 | H-1-23S-30E | 1980' FNL & 660' FEL |
| 30-015-23377 | James Ranch Unit #11 | E-36-22S-30E | 1980' FNL & 920' FEL |
| 30-015-22941 | Merchant State #1 | H-1-19S-28E | 1980' FNL & 660' FEL |
| 30-015-29327 | Merchant State #4 | C-1-19S-28E | 660' FNL & 2080' FWL |

| | | | |
|---|---|---|---|
| 30-015-28702 | North Indian Flats "26" Federal #2 | J-26-21S-28E | 1650' FSL & 2310' FEL |
| 30-015-21095 | Poker Lake #42 | G-10-25S-30E | 1980' FN & EL |
| 30-015-24480 | Poker Lake #60 | F-33-25S-31E | 1980' FN & WL |
| 30-015-27665 | Sohack "33" Federal #1 | N-33-19S-31E | 660' FSL & 2080' FWL |

(12) The testimony presented indicates that as of the date of this hearing six of the fourteen wells had been brought into compliance and the portion of this case seeking to bring the above-described Big Eddy Unit Wells No. 44 and 118, Merchant State Wells No. 1 and 4, North Indian Flats "26" Federal Well No. 2, and Sohack "33" Federal Well No. 1 into compliance with Division Rule 201.B can therefore be **dismissed** at this time.

(13) From evidence presented by Bass at the hearing, the supervisor of the Division's Artesia district office is now satisfied that the above-described Poker Lake Wells No. 42 and 60, Big Eddy Well No. 64, Bass "10" Federal Well No. 2, and Hopeful Federal Well No. 1 have been brought into compliance with Division Rule 201.B and these five wells should therefore be **excluded** from this case.

(14) Subsequent to the hearing, the Division submitted data to indicate that: **(i)** the above-described James Ranch Unit Well No. 10 was returned to producing status in May, 2002 and is currently producing gas from the Los Medanos-Atoka Gas Pool (**80520**); **(ii)** by an approved OCD Form C-103, dated August 15, 2002, the Division's Artesia district office has accepted the above-described James Ranch Well No. 11 as a temporarily abandoned well; and **(iii)** the above-described Big Eddy Unit Well No. 92 was properly plugged and abandoned on November 20, 2002. Bass's James Ranch Wells No. 10 and 11 and Big Eddy Unit Well No. 92 are now in compliance with Division Rule 201.B and should therefore be **excluded** from this case.

(15) Since all fourteen of Bass's wells are now in compliance with Division Rule 201.B, the case against Bass should be **dismissed** at this time.

(16) The Application alleges that B. C. Development, L. P. of Midland, Texas is the operator of the Hay Hallow "25" State Well No. 1 (**API No. 30-015-25260**) located 1980 feet from the North line and 2310 feet from the East line (Unit G) of Section 25, Township 25 South, Range 27 East, NMPM, Eddy County, New Mexico, and, as of the date of the hearing, this well was inactive and not in compliance with Division Rule 201.B.

(17) Subsequent to the hearing however, the Division submitted data showing that the Hay Hallow "25" State Well No. 1 was properly plugged and abandoned on April 3, 2002 and should therefore be **excluded** from this case.

(18) Further, the case against B. C. Development, L. P. should be **dismissed** at this time.

(19) The Application alleges that Beach Exploration, Inc. of Midland, Texas ("Beach") is the operator of the following twelve (12) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-02761 | Brainard Federal #1 | O-20-16S-29E | 660' FSL & 1980' FEL |
| 30-015-25375 | Exxon Federal #2 | O-18-16S-29E | 330' FSL & 1650' FEL |
| 30-015-25681 | Red Lake Unit #2 | O-24-16S-28E | 660' FSL & 1980' FEL |
| 30-015-24130 | Red Lake Unit #5 | A-25-16S-28E | 860' FNL & 660' FEL |
| 30-015-25412 | Red Lake Unit #13 | L-30-16S-29E | 2310' FSL & 330' FWL |
| 30-015-23293 | Red Lake Unit #14 | M-25-16S-28E | 660' FSL & 990' FWL |
| 30-015-23870 | Red Lake Unit #17 | P-25-16S-28E | 330' FSL & 990' FEL |
| 30-015-23000 | Red Lake Unit #18 | A-35-16S-28E | 660' FNL & EL |
| 30-015-01286 | Red Lake Unit #22 | E-36-16S-28E | 1980' FNL & 990' FWL |
| 30-015-23658 | Red Lake Unit #24 | G-36-16S-28E | 1986' FNL & 1983' FEL |
| 30-015-23861 | Red Lake Unit #25 | J-36-16S-28E | 2310' FS & EL |
| 30-015-24131 | Ryan Federal #2 | H-19-16S-29E | 1780' FNL & 660' FEL |

(20) The testimony presented indicates that as of the date of this hearing eight of the twelve wells had been brought into compliance and the portion of this case seeking to bring the above-described Exxon Federal Well No. 2 and Red Lake Unit Wells No. 2, 5, 13, 17, 22, 24, and 25 into compliance with Division Rule 201.B can therefore be **dismissed** at this time.

(21) Subsequent to the hearing however, the Division submitted data to indicate that the above-described Brainard Federal Well No. 1 had been properly plugged and abandoned in July, 2002; therefore, this well should also be **excluded** from this case.

(22) With respect to Beach's three remaining wells listed above, the testimony presented indicates:

(a) the last reported oil production from the above-described Red Lake Unit Well No. 18 was January, 1997;

(b) the last reported oil production from the above-described Ryan Federal Well No. 2 was July, 1992;

(c) the above-described Red Lake Unit Well No. 14 has not been utilized as an active injection well (see Division Order No. R-9453, issued in Case No. 10192 on March 12, 1991) since January, 2000;

(d) the Division on several occasions, beginning in May, 2000, notified Beach that its Red Lake Well No. 18 and Ryan Federal Well No. 2 were not in compliance with Rule 201.B, and demanded that Beach bring these two wells into compliance; and

(e) initial contact by the Division with Beach concerning its Red Lake Unit Well No. 14 was by certified notice of this hearing dated January 22, 2002.

(23) The above-described Ryan Federal Well No. 2 and Red Lake Wells No. 14 and 18 are not in compliance with Division Rule 201.B and Beach should therefore be ordered to bring these wells into compliance.

(24) No civil penalty for non-compliance should be assessed against Beach for its Red Lake Unit Well No. 14 in this matter.

(25) However, with respect to the two above-described Red Lake Well No. 18 and Ryan Federal Well No. 2, Beach knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Beach in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification) per well. The total penalty assessed Beach should therefore be Two Thousand Dollars ($2,000.00).

(26) Since Beach appeared at the hearing and exhibited some appreciation of the importance of this matter, the $2,000.00 penalty to be levied should be suspended if the above-described Ryan Federal Well No. 2 and Red Lake Wells No. 14 and 18 are all brought into compliance within 90 days from the date of this order.

(27) The Application alleges that Bill and Patsy Rich of Hobbs, New Mexico are the operators of the following four (4) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-21913 | Fasken Federal #1 | I-11-25S-26E | 1980' FSL & 660' FEL |

| | | | |
|---|---|---|---|
| 30-015-21914 | H-M Federal #1 | A-14-25S-26E | 330' FNL & 560' FEL |
| 30-015-21029 | Sulphate Sister #1 | F-13-25S-26E | 1980' FNL & WL |
| 30-015-25661 | White City "14" Federal #2 | J-14-25S-26E | 1650' FSL & EL |

(28) With respect to Bill and Patsy Rich, the Division presented evidence that indicates:

(a) the above-described Fasken Federal Well No. 1, H-M Federal Well No. 1, and White City "14" Federal Well No. 2 have not produced any hydrocarbons since November, 1998;

(b) the above-described Sulphate Sister Well No. 1 has not been utilized as an active salt water disposal well (see Division Order No. R-5387, issued in Case No. 5861 on March 15, 1977) since October, 1998;

(c) the Division on several occasions, beginning in May, 2000, notified Bill and Patsy Rich that the Fasken Federal Well No. 1, H-M Federal Well No. 1, and White City "14" Federal Well No. 2 were not in compliance with Rule 201.B, and demanded that these three wells be brought into compliance; and

(d) by notice dated January 17, 2001 the Division first notified Bill and Patsy Rich that the above-described Sulphate Sister Well No. 1 was not in compliance with Rule 201.B, and demanded this well also be brought into compliance.

(29) All four of Bill and Patsy Rich's wells are not in compliance with Division Rule 201.B and Bill and Patsy Rich should therefore be ordered to bring these four wells into compliance.

(30) With respect to the above-described Sulphate Sister Well No. 1, Fasken Federal Well No. 1, H-M Federal Well No. 1, and White City "14" Federal Well No. 2, Bill and Patsy Rich knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Bill and Patsy Rich in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed Bill and Patsy Rich should therefore be Four Thousand Dollars ($4,000.00).

(31) The Application alleges that C. E. LaRue & B. M. Muncy, Jr. of Artesia, New Mexico ("LaRue/Muncy") are the operators of the following twenty-four (24) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. Sec. Twp. Rge. | Footage Location |
|---|---|---|---|
| 30-015-00550 | Collier "C" State #1 | J-12-17S-27E | 1650' FS & EL |
| 30-015-03950 | Dekalb Federal #1 | P-31-16S-30E | 660' FS & EL |
| 30-015-03952 | Dekalb Federal #3 | J-31-16S-30E | 1980' FS & EL |
| 30-015-03953 | Dekalb Federal #4 | I-31-16S-30E | 1980' FSL & 660' FEL |
| 30-015-03954 | ETZ Federal #1 | L-31-16S-30E | 1980' FSL & 660' FWL |
| 30-015-03956 | ETZ Federal #2 | M-31-16S-30E | 660' FS & WL |
| 30-015-03955 | ETZ Federal #3 | G-31-16S-30E | 1980' FN & EL |
| 30-015-03957 | ETX Federal #4 | H-31-16S-30E | 1980' FNL & 660' FEL |
| 30-015-03960 | Federal "E" #3 | F-31-16S-30E | 1980' FNL & 1977' FWL |
| 30-015-04515 | Gates Federal #2 | K-15-18S-30E | 1650' FSL & 2310' FWL |
| 30-015-04548 | Gates Federal #4 | L-26-18S-30E | 2310' FSL & 330' FWL |
| 30-015-02827 | Gulf State #1 | A-36-16S-29E | 660' FN & EL |
| 30-015-02818 | Leonard #1 | F-36-16S-29E | 1980' FN & WL |
| 30-015-02821 | Leonard #2 | N-36-16S-29E | 660' FSL & 1980' FWL |
| 30-015-02822 | Leonard #3 | O-36-16S-29E | 660' FSL & 1980' FEL |
| 30-015-02828 | Leonard #6 | P-36-16S-29E | 660' FS & EL |
| 30-015-02829 | Leonard #7 | G-36-16S-29E | 1980' FN & EL |
| 30-015-02830 | Leonard #8 | H-36-16S-29E | 1980' FNL & 660' FEL |
| 30-015-02831 | Leonard #9 | C-36-16S-29E | 990' FNL & 1980' FWL |
| 30-015-25057 | McClay Federal #2 | M-34-18S-30E | 660' FSL & 560' FWL |
| 30-015-04163 | McCullough #2 | M-16-17S-30E | 990' FS & WL |
| 30-015-02819 | Miley #1 | M-36-16S-29E | 660' FS & WL |
| 30-015-24530 | Rutter #3 | H-22-16S-31E | 1650' FNL & 990' FEL |
| 30-015-01852 | Travis Deep Unit #2 | B-13-18S-28E | 330' FNL & 2310' FEL |

(32) The testimony presented indicates that as of the date of this hearing all but eight of the twenty-four wells have been brought into compliance; therefore, with the exception of the following eight wells, that portion of this case seeking to bring the remaining above-described sixteen wells into compliance with Division Rule 201.B can be **dismissed** at this time:

Dekalb Federal Well No. 3
ETZ Federal Well No. 1
ETZ Federal Well No. 4
Gates Federal Well No. 2

| | |
|---|---|
| Leonard Well No. 1 | Leonard Well No. 9 |
| Leonard Well No. 2 | McClay Federal Well No. 2 |

(33) Subsequent to the hearing, the Division submitted data to indicate that: **(i)** by an approved OCD Form C-103, dated March 15, 2002, the Division's Artesia district office has accepted the above-described McClay Federal Well No. 2 as a temporarily abandoned well; **(ii)** the above-described Leonard Wells No. 1 and 2 have been returned to injection status and are both currently active wells within the Salsich Waterflood Project, Square Lake-Grayburg San Andres Pool (**57570**), approved by Division Order No. R-2269, issued in Case No. 2579 on June 21, 1962; and **(iii)** the above-described Dekalb Federal Well No. 3 was returned to injection status in April, 2002 and is currently an active well within the Square Lake "31" Unit Area Waterflood Project, Square Lake-Grayburg San Andres Pool (**57570**), approved by Division Order No. R-2609, issued in Case No. 2940 on December 6, 1963 and Division Administrative Order WFX-450, dated May 6, 1977. The above-described McClay Federal Well No. 2, Leonard Wells No. 1 and 2, and Dekalb Federal Well No. 3 are now in compliance with Division Rule 201.B and should therefore be **excluded** from this case.

(34) With respect to LaRue/Muncy's four remaining wells listed above, the testimony presented indicates that:

(a) the last reported oil production from the above-described Leonard Well No. 9 was December, 1992;

(b) the last reported oil production from the above-described Gates Federal Well No. 2 was January, 1990 and the last reported fluid withdrawal from this well was March, 1995 with 25 barrels of water;

(c) the above-described ETZ Federal Wells No. 1 and 4 have not been utilized as active injection wells (see Division Order No. R-2609, issued in Case No. 2940 on December 6, 1963) since 1994;

(d) the Division on several occasions, beginning in May, 2000, notified LaRue/Muncy that the Gates Federal Well No. 2 and Leonard Well No. 9 were not in compliance with Rule 201.B, and demanded these two wells be brought into compliance; and

(e) by notice dated January 4, 2001 the Division first notified LaRue/Muncy that the above-described ETZ Federal Wells No. 1

and 4 were not in compliance with Rule 201.B, and demanded these two wells also be brought into compliance.

(35) The above-described Leonard Well No. 9, Gates Federal Well No. 2, and ETZ Federal Wells No. 1 and 4 are not in compliance with Division Rule 201.B and LaRue/Muncy should therefore be ordered to bring these four wells into compliance.

(36) With respect to the above-described Gates Federal Well No. 2, Leonard Well No. 9, and ETZ Federal Wells No. 1 and 4, LaRue/Muncy knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed LaRue/Muncy in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed LaRue/Muncy should therefore be Four Thousand Dollars ($4,000.00).

(37) Since LaRue/Muncy appeared at the hearing and exhibited some appreciation of the importance of this matter, the $4,000.00 penalty to be levied should be suspended if the above-described Leonard Well No. 9, Gates Federal Well No. 2, and ETZ Federal Wells No. 1 and 4 are all brought into compliance within 90 days from the date of this order.

(38) The Application alleges that CFM Oil Company of Artesia, New Mexico ("CFM") is the operator of the following twelve (12) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-01616 | Blake State #1 | P-30-17S-28E | 330' FSL & 990' FEL |
| 30-015-02806 | Forest Pool Unit #12 | L-35-16S-29E | 2120' FSL & 520' FWL |
| 30-015-02812 | Forest Pool Unit #23 | J-35-16S-29E | 1650' FSL & 2310' FEL |
| 30-015-21823 | Gillespie State #2 | C-27-17S-28E | 990' FNL & 1650' FWL |
| 30-015-00243 | Kindle #2 | A-26-18S-26E | 330' FN & EL |
| 30-015-02857 | Morgan State #3 | B-2-17S-29E | 660' FNL & 1650' FEL |
| 30-015-00247 | Platt #2 | K-26-18S-26E | 2310' FS & WL |
| 30-015-00235 | Williams #2 | D-25-18S-26E | 990' FN & WL |
| 30-015-00318 | Williams #3 | B-25-18S-26E | 330' FNL & 2310' FEL |
| 30-015-00236 | Williams #4 | F-25-18S-26E | 1650' FNL & 2310' FWL |
| 30-015-00237 | Williams #5 | C-25-18S-26E | 990' FNL & 1980' FWL |
| 30-015-00238 | Williams #6 | B-25-18S-26E | 990' FNL & 2623' FEL |

(39) The testimony presented indicates that as of the date of this hearing nine of the twelve wells had been brought into compliance and the portion of this case seeking to bring the above-described Blake State Well No. 1, Forest Pool Unit Wells No. 12 and 23, Kindle Well No. 2, Platt Well No. 2, and Williams Wells No. 2, 4, 5, and 6 into compliance with Division Rule 201.B can therefore be **dismissed** at this time.

(40) Subsequent to the hearing, the Division submitted data to indicate that the above-described Williams Well No. 3 was returned to producing status in June 2002 and is currently completed as an oil well in the Dayton-Grayburg Pool (**15960**); therefore, this well should also be **excluded** from this case.

(41) With respect to CFM's two remaining wells listed above, the testimony presented indicates:

(a) the last reported oil production from the above-described Gillespie State Well No. 2 was September, 1998;

(b) the last reported oil production from the above-described Morgan State Well No. 3 was February, 1983;

(c) the Division on several occasions, beginning in October, 1997, notified CFM that its Morgan State Well No. 3 was not in compliance with Rule 201.B, and demanded that CFM bring this well into compliance; and

(d) by notice dated January 30, 1998 the Division first notified CFM that the above-described Gillespie State Well No. 2 was not in compliance with Rule 201.B, and demanded this well also be brought into compliance.

(42) The above-described Morgan State Well No. 3 and Gillespie State Well No. 2 are still not in compliance with Division Rule 201.B and CFM should therefore be ordered to bring these two wells into compliance.

(43) CFM knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed CFM in the amount of Four Thousand Dollars ($4,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed CFM should therefore be Eight Thousand Dollars ($8,000.00).

(44) Since CFM appeared at the hearing and exhibited some appreciation of the importance of this matter, the $8,000.00 penalty to be levied should be suspended if the above-described Morgan State Well No. 3 and Gillespie State Well No. 2 are both brought into compliance within 90 days from the date of this order.

(45) The Application alleges that C. O. Fulton of Artesia, New Mexico is the operator of the following two (2) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-02869 | Dublin #2 | G-3-17S-29E | 1980' FN & EL |
| 30-015-02871 | Dublin #3 | B-3-17S-29E | 330' FNL & 1650' FEL |

(46) With respect to C. O. Fulton, the testimony presented indicates that:

(a) the last reported oil production from the above-described Dublin Well No. 2 was December, 1992;

(b) the last reported oil production from the above-described Dublin Well No. 3 was January, 1978; and

(c) by notice dated January 22, 2001 the Division provided notice to Mr. Lewis Fulton, who is the son of Mr. C. O. Fulton and appeared at the hearing as a representative of C. O. Fulton, that the two above-described Dublin wells were not in compliance with Rule 201.B, and demanded these two wells be brought into compliance.

(47) Neither well is in compliance with Division Rule 201.B and C. O. Fulton should therefore be ordered to bring these two wells into compliance.

(48) C. O. Fulton knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed C. O. Fulton in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed C. O. Fulton should therefore be Two Thousand Dollars ($2,000.00).

(49) Since Mr. Lewis Fulton appeared at the hearing and exhibited some appreciation of the importance of this matter, the $2,000.00 penalty to be levied should

be suspended if the above-described Dublin Wells No. 2 and 3 are both brought into compliance within 90 days from the date of this order.

(50) The Application alleges that Calvin F. Tennison of Carlsbad, New Mexico is the operator of the following two (2) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-03702 | Malaga Unit – Tract 12 #2 | M-7-24S-29E | 990' FSL & 330' FWL |
| 30-015-03695 | Malaga Unit – Tract 12 #3 | K-7-24S-29E | 1650' FSL & WL |

(51) With respect to Calvin F. Tennison, the Division presented evidence that indicates:

(a) the last reported oil production from the above-described Malaga Unit – Tract 12 Well No. 3 was November, 1992;

(b) the above-described Malaga Unit – Tract 12 Well No. 2 has not been utilized as an active injection well (see Division Administrative Order WFX-503, dated January 20, 1983) since April, 1993;

(c) by notice letter dated July 25, 2001 the Division initially notified Calvin F. Tennison to bring any inactive wells into compliance with Division Rule 201.B and that a show cause hearing had been set for November 1, 2001; however, this notice failed to specifically identify which wells operated by Calvin F. Tennison were considered to be inactive and not in compliance; and

(d) notification specific to these two wells was first provided Calvin F. Tennison by the Division's certified notice of this hearing dated January 22, 2002.

(52) Neither well is in compliance with Division Rule 201.B and Calvin F. Tennison should therefore be ordered to bring these two wells into compliance.

(53) No civil penalties for non-compliance should be assessed against Calvin F. Tennison in this matter.

(54) With respect to Chi Operating, Inc. of Midland, Texas ("Chi"), the Division presented evidence showing that:

(a) Chi is the operator of the Yates State Well No. 1 (**API No. 30-015-20838**) located 1980 feet from the South and West lines (Unit K) of Section 10, Township 21 South, Range 27 East, NMPM, Eddy County, New Mexico;

(b) the last reported gas production from the above-described Yates State Well No. 1 was May, 1988;

(c) this well is inactive and not in compliance with Division Rule 201.B; and

(d) the Division on several occasions, beginning in May, 2000, notified Chi that its Yates State Well No. 1 was not in compliance with Rule 201.B, and demanded that CFM bring this well into compliance.

(55) Chi should be ordered to bring this well into compliance with Division Rule 201.B.

(56) Further, Chi knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Chi in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing).

(57) Since Chi appeared at the hearing and exhibited some appreciation of the importance of this matter, the $1,000.00 penalty to be levied should be suspended if the above-described Yates State Well No. 1 is brought into compliance within 90 days from the date of this order.

(58) The Application alleges that David G. Hammond of Artesia, New Mexico is the operator of the following two (2) wells in Eddy County, New Mexico:

| [illegible] | Well Name and Number | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-03464 | Denton Federal #1 | D-27-18S-29E | 330' FN & WL |
| 30-015-03473 | Sivley Jennings Federal #2 | L-28-18S-29E | 1980' FSL & 660' FWL |

(59) The testimony presented indicates that as of the date of this hearing the above-described Denton Federal Well No. 1 had been brought into compliance; therefore, that portion of this case seeking to bring this well into compliance with Division Rule 201.B can be **dismissed** at this time.

(60) With respect to David G. Hammond's above-described Sivley Jennings Federal Well No. 2, the Division presented evidence that indicates:

(a) its last reported oil production was October, 1990;

(b) by notice dated December 26, 2000 the Division first notified David G. Hammond that the above-described Sivley Federal Well No. 2 was not in compliance with Rule 201.B, and demanded this well be brought into compliance; and

(c) this well is inactive and not in compliance with Division Rule 201.B.

(61) David G. Hammond should be ordered to bring the above-described Sivley Jennings Federal Well No. 2 into compliance with Division Rule 201.B.

(62) Further, David G. Hammond knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31 A, a civil penalty should be assessed David G. Hammond in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing).

(63) The Application alleges that EGL Resources, Inc. of Midland, Texas ("EGL") is the operator of the following seven (7) wells in Eddy County, New Mexico:

| | | | |
|---|---|---|---|
| 30-015-23663 | Baldridge Federal Com. #2 | B-14-24S-24E | 196' FNL & 1427' FEL |
| 30-015-04632 | Lebow Federal #4 | H-25-19S-30E | 2310' FNL & 990' FEL |
| 30-015-04636 | Lebow Federal #8 | J-25-19S-30E | 2090' FSL & 1650' FEL |
| 30-015-04639 | Lebow Federal #11 | O-25-19S-30E | 990' FSL & 1650' FEL |
| 30-015-30674 | OXY Yates "22" Federal #5 | J-22-20S-28E | 1650' FSL & 2310' FEL |
| 30-015-30673 | OXY Yates "22" Federal #6 | H-22-20S-28E | 2310' FNL & 660' FEL |
| 30-015-30808 | OXY Yates "27" Federal #10 | D-27-20S-28E | 660' FNL & 860' FWL |

(64) The testimony presented indicates that as of the date of this hearing all seven of EGL's wells have been brought into compliance with Division Rule 201.B; therefore, EGL should be **excluded** from this case.

(65) The Application alleges that Fi–Ro Corporation of Roswell, New Mexico ("Fi-Ro") is the operator of the following eight (8) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Location | Footage Location |
|---|---|---|---|
| 30-015-05765 | Federal "18" #1 | E-18-19S-31E | 2310' FNL & 660' FWL |
| 30-015-10228 | Federal "18" #2 | K-18-19S-31E | 2310' FSL & 2162' FWL |
| 30-015-20226 | Federal "18" #4 | G-18-19S-31E | 1980' FNL & 1650' FEL |
| 30-015-22866 | Fo Fo #1 | E-32-19S-27E | 2310' FNL & 990' FWL |
| 30-015-22867 | Fo Fo #2 | F-32-19S-27E | 1650' FN & WL |
| 30-015-22868 | Fo Fo #3 | E-32-19S-27E | 1650' FNL & 990' FWL |
| 30-015-04656 | Tidewater State #1 | G-36-19S-30E | 2310' FNL & 1650' FEL |
| 30-015-04655 | Tidewater State #2 | J-36-19S-30E | 1650' FS & EL |

(66) With respect to Fi-Ro, the Division presented evidence showing that:

(a) the last reported oil production from the above-described Fo Fo Well No. 1 was October, 1986;

(b) the last reported oil production from the above-described Fo Fo Well No. 2 was October, 1985;

(c) the last reported oil production from the above-described Fo Fo Well No. 3 was June, 1987;

(d) the last reported oil production from the above-described Federal "18" Well No. 4 was September, 1997;

(e) the last reported oil production from the above-described Federal "18" Wells No. 1 and 2 was November, 1997;

(f) the last reported oil production from the above-described Tidewater State Well No. 1 was July, 1999;

(g) the last reported oil production from the above-described Tidewater State Well No. 2 was April, 2000;

(h) the Division on several occasions, beginning in October, 1996, notified Fi-Ro Rich that the Fo Fo Wells No. 1, 2, and 3 were not in compliance with Rule 201.B, and requested that these three wells be brought into compliance;

(i) by notice dated December 26, 2000 the Division first notified Fi-Ro that the above-described Federal "18" Wells No. 1, 2, and 4 were not in compliance with Rule 201.B, and demanded these three wells be brought into compliance;

(j) although the Division provided Fi-Ro notice on several occasions commencing in 1996 that they had several inactive wells out of compliance with Division Rule 201.B, no specific reference or demands were ever made regarding the above-described Tidewater State Wells No. 1 and 2; and

(k) notification specific to these two wells was first provided Fi-Ro by the Division's certified notice of this hearing dated January 22, 2002.

(67) All eight of Fi-Ro's wells are not in compliance with Division Rule 201.B and Fi-Ro should therefore be ordered to bring all eight of these wells into compliance.

(68) No civil penalties for non-compliance should be assessed against Fi-Ro for its two above-described Tidewater State Wells No. 1 and 2.

(69) With respect to the above-described Fo Fo Wells No. 1, 2, and 3, Fi-Ro knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Fi-Ro in the amount of Five Thousand Dollars ($5,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. Similarly, for the Federal "18" Wells No. 1, 2, and 4, a civil penalty of One Thousand Dollars ($1,000.00) per well should be assessed Fi-Ro against these three wells. The total penalty assessed Fi-Ro should therefore be Eighteen Thousand Dollars ($18,000.00).

(70) The Application alleges that G P II Energy, Inc. of Midland, Texas ("GP2") is the operator of the following forty-three (43) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-00895 | Artesia State Unit #1-B | H-14-18S-27E | 1650' FNL & 330' FEL |
| 30-015-04049 | Burnham Grayburg San Andres Unit #1-C | P-2-17S-30E | 660' FS & EL |
| 30-015-04058 | Burnham Grayburg San Andres Unit #3-A | H-2-17S-30E | 1980' FNL & 660' FEL |
| 30-015-05020 | Constate #2 | E-36-16S-31E | 1980' FNL & 660' FWL |
| 30-015-02037 | Cowtown Unit #401 | D-24-18S-28E | 322' FNL & 964' FWL |
| 30-015-02032 | Cowtown Unit #402 | E-24-16S-28E | 1650' FNL & 330' FWL |
| 30-015-05034 | Featherstone #5 | C-2-17S-31E | 330' FNL & 1980' FWL |
| 30-015-20314 | Federal "JJ" #2 | L-3-17S-30E | 1980' FSL & 660' FWL |
| 30-015-22155 | Federal "JJ" #4 | M-3-17S-30E | 660' FSL & 550' FWL |
| 30-015-20315 | Federal "KK" #1 | P-3-17S-30E | 660' FS & EL |
| 30-015-04068 | Federal "Q" #1 | D-3-17S-30E | 660' FN & WL |
| 30-015-20620 | Federal "R" #5 | E-10-17S-30E | 2140' FNL & 620' FWL |
| 30-015-20696 | Federal "R" #8 | H-10-17S-30E | 1980' FNL & 660' FEL |
| 30-015-03294 | H. G. Watson #8 | O-4-18S-29E | 660' FSL & 1980' FEL |
| 30-015-24935 | Hustate #3 | K-36-16S-31E | 1980' FSL & 1650' FWL |
| 30-015-20616 | Loco Hills "A" Federal #8 | E-15-17S-30E | 1980' FSL & 660' FWL |
| 30-015-25109 | Loco Hills "A" Federal #9 | D-15-17S-30E | 1310' FN & WL |
| 30-015-20674 | Loco Hills "B" Federal #7 | N-9-17S-30E | 660' FSL & 1980' FWL |
| 30-015-25110 | Loco Hills "B" Federal #9 | I-9-17S-30E | 1460' FSL & 1310' FEL |
| 30-015-22698 | New Mexico "AA" State #1 | F-35-18S-28E | 1980' FN & WL |
| 30-015-23080 | New Mexico "AA" State #2 | E-35-18S-28E | 1980' FNL & 660' FWL |
| 30-015-20183 | North Square Lake Unit #3 | J-19-16S-31E | 1980' FS & EL |
| 30-015-04863 | North Square Lake Unit #7 | J-20-16S-31E | 1980' FS & EL |
| 30-015-04864 | North Square Lake Unit #8 | I-20-16S-31E | 1980' FSL & 660' FEL |
| 30-015-04856 | North Square Lake Unit #12 | P-19-16S-31E | 660' FS & EL |
| 30-015-04936 | North Square Lake Unit #20 | B-30-16S-31E | 660' FNL & 1980' FEL |
| 30-015-04905 | North Square Lake Unit #22 | D-29-16S-31E | 760' FNL & 560' FWL |
| 30-015-20701 | North Square Lake Unit #33 | E-30-16S-31E | 1790' FNL & 330' FWL |
| 30-015-04937 | North Square Lake Unit #38 | G-20-16S-31E | 1345' FN & EL |
| 30-015-04918 | North Square Lake Unit #58 | L-29-16S-31E | 1980' FSL & 660' FWL |
| 30-015-20316 | North Square Lake Unit #70 | P-25-16S-30E | 1315' FS & EL |
| 30-015-03924 | North Square Lake Unit #71 | P-25-16S-30E | 660' FS & EL |
| 30-015-04928 | North Square Lake Unit #79 | P-30-16S-31E | 660' FS & EL |
| 30-015-04917 | North Square Lake Unit #81 | N-29-16S-31E | 660' FSL & 1980' FWL |
| 30-015-04915 | North Square Lake Unit #83 | P-29-16S-31E | 550' FS & EL |
| 30-015-04979 | North Square Lake Unit #111 | B-33-16S-31E | 660' FNL & 1980' FEL |
| 30-015-04990 | North Square Lake Unit #113 | D-34-16S-31E | 660' FN & WL |

| | | | |
|---|---|---|---|
| 30-015-04943 | North Square Lake Unit #123 | E-31-16S-31E | 1980' FNL & 660' FWL |
| 30-015-04949 | North Square Lake Unit #127 | H-31-16S-31E | 3300' FSL & 675' FEL |
| 30-015-04978 | North Square Lake Unit #132 | E-33-16S-31E | 1880' FNL & 660' FWL |
| 30-015-04983 | North Square Lake Unit #167 | N-33-16S-31E | 810' FSL & 1980' FWL |
| 30-015-01841 | Roger Harris Travis #1 | J-13-18S-28E | 1987' FSL & 1932' FEL |
| 30-015-29384 | Scanlon Draw "35" State #1 | N-35-18S-28E | 660' FSL & 1980' FWL |

(71) The testimony presented by the Division indicates that as of the date of this hearing, none of these 43 wells were in compliance with Division Rule 201 B.

(72) Vanco Oil & Gas Corporation ("Vanco") and its affiliate CBS Operating Corporation of Midland, Texas ("CBS") appeared at the hearing through legal counsel. There are plans for Vanco or CBS to purchase wells from GP2. At the time of the hearing the Division requested that any GP2 well purchased by Vanco or CBS be dropped from these proceedings.

(73) The Division's records indicate that on November 12, 2002 the supervisor of the Division's Artesia district office approved an OCD Form-C104A, *Change of Operator*, that transferred all 43 of the above-described wells from GP2 to CBS.

(74) The above-described 43 wells, shown to be operated by GP2, should therefore be **excluded** from this case.

(75) With respect to Great Western Drilling Company of Midland, Texas ("Great Western"), the Division presented evidence showing that:

(a) Great Western is the operator of the Mabel Hale Federal Well No. 7 (**API No. 30-015-26785**) located 1650 feet from the North line and 1750 feet from the West line (Unit F) of Section 11, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico;

(b) this well was drilled by Great Western in 1991 to a total depth of 3,160 feet to test the Shugart-Yates-Seven Rivers-Queen-Grayburg Pool (**56439**), however this well was never completed as a producing oil well and to date has not been utilized for any beneficial use; and

(c) as of the date of the hearing, this well is still inactive and not in compliance with Division Rule 201.B.

(76) Subsequent to the hearing, the Division submitted data indicating that Great Western had performed a mechanical integrity test on this well on February 2, 2002 and the supervisor of the Division's district office in Artesia approved its temporarily abandoned status (see the U. S. Bureau of Land Management Form 3160-5, "*Sundry Notices and Reports on Wells*" dated February 12, 2002).

(77) The above-described Mabel Hale Federal Well No. 7 is now in compliance with Division Rule 201.B; therefore, the case against Great Western should be **dismissed** at this time.

(78) With respect to Happy Oil Company, Inc. of Artesia, New Mexico ("Happy Oil"), the Division presented evidence showing that:

(a) Happy Oil is the operator of the Fair Well No. 1 (**API No. 30-015-20385**) located 330 feet from the North and East lines (Unit D) of Section 24, Township 18 South, Range 26 East, NMPM, Eddy County, New Mexico;

(b) the last reported oil production from the above-described Fair Well No. 1 was January, 1989;

(c) the Division on several occasions, beginning in January, 2001, notified Happy Oil that its Fair Well No. 1 was not in compliance with Rule 201.B, and demanded that Happy Oil bring this well into compliance; and

(d) this well is inactive and not in compliance with Division Rule 201.B.

(79) Happy Oil should be ordered to bring the above-described Fair Well No. 1 into compliance with Division Rule 201.B.

(80) Further, Happy Oil knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Happy Oil in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing).

(81) Since Happy Oil appeared at the hearing and exhibited some appreciation of the importance of this matter, the $1,000.00 penalty to be levied should be suspended

if the above-described Fair Well No. 1 is brought into compliance within 90 days from the date of this order.

(82) With respect to Hudson Oil Company of Texas of Fort Worth, Texas ("Hudson"), the Division presented evidence showing that:

(a) Hudson is the operator of the Shugart "A" Well No. 6, formerly the Tamano (BSSC) Unit Well No. 102, (**API No. 30-015-26438**) located 2310 feet from the North line and 660 feet from the East line (Unit H) of Section 10, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico;

(b) the last reported oil production from the above-described well was January, 1995;

(c) by certified notice of this hearing dated January 22, 2002 the Division first notified Hudson that the above-described well was not in compliance with Rule 201.B; and

(d) this well is inactive and not in compliance with Division Rule 201.B.

(83) Hudson should be ordered to bring the above-described well into compliance with Division Rule 201.B.

(84) No civil penalties for non-compliance should be assessed against Hudson in this matter.

(85) The Application alleges that I. T. Properties of Arlington, Texas is the operator of the following three (3) wells in Eddy County, New Mexico:

| | | | |
|---|---|---|---|
| 30-015-21638 | DHY State #1 | F-23-19S-28E | 1980' FN & WL |
| 30-015-21971 | DHY State "B" #1 | L-11-19S-28E | 1980' FSL & 990' FWL |
| 30-015-23119 | Siegrist State #1 | H-25-19S-23E | 1980' FNL & 990' FEL |

(86) The testimony presented indicates that the above-described DHY State Well No. 1 is subject to an "Agreed Order" issued by the New Mexico Oil Conservation Commission as Order No. R-11520-A in Case No. 12459 on June 21, 2002; therefore,

that portion of this case seeking to bring this well into compliance with Division Rule 201.B should be **dismissed** at this time.

(87) With respect to I. T. Properties' above-described DHY State "B" Well No. 1 and Siegrist State Well No. 1, the Division presented evidence showing that:

(a) the last reported gas production from the above-described DHY State "B" Well No. 1 was March, 1991;

(b) the last reported gas production from the above-described Siegrist State Well No. 1 was September, 1998; and

(c) these two wells are not in compliance with Division Rule 201.B.

(88) By both certified notice dated January 22, 2002 and through the regular mail system the Division attempted to notify I. T. Properties that all three of the above-described wells were the subject of this hearing. This was the only direct means the Division used in contacting I. T. Properties. Both instruments were returned to the Division as un-deliverable and unable to be forwarded; however, this case was properly advertised as a legal notice in the Artesia Daily Press.

(89) I. T. Properties should be ordered to bring the above-described DHY State "B" Well No. 1 and Siegrist State Well No. 1 into compliance with Division Rule 201.B.

(90) No civil penalty for non-compliance should be assessed against I.T. Properties for the DHY State "B" Well No. 1 and Siegrist State Well No. 1 in this matter.

(91) The Application alleges that J. Cleo Thompson of Dallas, Texas is the operator of the following two (2) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr.-Sec.-Twp.-Rge. | Footage Location |
|---|---|---|---|
| 30-015-04004 | West Square Lake Unit – Tract 5 #8 | F-35-16S-30E | 1980' FN & WL |
| 30-015-04081 | West Square Lake Unit – Tract 9 #13 | J-4-17S-30E | 1980' FS & EL |

(92) With respect to J. Cleo Thompson, the Division presented evidence that indicates:

(a) the above-described West Square Lake Unit – Tract 9 Well No. 13 has not produced any hydrocarbons since July, 1978;

(b) the above-described West Square Lake Unit –Tract 5 Well No. 8 has not been utilized as an active injection well (see Division Administrative Order WFX-123, dated January 23, 1963) since December, 1992;

(c) the Division on several occasions, beginning in May, 2000, notified J. Cleo Thompson that the above-described West Square Lake Unit – Tract 9 Well No. 13 was not in compliance with Rule 201.B, and demanded that this well be brought into compliance; and

(d) by notice dated December 26, 2000 the Division first notified J. Cleo Thompson that the above-described West Square Lake Unit – Tract 5 Well No. 8 was not in compliance with Rule 201.B, and demanded this well also be brought into compliance.

(93) Neither well is in compliance with Division Rule 201.B; therefore, J. Cleo Thompson should be ordered to bring these two wells into compliance.

(94) With respect to the above-described West Square Lake Unit – Tract 5 Well No. 8 and West Square Lake Unit – Tract 9 Well No. 13, J. Cleo Thompson knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed J. Cleo Thompson in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed J. Cleo Thompson should therefore be Two Thousand Dollars ($2,000.00).

(95) The Application alleges that JDR, Ltd. of Artesia, New Mexico ("JDR") is the operator of the following five (5) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-01427 | Brooks #11 | B-19-17S-28E | 230' FNL & 2310' FEL |
| 30-015-01432 | Brooks #16 | D-19-17S-28E | 330' FNL & WL |
| 30-015-01433 | Brooks #17 | F-19-17S-28E | 1650' FNL & 1734' FWL |
| 30-015-01441 | Brooks #20 | C-19-17S-28E | 990' FNL & 1734' FWL |
| 30-015-01443 | Brooks #22 | B-19-17S-28E | 990' FNL & 2310' FEL |

(96) The testimony presented indicates that as of the date of this hearing all five of the above-described wells were out of compliance with Division Rule 201.B.

(97) Subsequent to the hearing however, the Division submitted data to indicate that the above-described: **(i)** Brooks Wells No. 11 and 17 had been properly plugged and abandoned in March, 2002; and **(ii)** Brooks Well No. 16 was returned to producing status in March, 2002 and is currently producing oil from the Empire-Yates-Seven Rivers Pool (**22230**). The Brooks Wells No. 11, 16, and 17 are now in compliance with Division Rule 201.B and should therefore be **excluded** from this case.

(98) With respect to JDR's remaining Brooks Wells No. 20 and 22, the Division presented evidence showing that neither well had been utilized as active injection wells (see Division Order No. R-1546, issued in Case No. 1814 on December 10, 1959) since December, 1992.

(99) Neither well is in compliance with Division Rule 201.B; therefore, JDR should be ordered to bring these two wells into compliance.

(100) By notice dated January 29, 2001 the Division first notified JDR that the above-described Brooks Wells No. 20 and 22 were not in compliance with Rule 201.B, and demanded these two wells be brought into compliance.

(101) With respect to the Brooks Wells No. 20 and 22, JDR knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed JDR in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed JDR should therefore be Two Thousand Dollars ($2,000.00).

(102) Since JDR appeared at the hearing and exhibited some appreciation for the importance of this matter, the $2,000.00 penalty to be levied should be suspended if the above-described Brooks Wells No. 20 and 22 are both brought into compliance within 90 days from the date of this order.

(103) The Application alleges that John A. Yates, Jr. of Artesia, New Mexico is the operator of the following two (2) wells in Eddy and Chaves Counties, New Mexico (the county code within the API well number 005 denotes Chaves and 015 denotes Eddy):

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-005-62312 | Comanche "PQ" Federal #2-Y | D-26-10S-25E | 990' FN & WL |
| 30-015-21998 | State "HC" #1 | L-2-17S-27E | 1980' FSL & 660' FWL |

(104) The testimony presented indicates that as of the date of this hearing the above-described Comanche "PQ" Federal Well No. 2-Y is in compliance with Division Rule 201.B; therefore, that portion of this case seeking to bring this well into compliance can be **dismissed** at this time.

(105) With respect to John A. Yates, Jr.'s above-described State "HC" Well No. 1, the Division presented evidence that indicates:

(a) its last reported oil production was October, 1984;

(b) this well is inactive and not in compliance with Division Rule 201.B; and

(c) the Division on several occasions, beginning in February, 1998, notified John A. Yates, Jr. that the above-described State "HC" Well No. 1 was not in compliance with Rule 201.B, and demanded that this well be brought into compliance.

(106) John A. Yates, Jr. should be ordered to bring this well into compliance with Division Rule 201.B.

(107) Further, John A. Yates, Jr. knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed John A. Yates, Jr. in the amount of Four Thousand Dollars ($4,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing).

(108) The Application alleges that Kersey and Company of Fredericksburg, Texas is the operator of the following three (3) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-10227 | ASU #2 | D-11-17S-28E | 660' FN & WL |
| 30-015-01306 | ASU "A" #1 | M-2-17S-28E | 660' FS & WL |
| 30-015-02633 | Texaco State #2 | J-7-18S-28E | 1650' FS & EL |

(109) The testimony presented indicates that as of the date of this hearing all three of the above-described wells were out of compliance with Division Rule 201.B.

(110) Subsequent to the hearing however, the Division submitted data to indicate that the above-described Texaco State Well No. 2 was returned to producing status in March, 2002 and is currently producing oil from the Artesia-Queen-Grayburg-San Andres Pool (**3230**). The Texaco State Well No. 2 is now in compliance with Division Rule 201.B and should therefore be **excluded** from this case.

(111) With respect to Kersey and Company, the testimony presented indicates that:

(a) the last reported oil production from the above-described ASU Well No. 2 was December, 1993;

(b) the last reported oil production from the above-described ASU "A" Well No. 1 was March, 1985; and

(c) the Division on several occasions, beginning in December, 2000, notified Kersey and Company that the A S U Well No. 2 and ASU "A" Well No. 1 were not in compliance with Rule 201.B, and requested that both wells be brought into compliance.

(112) Kersey and Company should be ordered to bring these two wells into compliance with Division Rule 201.B.

(113) The Division takes administrative notice of Order No. R-11712-A of the New Mexico Oil Conservation Commission ("Commission") wherein the Commission found that Kersey and Company had knowingly and willfully failed to comply the Division Rule 201.B. No fine was assessed in that matter.

(114) Kersey and Company knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Kersey and Company in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed Kersey and Company should therefore be Two Thousand Dollars ($2,000.00).

(115) The Application alleges that Kersey and Donohue also of Fredericksburg, Texas is the operator of the following two (2) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. Sec. Twp. Rge. | Footage Location |
|---|---|---|---|
| 30-015-01310 | Federal #1 | P-3-17S-28E | 990' FSL & EL |
| 30-015-01309 | Federal" #2 | G-3-17S-28E | 1650' FNL & EL |

(116) The testimony presented indicates that as of the date of this hearing the above-described Federal Well No. 2 was in compliance with Division Rule 201.B; therefore, that portion of this case seeking to bring this well into compliance can be **dismissed** at this time.

(117) With respect to Kersey and Donohue's above-described Federal Well No. 1, the Division presented evidence that indicates:

(a) its last reported gas production was December, 1992;

(b) this well is inactive and not in compliance with Division Rule 201.B; and

(c) the Division on several occasions, beginning in December, 2000, notified Kersey and Donohue that the above-described Federal Well No. 1 was not in compliance with Rule 201.B, and demanded that this well be brought into compliance.

(118) Kersey and Donohue should be ordered to bring the Federal Well No. 1 into compliance with Division Rule 201.B.

(119) Further, Kersey and Donohue knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Kersey and Donohue in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing).

(120) The Application alleges that Klabzuba Oil & Gas, Inc. of Fort Worth, Texas ("Klabzuba") is the operator of the following two (2) wells in Chaves County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. Sec. Twp. Rge. | Footage Location |
|---|---|---|---|
| 30-005-60114 | White #1 | I-13-10S-27E | 2500' FSL & 700' FEL |

| | | | |
|---|---|---|---|
| 30-005-10165 | White #2 | N-18-10S-28E | 660' FSL & 1980' FWL |

(121) With respect to Klabzuba, the Division presented evidence that indicates:

(a) the last reported oil production from the above-described White Well No. 1 was January, 2000;

(b) the above-described White Well No. 2 has not been utilized as a salt water disposal well (see Division Order No. R-4012, issued in Case No. 4396 on August 12, 1970, and Division Administrative Order SWD-148, dated September 4, 1973, as corrected by order dated September 4, 1973) in the last ten years; and

(c) by notice letter dated August 6, 2001 the Division initially notified Klabzuba to bring any inactive wells into compliance with Division Rule 201.B and that a show cause hearing had been set for November 1, 2001; however, this notice failed to specifically identify what wells operated by Klabzuba were considered to be inactive and not in compliance.

(122) These two wells are not in compliance with Division Rule 201.B and Klabzuba should therefore be ordered to bring these two wells into compliance.

(123) No civil penalties for non-compliance should be assessed against Klabzuba in this matter.

(124) The Application alleges that Louis Dreyfus Natural Gas Corporation of Oklahoma City, Oklahoma, now Dominion Oklahoma Texas Exploration & Production, Inc. of Oklahoma City, Oklahoma ("Dreyfus/Dominion") is the operator of the following eight (8) wells in Chaves and Eddy Counties, New Mexico (the county code within the API well number 005 denotes Chaves and 015 denotes Eddy):

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-28760 | Dorothy "36" State Com. #1 | N-36-17S-28E | 1136' FSL & 1647' FWL |
| 30-005-61902 | Harris Federal Com. #1 | C-21-15S-29E | 330' FNL & 2310' FWL |
| 30-015-29871 | McGruder "13" Federal Com. #1 | N-13-22S-25E | 280' FSL & 1930' FWL |
| 30-015-25352 | New Mexico "EV" State #1 | K-32-22S-26E | 1980' FS & WL |
| 30-015-22892 | Northcott #3 | G-24-19S-28E | 1980' FN & EL |

| | | | |
|---|---|---|---|
| 30-015-27032 | Ram Ewe Federal Com. #1 | J-33-22S-26E | 1980' FS & EL |
| 30-015-02300 | State "A" #1 | F-24-19S-28E | 1980' FN & WL |
| 30-015-10352 | State "A" #2 | D-24-19S-28E | 330' FN & WL |

(125) At the hearing the Division requested **dismissal** of seven of the eight above-described wells, the Ram Ewe Federal Com. Well No. 1 being the exception.

(126) Subsequent to the hearing, the Division submitted data to indicate that the above-described Ram Ewe Federal Com. Well No. 1 had been properly plugged and abandoned in March, 2002; therefore, this well should be **excluded** from this case.

(127) The case against Dreyfus/Dominion's should therefore be **dismissed** at this time.

(128) The Application alleges that MEW Enterprises of Roswell, New Mexico ("MEW") is the operator of the following twenty-one (21) wells in Chaves County, New Mexico:

| | | | |
|---|---|---|---|
| 30-005-10052 | Crandell Phillips #1 | L-34-6S-26E | 1650' FSL & 332' FWL |
| 30-005-10425 | Dale "B" Federal #1 | M-27-7S-26E | 330' FS & WL |
| 30-005-10054 | Dale Federal #1 | I-26-7S-26E | 2310' FSL & 330' FEL |
| 30-005-10055 | Dale Federal #2 | J-26-7S-26E | 2310' FSL & 1650' FEL |
| 30-005-10056 | Dale Federal #4 | H-26-7S-26E | 1650' FNL & 330' FEL |
| 30-005-10227 | Dale Federal #9 | G-26-7S-26E | 1650' FN & EL |
| 30-005-61316 | Dale Federal #10 | I-26-7S-26E | 1650' FSL & 990' FEL |
| 30-005-61685 | Dale Federal #11-Y | J-26-7S-26E | 1661' FSL & 2308' FEL |
| 30-005-62861 | Elizabeth "C" #5 | D-7-8S-29E | 990' FNL & 330' FWL |
| 30-005-10170 | Federal #1 | N-33-6S-26E | 990' FSL & 2310' FWL |
| 30-005-10062 | Federal #4 | K-33-6S-26E | 1650' FSL & 1667' FWL |
| 30-005-10063 | Federal #5 | M-33-6S-26E | 990' FS & WL |
| 30-005-62866 | McKim State #1 | B-21-10S-27E | 990' FNL & 1650' FEL |
| 30-005-61267 | Nancy #1 | P-1-8S-28E | 330' FS & EL |
| 30-005-60527 | O'Brien Deming #1 | C-17-8S-29E | 660' FNL & 1980' FWL |
| 30-005-62441 | Queso State #1 | M-34-5S-22E | 990' FSL & 660' FWL |
| 30-005-10070 | Sturgeon #1 | F-33-6S-26E | 1650' FN & WL |
| 30-005-10071 | Sturgeon #2 | F-33-6S-26E | 2310' FNL & 2329' FWL |
| 30-005-60143 | Van Eaton Leyendecker #1 | L-22-6S-27E | 1980' FSL & 660' FWL |

| | | | |
|---|---|---|---|
| 30-005-61318 | Worley Federal #1 | E-25-7S-26E | 2970' FSL & 330' FWL |
| 30-005-61319 | Worley Federal #2 | L-25-7S-26E | 1650' FSL & 330' FWL |

(129) The testimony presented indicates that as of the date of this hearing the above-described Federal Well No. 1 was properly plugged and abandoned on March 12, 2002; therefore, that portion of this case seeking to bring this well into compliance with Division Rule 201.B can be **dismissed** at this time.

(130) Subsequent to the hearing, the Division submitted data to indicate that fifteen (15) of the above-described wells had also been properly plugged and abandoned; therefore, the following 15 wells can be **excluded** from this case:

| API No. | Well Name and Number | Plugging Date |
|---|---|---|
| 30-005-10052 | Crandell Phillips #1 | February 28, 2002 |
| 30-005-10425 | Dale "B" Federal #1 | May 7, 2002 |
| 30-005-10054 | Dale Federal #1 | April 23, 2002 |
| 30-005-10055 | Dale Federal #2 | April 21, 2002 |
| 30-005-10056 | Dale Federal #4 | April 24, 2002 |
| 30-005-10227 | Dale Federal #9 | April 18, 2002 |
| 30-005-61316 | Dale Federal #10 | April 29, 2002 |
| 30-005-61685 | Dale Federal #11-Y | April 30, 2002 |
| 30-005-10062 | Federal #4 | March 24, 2002 |
| 30-005-10063 | Federal #5 | March 23, 2002 |
| 30-005-60527 | O'Brien Deming #1 | December 24, 2001 |
| 30-005-10070 | Sturgeon #1 | March 3, 2002 |
| 30-005-10071 | Sturgeon #2 | March 9, 2002 |
| 30-005-61318 | Worley Federal #1 | April 26, 2002 |
| 30-005-61319 | Worley Federal #2 | April 26, 2002 |

(131) Also, subsequent to the hearing, the Division submitted data to indicate that the above-described Van Eaton Leyendecker Well No. 1 was returned to producing status in February, 2002 and is currently producing gas from the Pecos Slope-Abo Gas Pool (**82730**). The Van Eaton Leyendecker Well No. 1 is now in compliance with Division Rule 201.B and should also be **excluded** from this case.

(132) Review of the Division's records subsequent to the hearing indicate that the following four (4) wells are presently completed and producing; therefore, these four wells should also be **excluded** from this case at this time:

| [illegible] | [illegible] | [illegible] |
|---|---|---|
| 30-005-62861 | Elizabeth "C" #5 | Bull's Eye-San Andres Pool (**8190**) |
| 30-005-62866 | McKim State #1 | Diablo-San Andres Pool (**17640**) |
| 30-005-61267 | Nancy #1 | Bull's Eye-San Andres Pool (**8190**) |
| 30-005-62441 | Queso State #1 | West Pecos Slope-Abo Gas Pool (**82740**) |

(133) Since all twenty-one (21) of MEW's wells are now in compliance with Division Rule 201.B, the case against MEW should be **dismissed** at this time.

(134) The Application alleges that McQuadrangle, LC of Lubbock, Texas is the operator of the following eight (8) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-00611 | South Red Lake Grayburg Unit #5 | C-35-17S-27E | 990' FNL & 2310' FWL |
| 30-015-00668 | South Red Lake Grayburg Unit #10 | G-36-17S-27E | 1650' FNL & 2310' FEL |
| 30-015-00616 | South Red Lake Grayburg Unit #16 | F-35-17S-27E | 2310' FNL & 2316' FEL |
| 30-015-01220 | South Red Lake Grayburg Unit #22 | K-36-17S-27E | 2310' FS & WL |
| 30-015-01221 | South Red Lake Grayburg Unit #23 | J-36-17S-27E | 2300' FS & EL |
| 30-015-00622 | South Red Lake Grayburg Unit #24 | I-35-17S-27E | 1650' FSL & 330' FEL |
| 30-015-00645 | South Red Lake Grayburg Unit #32 | N-35-17S-27E | 330' FSL & 1650' FWL |
| 30-015-00740 | South Red Lake Grayburg Unit #40 | G-2-18S-27E | 1650' FNL & 2197' FEL |

(135) The testimony presented indicates that as of the date of this hearing the above-described South Red Lake Grayburg Unit Wells No. 10, 32, and 40 are in compliance with Division Rule 201.B; therefore, that portion of this case seeking to bring these three wells into compliance can be **dismissed** at this time.

(136) Subsequent to the hearing, the Division submitted data indicating that the above-described: **(i)** South Red Lake Grayburg Unit Well No. 16 had been properly plugged and abandoned on April 16, 2002; **(ii)** South Red Lake Grayburg Unit Well No. 22 had been properly plugged and abandoned on July 17, 2002; **(iii)** South Red Lake Grayburg Unit Well No. 23 had been properly plugged and abandoned on August 13, 2002; and **(iv)** South Red Lake Grayburg Unit Wells No. 5 and 24 had also been plugged and abandoned sometime in 2002. That portion of this case seeking to bring the above-described South Red Lake Grayburg Unit Wells No. 5, 16, 22, 23, and 24 can also be **dismissed** at this time.

(137) Since all eight of McQuadrangle, LC's wells are now in compliance with Division Rule 201.B, the case against McQuadrangle, LC should be **dismissed** at this time.

(138) With respect to Mineral Technologies, Inc. of Midland, Texas, the Division presented evidence showing that:

(a) Mineral Technologies, Inc. is the operator of the Mary Federal Well No. 1 (**API No. 30-015-20785**) located 1924 feet from the North line and 651 feet from the East line (Unit H) of Section 11, Township 23 South, Range 25 East, NMPM, Eddy County, New Mexico;

(b) the last reported gas production from the above-described Mary Federal Well No. 1 was January, 1996;

(c) the Division on several occasions, beginning in May, 2000, notified Mineral Technologies, Inc. that its Mary Federal Well No. 1 was not in compliance with Rule 201.B, and demanded that Mineral Technologies, Inc. bring this well into compliance; and

(d) this well is inactive and not in compliance with Division Rule 201.B.

(139) Mineral Technologies, Inc. should be ordered to bring its Mary Federal Well No. 1 into compliance with Division Rule 201.B.

(140) Further, Mineral Technologies, Inc. knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Mineral Technologies, Inc. in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing).

(141) The Application alleges that Naumann Oil & Gas, Inc. of Midland, Texas ("Naumann") is the operator of the following two (2) wells in Eddy County, New Mexico:

| [illegible] | Well Name and Number | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-23290 | Empire "34" Federal #1 | G-34-18S-29E | 1980' FN & EL |

| | | | |
|---|---|---|---|
| 30-015-28303 | Farewell "18" Federal Com. #1 | D-18-22S-26E | 1026' FNL & 409' FWL |

(142) With respect to Naumann, the Division presented evidence that indicates:

(a) the last reported oil production from the above-described Empire "34" Federal Well No. 1 was September, 1999;

(b) the Farewell "18" Federal Com. Well No. 1 has no reported production; and

(c) initial contact with Naumann was by certified notice of this hearing dated January 22, 2002.

(143) Neither well is in compliance with Division Rule 201.B and Naumann should therefore be ordered to bring these two wells into compliance.

(144) No civil penalties for non-compliance should be assessed against Naumann in this matter.

(145) The Application alleges that Parrish, H. Dwayne and Rhonda K. of Artesia, New Mexico ("the Parrishes") are the operators of the following fifteen (15) wells in Eddy County, New Mexico:

| | | | |
|---|---|---|---|
| 30-015-02305 | Caroline #1 | C-28-19S-28E | 330' FNL & 1650' FWL |
| 30-015-02304 | Caroline #2 | E-28-19S-28E | 1980' FNL & 660' FWL |
| 30-015-02306 | Caroline #3 | D-28-19S-28E | 330' FNL & 990' FWL |
| 30-015-02307 | Caroline #4 | E-28-19S-28E | 1650' FNL & 330' FWL |
| 30-015-02308 | Caroline #5 | D-28-19S-28E | 990' FNL & WL |
| 30-015-02309 | Caroline #6 | C-28-19S-28E | 330' FNL & 2310' FWL |
| 30-015-02318 | Mary Lou #4 | H-29-19S-28E | 2310' FNL & 990' FEL |
| 30-015-02319 | Mary Lou #5 | G-29-19S-28E | 2310' FNL & 1650' FEL |
| 30-015-26019 | Schoonmaker State #4 | L-12-19S-29E | 2310' FSL & 440' FWL |
| 30-015-01350 | Sunray Mid Continent #1 | A-11-17S-28E | 660' FNL & EL |
| 30-015-01351 | Sunray Mid Continent #2 | I-11-17S-28E | 1980' FSL & 660' FEL |
| 30-015-02094 | Toomey Allen #1 | J-28-18S-28E | 2382' FSL & 2348' FEL |
| 30-015-02096 | Toomey Allen #3 | J-28-18S-28E | 2394' FSL & 1823' FEL |
| 30-015-02097 | Toomey Allen #4 | J-28-18S-28E | 2390' FSL & 1297' FEL |
| 30-015-02103 | Toomey Allen #9 | J-28-18S-28E | 1650' FSL & EL |

(146) At the hearing the Division reported that the above-described Toomey Allen Wells No. 4 and 9 were producing and were in compliance with Division Rule 201.B and requested these two wells be **excluded** from this case.

(147) Accord to information submitted by the Division's district office in Artesia subsequent to the hearing and from the Division's records in Santa Fe, the above-described Caroline Wells No. 1, 5, and 6 and Mary Lou Well No. 5 have been returned to producing status within the East Millman-Seven Rivers Pool (**46580**). These four wells being in compliance with Division Rule 201.B should therefore be **excluded** from this case.

(148) With respect to the Parrishes' nine (9) remaining wells, the testimony presented indicates that:

(a) the last reported oil production from the above-described Caroline Well No. 2 was March, 1992;

(b) the last reported oil production from the above-described Caroline Well No. 3 was July, 1988;

(c) the last reported oil production from the above-described Caroline Well No. 4 was December, 1992;

(d) the last reported oil production from the above-described Mary Lou Well No. 4 was January, 1993;

(e) the last reported oil production from the above-described Schoonmaker State Well No. 4 was April, 1993;

(f) the last reported oil production from the above-described Sunray Mid Continent Wells No. 1 and 2 was September, 1994;

(g) the last reported oil production from the above-described Toomey Allen Wells No. 1 and 3 was December, 1992;

(h) the Division on several occasions, commencing in October, 1997, notified the Parrishes that the above-described Caroline Wells No. 2, 3, and 4, Mary Lou Well No. 4, and Toomey Allen Wells No. 1 and 3 were not in compliance with Rule 201.B, and requested that these six (6) wells be brought into compliance; and

(i) by notice dated December 18, 2000 the Division first notified the Parrishes that the above-described Schoonmaker State Well No. 4 and Sunray Mid Continent Wells No. 1 and 2 were not in compliance with Rule 201.B, and demanded these three wells be brought into compliance.

(149) The above-described Caroline Wells No. 2, 3, and 4, Mary Lou Well No. 4, Toomey Allen Wells No. 1 and 3, Schoonmaker State Well No. 4, and Sunray Mid Continent Wells No. 1 and 2 are not in compliance with Division Rule 201.B and the Parrishes should therefore be ordered to bring these nine wells into compliance.

(150) With respect to the above-described Caroline Wells No. 2, 3, and 4, Mary Lou Well No. 4, and Toomey Allen Wells No. 1 and 3, the Parrishes knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed the Parrishes in the amount of Four Thousand Dollars ($4,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. Similarly, for the Schoonmaker State Well No. 4 and Sunray Mid Continent Wells No. 1 and 2, a civil penalty of Two Thousand Dollars ($2,000.00) per well should be assessed the Parrishes for these three wells. The total penalty assessed the Parrishes should therefore be Thirty Thousand Dollars ($30,000.00).

(151) Since Mr. Dwayne Parrish appeared at the hearing and exhibited some appreciation of the importance of this matter, the $30,000.00 penalty to be levied should be suspended if the above-described Caroline Wells No. 2, 3, and 4, Mary Lou Well No. 4, Toomey Allen Wells No. 1 and 3, Schoonmaker State Well No. 4, and Sunray Mid Continent Wells No. 1 and 2 are all brought into compliance within five (5) months from the date of this order.

(152) The Application alleges that Permian Resources, Inc. of Midland, Texas ("Permian") is the operator of the following two (2) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-25346 | Government "D" #10 | A-12-21S-27E | 660' FN & EL |
| 30-015-23696 | Malaga "C" #1 | E-36-23S-28E | 1980' FNL & 660' FWL |

(153) Subsequent to the hearing, the Division submitted data to indicate that: (i) the above-described Government "D" Well No. 10 is currently completed and producing oil from the East Avalon-Bone Spring Pool (**3713**); and (ii) on March 11, 2002 Permian

performed a mechanical integrity test on the above-described Malaga "C" Well No. 1 and the supervisor of the Division's district office in Artesia has approved its temporarily abandoned status (see Division Form C-103 dated March 27, 2002.

(154) Since both wells are now in compliance with Division Rule 201.B, the case against Permian should be **dismissed** at this time.

(155) The Application alleges that Pogo Producing Company of Midland, Texas ("Pogo") is the operator of the following four (4) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. Sec.-Twp-Rge | Footage Location |
|---|---|---|---|
| 30-015-24452 | Lightfoot #1 | J-14-24S-28E | 1780' FSL & 2460' FEL |
| 30-015-29330 | Lost Tank "33" Federal #2 | M-33-21S-31E | 330' FSL & 510' FWL |
| 30-015-30605 | Pure Gold "B" Federal #20 | P-20-23S-31E | 1260' FSL & 250' FEL |
| 30-015-24364 | Sam Federal #2 | G-26-25S-28E | 990' FSL & 1650' FEL |

(156) The testimony presented indicates that as of the date of this hearing three of the four wells had been brought into compliance and that portion of this case seeking to bring the above-described Lost Tank "33" Federal Well No. 2, Pure Gold "B" Federal Well No. 20, and Sam Federal Well No. 2 into compliance with Division Rule 201.B can therefore be **dismissed** at this time.

(157) Subsequent to the hearing, the Division submitted data showing that on March 22, 2002 Pogo performed a mechanical integrity test on the above-described Lightfoot Well No. 1 and the supervisor of the Division's district office in Artesia has approved its temporarily abandoned status (see Division Form C-103 dated April 3, 2002); therefore, this well can be **excluded** from this case.

(158) Since all four of Pogo's wells are now in compliance with Division Rule 201.B, the case against Pogo should be **dismissed** at this time.

(159) The Application alleges that Prairie Sun, Inc. of Roswell, New Mexico is the operator of the following ten (10) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. Sec.-Twp-Rge | Footage Location |
|---|---|---|---|
| 30-015-25366 | Connie "C" State #1 | G-25-19S-28E | 1980' FN & EL |
| 30-015-02301 | Connie "C" State #2 | H-25-19S-28E | 1980' FNL & 660' FEL |
| 30-015-25587 | Connie "C" State #3 | K-25-19S-28E | 1650' FSL & 1930' FWL |

| | | | |
|---|---|---|---|
| 30-015-25648 | Connie "C" State #4 | B-25-19S-28E | 990' FNL & 1980' FEL |
| 30-015-02302 | Connie "C" State #17 | D-25-19S-28E | 660' FN & WL |
| 30-015-25259 | Dalton Federal #1 | H-29-17S-29E | 1650' FNL & 990' FEL |
| 30-015-26986 | Keohane "C" Federal #2 | P-21-18S-31E | 330' FS & EL |
| 30-015-21636 | Laguna Grande #1 | I-28-23S-29E | 1380' FSL & 990' FEL |
| 30-015-25855 | Shirley Kay State #1 | B-32-19S-31E | 660' FNL & 1980' FEL |
| 30-015-28142 | Tracy "29" Federal #1 | O-29-17S-31E | 950' FSL & 1980' FEL |

(160) The testimony presented by the Division indicates that the above-described Connie "C" State Wells No. 1, 2, and 17 and Dalton Federal Well No. 1 are in compliance with Division Rule 201.B; therefore, that portion of this case seeking to bring these four wells into compliance can be **dismissed** at this time.

(161) With respect to Prairie Sun, Inc.'s six remaining wells listed above, the testimony presented by the Division indicates:

(a) the last reported oil production from the above-described Connie "C" State Well No. 3 was July, 1988;

(b) the last reported oil production from the above-described Connie "C" State Well No. 4 was January, 1989;

(c) the last reported oil production from the above-described Keohane "C" Federal Well No. 2 was July, 1992;

(d) the last reported production of any kind from the above-described Laguna Grande Well No. 1 was May, 1994;

(e) the last reported gas production from the above-described Tracy "29" Federal Well No. 1 was December, 1998;

(f) the above-described Shirley Kay State Well No. 1, which was drilled in 1988, has no recorded production;

(g) the Division on several occasions, beginning in December, 2000, notified Prairie Sun, Inc. that its Keohane "C" Federal Well No. 2, Laguna Grande Well No. 1, and Tracy "29" Federal Well No. 1 were not in compliance with Rule 201.B, and demanded that Prairie Sun, Inc. bring these three wells into compliance; and

(h) by certified notice of this hearing dated January 22, 2002 the Division first contacted Prairie Sun, Inc. that the above-described Connie "C State Wells No. 3 and 4 and the Shirley Kay State Well No. 1 were not in compliance with Rule 201.B.

(162) The above-described Connie "C State Wells No. 3 and 4, Keohane "C" Federal Well No. 2, Laguna Grande Well No. 1, Shirley Kay State Well No. 1, and Tracy "29" Federal Well No. 1 are not in compliance with Division Rule 201.B and Prairie Sun, Inc. should therefore be ordered to bring these six wells into compliance.

(163) No civil penalties for non-compliance should be assessed against Prairie Sun, Inc. for its Connie "C State Wells No. 3 and 4 and the Shirley Kay State Well No. 1 in this matter.

(164) However, with respect to the above-described Keohane "C" Federal Well No. 2, Laguna Grande Well No. 1, and Tracy "29" Federal Well No. 1, Prairie Sun, Inc. knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Prairie Sun, Inc. in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification) per well. The total penalty assessed Prairie Sun, Inc. should therefore be Three Thousand Dollars ($3,000.00).

(165) Since Prairie Sun, Inc. appeared at the hearing and exhibited some appreciation of the importance of this matter, the $3,000.00 penalty to be levied should be suspended if the above-described Connie "C State Wells No. 3 and 4, Keohane "C" Federal Well No. 2, Laguna Grande Well No. 1, Shirley Kay State Well No. 1, and Tracy "29" Federal Well No. 1 are all brought into compliance within 90 days from the date of this order.

(166) The Application alleges that Pronghorn Management Corporation of Hobbs, New Mexico ("Pronghorn") is the operator of the following seventeen (17) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. Sec-Twp-Rge | Footage Location |
|---|---|---|---|
| 30-015-00663 | Acrey #2 | F-36-17S-27E | 1650' FNL & 1655' FWL |
| 30-015-24256 | Artesia State #1 | L-23-18S-27E | 2310' FSL & 990' FEL |
| 30-015-01635 | Aston & Fair #1-Y | F-31-17S-28E | 2310' FN & WL |
| 30-015-01633 | Aston & Fair "A" #1 | D-31-17S-28E | 330' FN & WL |
| 30-015-00526 | Brainard #1 | O-25-17S-27E | 330' FSL & 1650' FEL |

| | | | |
|---|---|---|---|
| 30-015-00666 | Conklin #1 | G-36-17S-27E | 2310' FN & EL |
| 30-015-00693 | Delhi #1 | A-36-17S-27E | 330' FN & EL |
| 30-015-00646 | Delhi #7 | A-36-17S-27E | 990' FNL & 330' FEL |
| 30-015-01422 | Hastie #3 | E-2-17S-28E | 2310' FNL & 990' FWL |
| 30-015-01424 | Hastie #8 | F-18-17S-28E | 2310' FN & WL |
| 30-015-00669 | Homan #1 | H-36-17S-27E | 2310' FNL & 330' FEL |
| 30-015-22624 | Long Box Com. #1 | H-30-20S-24E | 1980' FNL & 660' FEL |
| 30-015-00649 | State "A" #1 | B-36-17S-27E | 990' FNL & 2310' FEL |
| 30-015-00650 | State "A" #2 | B-36-17S-27E | 330' FNL & 1650' FEL |
| 30-015-00648 | State "E" #1 | M-36-17S-27E | 954' FSL & 940' FWL |
| 30-015-24612 | State "M" #1 | M-36-17S-27E | 790' FSL & 990' FWL |
| 30-015-01621 | Sunray State #2 | E-30-17S-28E | 1650' FNL & 990' FWL |

(167) From the testimony presented, none of these 17 wells were in compliance with Division Rule 201.B as of the date of this hearing.

(168) Subsequent to the hearing however, review of the Division's records and data submitted by the Division's district office in Artesia indicate that the above-described Long Box Com. Well No. 1 was placed back on production status on August 20, 2002. The Division's production records indicate this well produced 271 MCF of gas from the Tres Hombres-Atoka Gas Pool (**86423**) in August, September, and November, 2002. According to a U. S. Bureau of Land Management Form 3160-4, "*Well Completion or Recompletion Report and Log*" stamped "accepted" on November 14, 2002 the status of this well is "producing."

(169) That portion of this case seeking to bring Pronghorn's above-described Long Box Com. Well No. 1 into compliance should be **dismissed** at this time.

(170) With respect to Pronghorn's Sixteen (16) remaining wells listed above, the testimony presented by the Division indicates:

(a) the last reported oil production from the above-described Acrey Well No. 2 was September, 1994;

(b) the last reported oil production from the above-described Artesia State Well No. 1 was October, 1995;

(c) the last reported oil production from the above-described Aston & Fair Well No. 1-Y was August, 1985;

(d) the above-described Aston & Fair "A" Well No. 1, which was drilled in 1946, has no recorded production;

(e) the last reported oil production from the above-described Brainard Well No. 1 was January, 1996;

(f) the last reported oil production from the above-described Conklin Well No. 1 was April, 1984;

(g) the last reported oil production from both the above-described Delhi Wells No. 1 and 7 was May, 1993;

(h) the last reported oil production from the above-described Hastie Well No. 3 was December, 1995;

(i) the last reported oil production from the above-described Hastie Well No. 8 was May, 1994;

(j) the last reported oil production from the above-described Homan Well No. 1 was August, 1985;

(k) the last reported oil production from the above-described State "A" Well No. 1 was December, 1982;

(l) the last reported oil production from the above-described State "A" Well No. 2 was December, 1992;

(m) the last reported oil production from the above-described State "E" Well No. 1 was December, 1982;

(n) the last reported oil production from the above-described State "M" Well No. 1 was November, 1995;

(o) the last reported oil production from the above-described Sunray State Well No. 2 was October, 1996;

(p) the Division on several occasions, beginning in October, 1996, notified Pronghorn that it's Conklin Well No. 1, Homan Well No. 1, State "A" Well No. 2, and State "E" Well No. 1 were not in compliance with Rule 201.B, and demanded that Pronghorn bring these four wells into compliance;

(q) commencing one year later in October, 1997, the Division on several occasions notified Pronghorn that its Acrey Well No. 2, Aston & Fair "A" Well No. 1, Delhi Wells No. 1 and 7, State "A" Well No. 1, State "M" Well No. 1, and Sunray State Well No 2 were not in compliance with Rule 201.B, and demanded that Pronghorn bring these seven wells into compliance; and

(r) by notice dated January 22, 2001 the Division first notified Pronghorn that its above-described Artesia State Well No. 1, Aston & Fair Well No. 1-Y, Brainard Well No. 1 and Hastie Wells No. 3 and 8 were not in compliance with Rule 201.B, and demanded these five wells be brought into compliance.

(171) Sixteen of the above-described seventeen wells, the exception being the Long Box Com. Well No. 1, are not in compliance with Division Rule 201.B and Pronghorn should therefore be ordered to bring these sixteen wells into compliance.

(172) With respect to these sixteen wells Pronghorn knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Pronghorn in the amount of $1,000.00 for each year a well was out of compliance from first notification to the date of the hearing. For the above-described Conklin Well No. 1, Homan Well No. 1, State "A" Well No. 2, and State "E" Well No. 1 a penalty of Five Thousand Dollars ($5,000.00) should be levied per well. For the above-described Acrey Well No. 2, Aston & Fair "A" Well No. 1, Delhi Wells No. 1 and 7, State "A" Well No. 1, State "M" Well No. 1, and Sunray State Well No. 2, a penalty of Four Thousand Dollars ($4,000.00) should be levied per well, and for the above-described Artesia State Well No. 1, Aston & Fair Well No. 1-Y, Brainard Well No. 1 and Hastie Wells No. 3 and 8, One Thousand Dollars ($1,000.00) should be levied per well. The total penalty assessed the Pronghorn should therefore be Fifty-Three Thousand Dollars ($53,000.00).

(173) Since Pronghorn appeared at the hearing and exhibited some appreciation of the importance of this matter, the $53,000.00 penalty to be levied should be suspended if the above-described Acrey Well No. 1, Artesia State Well No. 1, Aston & Fair Well No. 1-Y, Aston & Fair "A" Well No. 1, Brainard Well No. 1, Conklin Well No. 1, Delhi Wells No. 1 and 7, Hastie Wells No. 3 and 8, Homan Well No. 1, State "A" Wells No. 1 and 2, State "E" Well No. 1, State "M" Well No. 1, and Sunray State Well No. 2 are all brought into compliance within eight (8) months from the date of this order.

(174) The Application alleges that Ray Westall of Loco Hills, New Mexico is the operator of the following six (6) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-04585 | Culwin Queen Unit #17 | J-1-19S-30E | 1980' FS & EL |
| 30-015-22200 | Featherstone State Com. #1 | G-20-19S-28E | 1980' FN & EL |
| 30-015-02026 | Gulf "A" State #1 | D-23-18S-28E | 660' FN & WL |
| 30-015-23351 | Lakey Com. #1 | L-20-23S-28E | 2280' FSL & 660' FWL |
| 30-015-27090 | Lusk "B" #1 | P-16-19S-31E | 800' FSL & 560' FEL |
| 30-015-22955 | State "G" Com. #1 | E-24-19S-27E | 1980' FNL & 660' FWL |

(175) The testimony presented indicates that as of the date of this hearing the above-described Culwin Queen Unit Well No. 17, Featherstone State Com. Well No. 1, Gulf "A" State Well No. 1, and Lusk "B" Well No. 1 are now in compliance with Division Rule 201.B; therefore, that portion of this case seeking to bring these four wells into compliance can be **dismissed** at this time.

(176) With respect to the two remaining Ray Westall-operated wells listed above, the Division presented evidence that indicates:

(a) the last reported gas production from the above-described Lakey Com. Well No. 1 was January, 1996;

(b) the last reported oil production from the above-described State "G" Com. Well No. 1 was December, 1993;

(c) these two wells are inactive and not in compliance with Division Rule 201.B;

(d) the Division on several occasions, beginning in September, 2000, notified Ray Westall that he had some inactive wells that were not in compliance with Rule 201.B, and demanded any such wells be brought into compliance; and

(e) by telefax correspondence dated December 19, 2000, Ray Westall identified the two above-described Lakey Com. Well No. 1 and State "G" Com. Well No. 1 as inactive.

(177) Ray Westall should be ordered to bring these two wells into compliance with Division Rule 201.B.

(178) Further, Ray Westall knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Ray Westall in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed Ray Westall should therefore be Two Thousand Dollars ($2,000.00).

(179) The Application alleges that Sandlott Energy (Jackie Brewer DBA) of Lovington, New Mexico ("Sandlott") is the operator of the following five (5) wells in Eddy County, New Mexico:

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-02575 | Levers State #7 | N-4-18S-28E | 247' FSL & 1600' FWL |
| 30-015-02000 | McNutt State #16 | L-21-18S-28E | 2300' FSL & 660' FWL |
| 30-015-02152 | Resler Yates State #55 | B-32-18S-28E | 960' FNL & 1440' FEL |
| 30-015-10631 | Resler Yates State #349 | N-29-18S-28E | 330' FSL & 2310' FWL |
| 30-015-20215 | Resler Yates State #380 | H-32-18S-28E | 2310' FNL & 990' FEL |

(180) With respect to Sandlott Energy (Jackie Brewer DBA), the evidence presented indicates that:

(a) the last reported oil production from the above-described McNutt State Well No. 16 was August, 1998;

(b) the above-described Levers State Well No. 7 has not been utilized as an active injection well (see Division Order No. R-952, issued in Case No. 1185 on February 14, 1957) since March, 1993;

(c) the above-described Resler Yates State Wells No. 55 and 380 have not been utilized as active injection wells (see Division Administrative Order WFX-588, dated October 12, 1989) since December, 1991 and January, 1993, respectively;

(d) the above-described Resler Yates State Well No. 349 has not been utilized as an active injection well (see Division

Administrative Order WFX-30, dated March 15, 1960) since March, 1993; and

(e) the Division on several occasions, beginning in December, 2000, notified Sandlott that these five wells were not in compliance with Rule 201.B, and demanded these wells be brought into compliance.

(181) None of the five of Sandlott wells are in compliance with Division Rule 201.B and Sandlott should therefore be ordered to bring these five wells into compliance.

(182) With respect to the five above-described wells Sandlott knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Sandlott in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed Sandlott should therefore be Five Thousand Dollars ($5,000.00).

(183) Since Sandlott appeared at the hearing and exhibited some appreciation of the importance of this matter, the $5,000.00 penalty to be levied should be suspended if the above-described Levers State Well No. 7, McNutt State Well No. 16, and Resler Yates State wells No. 55, 349, and 380 are all brought into compliance within 90 days from the date of this order, based on a rate of two wells per month.

(184) The Application alleges that Smith & Marrs, Inc. of Artesia, New Mexico is the operator of the following nine (9) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. Sec. Twp. Rge. | Footage Location |
|---|---|---|---|
| 30-015-01460 | Red Lake Sand Unit #14 | O-19-17S-28E | 330' FSL & 1650' FEL |
| 30-015-01457 | Red Lake Sand Unit #15 | P-19-17S-28E | 330' FS & EL |
| 30-015-24000 | Red Lake Sand Unit #16 | M-20-17S-28E | 660' FS & WL |
| 30-015-01463 | Red Lake Sand Unit #18 | N-20-17S-28E | 990' FSL & 1650' FWL |
| 30-015-01493 | Red Lake Sand Unit #31 | E-21-17S-28E | 2310' FNL & 330' FWL |
| 30-015-01492 | Red Lake Sand Unit #32 | E-21-17S-28E | 1980' FNL & 660' FWL |
| 30-015-01462 | Red Lake Sand Unit #33 | H-20-17S-28E | 1650' FNL & 990' FEL |
| 30-015-02164 | Yates #1 | D-33-18S-28E | 250' FN & WL |
| 30-015-02159 | Yates #5 | C-33-18S-28E | 250' FNL & 2390' FWL |

(185) The testimony presented indicates that as of the date of this hearing the two above-described Yates Wells No. 1 and 5 are now in compliance with Division Rule 201.B; therefore, that portion of this case seeking to bring the two Yates wells into compliance can be **dismissed** at this time.

(186) With respect to the seven remaining wells listed above, the evidence presented indicates that:

(a) the last reported oil production from the above-described Red Lake Sand Unit Well No. 14 was September, 1989;

(b) the last reported oil production from the above-described Red Lake Sand Unit Well No. 15 was October, 1995;

(c) the last reported oil production from both the above-described Red Lake Sand Unit Wells No. 16 and 18 was March, 1999;

(d) the last reported oil production from the above-described Red Lake Sand Unit Well No. 31 was October, 1984;

(e) the last reported oil production from the above-described Red Lake Sand Unit Well No. 32 was June, 1980;

(f) the last reported oil production from the above-described Red Lake Sand Unit Well No. 33 was April, 1997; and

(g) the Division on several occasions, beginning in January, 2001, notified Smith & Marrs, Inc. that the above-described Red Lake Sand Unit Wells No. 14, 15, 16, 18, 31, 32, and 33 were not in compliance with Rule 201.B, and demanded that Smith & Marrs, Inc. bring these seven wells into compliance.

(187) None of the seven above-described Smith & Marrs, Inc. Red Lake Sand Unit wells are in compliance with Division Rule 201.B; therefore, Smith & Marrs, Inc. should be ordered to bring these seven wells into compliance.

(188) With respect to the seven Red Lake Sand Unit Wells Smith & Marrs, Inc. knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Smith & Marrs, Inc. in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was

out of compliance since first notification to the date of the hearing) per well. The total penalty assessed Smith & Marrs, Inc. should therefore be Seven Thousand Dollars ($7,000.00).

(189) Since Smith & Marrs, Inc. appeared at the hearing and exhibited some appreciation of the importance of this matter, the $7,000.00 penalty to be levied should be suspended if the above-described Red Lake Sand Unit Wells No. 14, 15, 16, 18, 31, 32, and 33 are all brought into compliance within 90 days from the date of this order, based on a rate of two wells per month.

(190) The Application alleges that Southwest Royalties, Inc. of Midland, Texas is the operator of the following four (4) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. | Footage Location |
|---|---|---|---|
| 30-015-22142 | Alscott Federal #2 | O-30-18S-29E | 660' FSL & 1980' FEL |
| 30-015-21804 | Alscott Federal Com. #1 | G-31-18S-29E | 1650' FNL & 1980' FEL |
| 30-015-21863 | Julie Com. #1 | H-17-19S-25E | 1980' FNL & 990' FEL |
| 30-015-03792 | State B4458 #2 | C-36-17S-29E | 660' FNL & 1980' FWL |

(191) The testimony presented indicates that as of the date of this hearing all four of Southwest Royalties, Inc.'s wells are in compliance with Division Rule 201.B; therefore, the case against Southwest Royalties, Inc. should be **dismissed** at this time.

(192) The Application alleges that St. Mary Land & Exploration Company of Denver, Colorado ("St. Mary") is the operator of the following three (3) wells in Eddy County, New Mexico:

| API No. | Well Name and Number | Unit Ltr. | Footage Location |
|---|---|---|---|
| 30-015-25741 | East Shugart Delaware Unit #5 | O-13-18S-31E | 430' FSL & 1650' FEL |
| 30-015-26298 | Osage Federal #17 | K-34-19S-29E | 2310' FS & WL |
| 30-015-27935 | Tecumsch Federal #1 | H-20-16S-27E | 2080' FNL & 660' FEL |

(193) The testimony presented indicates that as of the date of this hearing the above-described East Shugart Delaware Unit Well No. 5 and Tecumsch Federal Well No. 1 are now in compliance with Division Rule 201.B; therefore, that portion of this case seeking to bring these two wells into compliance can be **dismissed** at this time.

(194) With respect to St. Mary's above-described Osage Federal Well No. 17, the Division presented evidence showing that:

(a) its last reported oil production was February, 1994;

(b) this well is inactive and not in compliance with Division Rule 201.B;

(c) the Division on several occasions, beginning in September, 2000, notified St. Mary of several inactive wells that were not in compliance with Rule 201.B, and demanded any such wells be brought into compliance; and

(d) in correspondence dated October 12, 2000, St. Mary identified the above-described Osage Federal Well No. 17 as inactive.

(195) St. Mary should be ordered to bring its Osage Federal Well No. 17 into compliance with Division Rule 201.B.

(196) Further, St. Mary knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed St. Mary in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing).

(197) Since St. Mary appeared at the hearing and exhibited some appreciation of the importance of this matter, the $1,000.00 penalty to be levied should be suspended if the above-described Osage Federal Well No. 17 is brought into compliance within 90 days from the date of this order.

(198) The Application alleges that Stephens & Johnson Operating Company of Wichita Falls, Texas is the operator of the East Millman Pool Unit Tract 6 Well No. 5 (**API No. 30-015-02233**) located 330 feet from the North and East lines (Unit A) of Section 13, Township 19 South, Range 28 East, NMPM, Eddy County, New Mexico, and, as of the date of the hearing, this well was inactive and not in compliance with Division Rule 201.B.

(199) Subsequent to the hearing however, the Division supplemented the record showing that by an approved OCD Form C-103, dated April 16, 2002, the Division's Artesia district office had accepted the above-described East Millman Unit Tract 6 Well

No. 5 as a temporarily abandoned well. The East Millman Unit Tract 6 Well No. 5 is now in compliance with Division Rule 201.B; therefore, the case with regards to Stephens & Johnson Operating Company should be **dismissed** at this time.

(200) The Application alleges that Strata Production Company of Roswell, New Mexico ("Strata") is the operator of the following four (4) wells in Chaves and Eddy Counties, New Mexico (the county code within the API well number 005 denotes Chaves and 015 denotes Eddy):

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-015-22937 | Duncan Federal #1 | M-11-16S-30E | 860' FSL & 660' FWL |
| 30-015-22748 | Norman Federal #1 | K-14-16S-30E | 1980' FS & WL |
| 30-005-62340 | O'Brien #1 | C-25-7S-29E | 660' FNL & 1900' FWL |
| 30-015-29549 | Remuda Basin "20" Federal #1 | D-20-23S-30E | 330' FNL & 660' FWL |

(201) Subsequent to the hearing, the Division submitted data to indicate that the above-described O'Brien Well No. 1 had been properly plugged and abandoned in May, 2002; therefore, this well can be **excluded** from this case.

(202) With respect to the three remaining wells listed above, the evidence presented indicates that:

(a) the last reported gas production from the above-described Duncan Federal Well No. 1 and Norman Federal Well No. 1 was May, 1997;

(b) the last reported oil production from the above-described Remuda Basin "20" Federal Well No. 1 was August, 1998;

(c) the Division on several occasions, beginning in May, 2000, notified Strata that its above-described Duncan Federal Well No. 1 and Norman Federal Well No. 1 were not in compliance with Rule 201.B, and demanded that Strata bring these two wells into compliance; and

(d) there is no record of Strata being served direct notice from the Division that the above-described Remuda Basin "20" Federal Well No. 1 was not in compliance with Rule 201.B; however, by letter dated March 18, 2002, Starta acknowledged the above-

described Remuda Basin "20" Federal Well No. 1 was subject to this case.

(203) The three above-described Duncan Federal Well No. 1, Norman Federal Well No. 1, and Remuda Basin "20" Federal Well No. 1 are not in compliance with Division Rule 201.B and Strata should therefore be ordered to bring these three wells into compliance.

(204) No civil penalty for non-compliance should be assessed against Strata for its Remuda Basin "20" Federal Well No. 1 in this matter.

(205) However, with respect to the above-described Duncan Federal Well No. 1 and Norman Federal Well No. 1, Strata knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Strata in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification) per well The total penalty assessed Strata should therefore be Two Thousand Dollars ($2,000.00).

(206) Since Strata appeared at the hearing and exhibited some appreciation of the importance of this matter, the $2,000.00 penalty to be levied should be suspended if the above-described Duncan Federal Well No. 1, Norman Federal Well No. 1, and Remuda Basin "20" Federal Well No. 1 are all brought into compliance with n 90 days from the date of this order.

(207) The Application alleges that United Oil & Minerals Limited Partnership of Austin, Texas ("United") is the operator of the following six (6) wells in Eddy County, New Mexico:

| | | | |
|---|---|---|---|
| 30-015-10390 | North Benson Queen Unit #10 | F-18-18S-30E | 2310' FNL & 1650' FWL |
| 30-015-10131 | North Benson Queen Unit #14 | L-28-18S-30E | 1980' FSL & 660' FWL |
| 30-015-10128 | North Benson Queen Unit #18 | L-27-18S-30E | 1650' FSL & 660' FWL |
| 30-015-10874 | North Benson Queen Unit #31 | D-32-18S-30E | 660' FNL & WL |
| 30-015-04564 | North Benson Queen Unit #35 | D-34-18S-30E | 660' FNL & 610' FWL |
| 30-015-10152 | North Benson Queen Unit #41 | H-33-18S-30E | 1650' FNL & 330' FEL |

(208) With respect to United, the Division presented evidence showing that:

(a) none of the six above-described North Benson Queen Unit wells have been utilized as active injection wells (see Division Order No. R-4537, issued in Case No. 4964 on May 17, 1973) since 1997; and

(b) the Division on several occasions, beginning in December, 2000, notified United that the six above-described North Benson Queen Unit wells were not in compliance with Rule 201.B, and demanded that United bring these six wells into compliance.

(209) None of United's six above-described wells are in compliance with Division Rule 201.B and United should therefore be ordered to bring these six wells into compliance.

(210) United knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed United in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year its well was out of compliance since first notification to the date of the hearing) per well. The total penalty assessed United should therefore be Six Thousand Dollars ($6,000.00).

(211) The Application alleges that Vintage Drilling, L.L.C. of Loco Hills, New Mexico ("Vintage") is the operator of the following nine (9) wells in Chaves and Eddy Counties, New Mexico (the county code within the API well number 005 denotes Chaves and 015 denotes Eddy):

| [illegible] | [illegible] | [illegible] | [illegible] |
|---|---|---|---|
| 30-005-60254 | Falgout Federal #2 | G-26-14S-29E | 1980' FNL & 1650' FEL |
| 30-015-02718 | High Lonesome Penrose Unit #1 | I-15-16S-29E | 1980' FSL & 860' FEL |
| 30-015-02731 | High Lonesome Penrose Unit #4 | P-15-16S-29E | 990' FSL & 660' FEL |
| 30-015-02721 | High Lonesome Penrose Unit #5 | J-15-16S-29E | 2310' FS & EL |
| 30-015-02720 | High Lonesome Penrose Unit #6 | B-15-16S-29E | 990' FNL & 2310' FEL |
| 30-005-00438 | Hill Federal #1 | K-26-14S-29E | 1977' FSL & 1983' FWL |
| 30-005-01244 | Hill Federal "A" Com. #1 | N-35-14S-29E | 660' FSL & 1980' FWL |
| 30-015-05498 | Penasco Shugart Queen Sand Unit #1-B | O-8-18S-31E | 330' FSL & 1650' FEL |
| 30-015-04430 | State "CA" #1 | D-32-17S-30E | 990' FN & WL |

(212) The testimony presented indicates that as of the date of this hearing four of the nine above-described Vintage wells had been brought into compliance with Division Rule 210.B and the portion of this case seeking to bring the above-described Hill Federal

Well No. 1, Hill Federal "A" Com. Well No. 1, Penasco Shugart Queen Sand Unit Well No. 1-B, and State "CA" Well No. 1 into compliance can be **dismissed** at this t me.

(213) Further, at the hearing the Division reported that the two above-described Falgout Federal Well No. 2 and High Lonesome Penrose Unit Well No. 1 were now in compliance with Division Rule 201.B and requested these two wells also be **excluded** from this case.

(214) Subsequent to the hearing, the Division submitted data to indicate that both the above-described High Lonesome Penrose Unit Wells No. 5 and 6 had been properly plugged and abandoned in March and April, 2002, respectively; therefore, these two wells can also be **excluded** from this case at this time.

(215) With respect to Vintage's above-described High Lonesome Penrose Unit Well No. 4, the evidence presented indicates that:

(a) its last reported oil production was December, 1992;

(b) as of the date of the hearing, this well is inactive and no in compliance with Division Rule 201.B; and

(c) the Division on several occasions, beginning in December, 2000, notified Vintage that the above-described High Lonesome Penrose Unit Well No. 4 was not in compliance with Rule 201.B, and demanded that this well is brought into compliance.

(216) Vintage should be ordered to bring its High Lonesome Penrose Unit Well No. 4 into compliance with Division Rule 201.B.

(217) Further, Vintage knowingly and willfully failed to comply with Division Rule 201.B and pursuant to NMSA 1978, Section 70-2-31.A, a civil penalty should be assessed Vintage in the amount of One Thousand Dollars ($1,000.00) ($1,000.00 for each year this well was out of compliance since first notification to the date of the hearing).

(218) Since Vintage appeared at the hearing and exhibited some appreciation of the importance of this matter, the $1,000.00 penalty to be levied should be suspended if the above-described High Lonesome Penrose Unit Well No. 4 is brought into compliance within 90 days from the date of this order.

**IT IS THEREFORE ORDERED THAT:**

(1) This Application insofar as it relates to the following named Forty-Three (43) Respondents, with a total of two hundred and thirteen (213) wells in Eddy, Chaves, and/or Otero Counties, New Mexico initially identified in the application in this case, such wells having been brought into compliance with Division Rule 201.B, are hereby **excluded** from this case:

Aghorn Operating, Inc. (10 wells)
AROC (Texas) Inc. (1 well)
Bass Enterprises Production Company, Inc. (14 wells)
B. C. Development, L.P. (1 well)
Brothers Production Company, Inc. (9 wells)
Cibola Energy Corporation (4 wells)
Dakota Resources, Inc. (I) (2 wells)
Dennis Langlitz (2 wells)
Dorothy Boyce (1 well)
EGL Resources, Inc. (7 wells)
Elk Oil Company (3 wells)
GP II Energy, Inc. (43 wells)
Great Western Drilling Company (1 well)
Hanson Energy (7 wells)
Harvey E. Yates Company (1 well)
Jalapeno Corporation (1 well)
Jenkins Brothers Drilling Company (1 well)
Judah Oil (2 wells)
KC Resources, Inc. (1 well)
Kimbell Oil Company of Texas (1 well)
Limark Corporation (1 well)
Louis Dreyfus Natural Gas Corp. (8 wells)
Mack Energy Corporation (8 wells)
Mar Oil and Gas Corporation (1 well)
Matador Operating Company (4 wells)
MEW Enterprises (21 wells)
McQuadrangle, LC (8 wells)
Mewbourne Oil Company (2 wells)
Mitchell Energy Corporation (2 wells)
Nadel and Gussman Permian, LLC (11 wells)
Nearburg Producing Company (8 wells)
Ocean Energy, Inc. (3 wells)
Permian Resources, Inc. (2 wells)
Petroleum Development Corporation (3 wells)
Pogo Producing Company (4 wells)
Quality Production Corporation (2 wells)
Ralph E. Williamson (1 well)
Shackelford Oil Company (2 wells)
Southwestern Royalties, Inc. (4 wells)
Stephen & Johnson Operating Company (1 well)
Tom Brown, Inc. (2 wells)
Western Reserves Oil Company, Inc. (2 wells)
Yates Drilling Company (1 well)

(2) In addition to the **exclusion** from this case of the 213 aforementioned wells, the seventy-five (75) wells identified on Exhibit "A", attached hereto and made a part hereof, by virtue of being in compliance with Division Rule 201.B, are hereby **excluded** from this case.

(3) Pursuant to the Application of the Division, the following named Thirty (30) Respondents, representing 100 inactive wells, are hereby ordered to bring each of its respective wells identified on Exhibit "B", attached hereto and made a part hereof, into compliance with Division Rule 201.B by accomplishing one of the following with respect to each well:

(a) causing the well to be plugged and abandoned in accordance with Division Rule 202, and in accordance with a Division-approved plugging program;

(b) restoring the well to production if the well is an oil or gas well;

(c) restoring the well to injection if the well is an injection well; or

(d) causing the well to be temporarily abandoned with Division approval in accordance with Rule 203.

Beach Exploration, Inc. (3 wells)
Bill and Patsy Rich (4 wells)
C. E. LaRue & B. M. Muncy, Jr. (4 wells)
CFM Oil Company (2 wells)
C. O. Fulton (2 wells)
Calvin F. Tennison (2 wells)
Chi Operating, Inc. (1 well)
David G. Hammond (1 well)
Fi-Ro Corporation (8 wells)
Happy Oil Company, Inc. (1 well)
Hudson Oil Company of Texas (1 well)
I. T. Properties (2 wells)
J. Cleo Thompson (2 wells)
JDR, Ltd. (2 wells)
John A. Yates, Jr. (1 well)
Kersey and Company (2 wells)
Kersey and Donohue (1 well)
Klabzuba Oil & Gas, Inc. (2 wells)
Mineral Technologies, Inc. (1 well)
Naumann Oil & Gas, Inc. (2 wells)
Parrish, H. Dwayne and Rhonda K. (9 wells)
Prairie Sun, Inc. (6 wells)
Pronghorn Management Corporation (16 wells)
Ray Westall (2 wells)
Sandlott Energy (Jackie Brewer DBA) (5 wells)
Smith & Marrs, Inc. (7 wells)
St. Mary Land & Exploration Company (1 well)
Strata Production Company (3 wells)
United Oil & Mineral Limited Partnership (6 wells)
Vintage Drilling, L.L.C. (1 well)

(4) Each respondent listed above shall bring each of its respective wells into compliance with Ordering Paragraph No. (3) above within the following allotted time commencing from the date of this order, based on a rate of two wells per month with a minimum of 90 days:

**90 Days**

Beach Exploration, Inc.
Bill and Patsy Rich
C. E. LaRue & B. M. Muncy, Jr.
CFM Oil Company
C. O. Fulton
Calvin F. Tennison
Chi Operating, Inc.
David G. Hammond
Happy Oil Company, Inc.
Hudson Oil Company of Texas
I. T. Properties
J. Cleo Thompson
JDR, Ltd.
John A. Yates, Jr.
Kersey and Company
Kersey and Donohue

Klabzuba Oil & Gas, Inc.
Mineral Technologies, Inc.
Naumann Oil & Gas, Inc.
Prairie Sun, Inc.
Ray Westall
Sandlott Energy (Jackie Brewer DBA)
St. Mary Land & Exploration Company
Strata Production Company
United Oil & Mineral Limited Partnership
Vintage Drilling, L.L.C.

**120 Days**

Fi-Ro Corporation
Smith & Marrs, Inc.

**5 Months**

Parrish, H. Dwayne and Rhonda K.

**8 Months**

Pronghorn Management Corporation

(5) Administrative penalties are hereby assessed against each of the twenty-five (25) following named Respondents for knowingly and willfully failing to bring their wells into compliance with Division Rule 201.B after receiving notice from the Division to do so. The amounts assessed are shown in the last column of Exhibit "B" attached to this order:

Beach Exploration, Inc. (2 wells)
Bill and Patsy Rich (4 wells)
C. E. LaRue & B. M. Muncy, Jr. (4 wells)
CFM Oil Company (2 wells)
C. O. Fulton (2 wells)
Chi Operating, Inc. (1 well)
David G. Hammond (1 well)
Fi-Ro Corporation (6 wells)
Happy Oil Company, Inc. (1 well)
J. Cleo Thompson (2 wells)
JDR, Ltd. (2 wells)
John A. Yates, Jr. (1 well)
Kersey and Company (2 wells)
Kersey and Donohue (1 well)
Mineral Technologies, Inc. (1 well)
Parrish, H. Dwayne and Rhonda K. (9 wells)
Prairie Sun, Inc. (3 wells)
Pronghorn Management Corporation (16 wells)
Ray Westall (2 wells)
Sandlott Energy (Jackie Brewer DBA) (5 wells)
Smith & Marrs, Inc. (7 wells)
St. Mary Land & Exploration Company (1 well)
Strata Production Company (2 wells)
United Oil & Mineral Limited Partnership (6 wells)
Vintage Drilling, L.L.C. (1 well)

(6) The civil penalty herein assessed against each of the ten (10) following-named Respondents shall be paid within thirty (30) days of the date of this Order, by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Lori Wrotenbery, Director; 1220 South St. Francis Drive; Santa Fe, New Mexico 87505, unless application is timely filed by the Respondent for *de novo* review by the New Mexico Oil Conservation Commission of the penalty assessed against it:

Bill and Patsy Rich

David G. Hammond

Fi-Ro Corporation
J. Cleo Thompson
John A. Yates, Jr.
Kersey and Company

Kersey and Donohue
Mineral Technologies, Inc.
Ray Westall
United Oil & Mineral Limited Partnership

(7) The penalty herein assessed against each of the following fifteen (15) named Respondents shall be suspended if the Respondent brings each of its wells listed in Exhibit "B" of this Order into compliance with Ordering Paragraph No. (3) above within its respective time period; otherwise if at the end of its respective time period not all wells are in compliance, the Respondent shall pay within thirty (30) days of that deadline, by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Lori Wrotenbery, Director; 1220 South St. Francis Drive; Santa Fe New Mexico 87505:

Beach Exploration, Inc.
C. E. LaRue & B. M. Muncy, Jr.
CFM Oil Company
C. O. Fulton
Chi Operating, Inc.
Happy Oil Company, Inc.
JDR, Ltd.
Parrish, H. Dwayne and Rhonda K.
Prairie Sun, Inc.
Pronghorn Management Corporation
Sandlott Energy (Jackie Brewer DBA)
Smith & Marrs, Inc.
St. Mary Land & Exploration Company
Strata Production Company
Vintage Drilling, L.L.C.

(8) 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.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Lori Wrotenbery

LORI WROTENBERY
Director

SEAL

**CASE NO. 12811**
**ORDER NO. R-11934**
**EXHIBIT "A"**

| Operator Name | | | |
|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] |
| **Beach Exploration, Inc. (9 wells)** | | | |
| 30-015-02761 | Brainard Federal #1 | O-20-16S-29E | 660' FSL & 1980' FEL |
| 30-015-25375 | Exxon Federal #2 | O-18-16S-29E | 330' FSL & 1650' FEL |
| 30-015-25681 | Red Lake Unit #2 | O-24-16S-28E | 660' FSL & 1980' FEL |
| 30-015-24130 | Red Lake Unit #5 | A-25-16S-28E | 860' FNL & 660' FEL |
| 30-015-25412 | Red Lake Unit #13 | L-30-16S-29E | 2310' FSL & 330' FWL |
| 30-015-23870 | Red Lake Unit #17 | P-25-16S-28E | 330' FSL & 990' FEL |
| 30-015-01286 | Red Lake Unit #22 | E-36-16S-28E | 1980' FNL & 990' FWL |
| 30-015-23658 | Red Lake Unit #24 | G-36-16S-28E | 1986' FNL & 1983' FEL |
| 30-015-23861 | Red Lake Unit #25 | J-36-16S-28E | 2310' FS & EL |
| **C. E. LaRue & B. M. Muncy, Jr. (20 wells)** | | | |
| 30-015-00550 | Collier "C" State #1 | J-12-17S-27E | 1650' FS & EL |
| 30-015-03950 | Dekalb Federal #1 | P-31-16S-30E | 660' FS & EL |
| 30-015-03952 | Dekalb Federal #3 | J-31-16S-30E | 1980' FS & EL |
| 30-015-03953 | Dekalb Federal #4 | I-31-16S-30E | 1980' FSL & 660' FEL |
| 30-015-03956 | ETZ Federal #2 | M-31-16S-30E | 660' FS & WL |
| 30-015-03955 | ETZ Federal #3 | G-31-16S-30E | 1980' FN & EL |
| 30-015-03960 | Federal "E" #3 | F-31-16S-30E | 1980' FNL & 1977' FWL |
| 30-015-04548 | Gates Federal #4 | L-26-18S-30E | 2310' FSL & 330' FWL |
| 30-015-02827 | Gulf State #1 | A-36-16S-29E | 660' FN & EL |
| 30-015-02818 | Leonard #1 | F-36-16S-29E | 1980' FN & WL |
| 30-015-02821 | Leonard #2 | N-36-16S-29E | 660" FSL & 1980' FWL |
| 30-015-02822 | Leonard #3 | O-36-16S-29E | 660' FSL & 1980' FEL |
| 30-015-02828 | Leonard #6 | P-36-16S-29E | 660' FS & EL |
| 30-015-02829 | Leonard #7 | G-36-16S-29E | 1980' FN & EL |
| 30-015-02830 | Leonard #8 | H-36-16S-29E | 1980' FNL & 660' FEL |
| 30-015-25057 | McClay Federal #2 | M-34-18S-30E | 660' FSL & 560' FWL |
| 30-015-04163 | McCullough #2 | M-16-17S-30E | 990' FS & WL |
| 30-015-02819 | Miley #1 | M-36-16S-29E | 660' FS & WL |
| 30-015-24530 | Rutter #3 | H-22-16S-31E | 1650' FNL & 990' FEL |
| 30-015-01852 | Travis Deep Unit #2 | B-13-18S-28E | 330' FNL & 2310' FEL |
| **CFM Oil Company (10 wells)** | | | |
| 30-015-01616 | Blake State #1 | P-30-17S-28E | 330' FSL & 990' FEL |

| | | | |
|---|---|---|---|
| 30-015-02806 | Forest Pool Unit #12 | L-35-16S-29E | 2120' FSL & 5[illegible]0' FWL |
| 30-015-02812 | Forest Pool Unit #23 | J-35-16S-29E | 1650' FSL & 2[illegible]10' FEL |
| 30-015-00243 | Kindle #2 | A-26-18S-26E | 330' FN & [illegible]EL |
| 30-015-00247 | Platt #2 | K-26-18S-26E | 2310' FS & [illegible]WL |
| 30-015-00235 | Williams #2 | D-25-18S-26E | 990' FN & [illegible]WL |
| 30-015-00318 | Williams #3 | B-25-18S-26E | 330' FNL & 23[illegible]10' FEL |
| 30-015-00236 | Williams #4 | F-25-18S-26E | 1650' FNL & 23[illegible]10' FWL |
| 30-015-00237 | Williams #5 | C-25-18S-26E | 990' FNL & 19[illegible]0' FWL |
| 30-015-00238 | Williams #6 | B-25-18S-26E | 990' FNL & 26[illegible]23' FEL |
| **David G. Hammond (1 well)** | | | |
| 30-015-03464 | Denton Federal #1 | D-27-18S-29E | 330' FN & [illegible]WL |
| **I. T. Properties (1 well)** | | | |
| 30-015-21638 | DHY State #1 | F-23-19S-28E | 1980' FN & [illegible]WL |
| **JDR, Ltd. (3 wells)** | | | |
| 30-015-01427 | Brooks #11 | B-19-17S-28E | 230' FNL & 23[illegible]10' FEL |
| 30-015-01432 | Brooks #16 | D-19-17S-28E | 330' FN & [illegible]WL |
| 30-015-01433 | Brooks #17 | F-19-17S-28E | 1650' FNL & 17[illegible]34' FWL |
| **John A. Yates, Jr. (1 well)** | | | |
| 30-005-62312 | Comanche "PQ" Federal #2-Y | D-26-10S-25E | 990' FN & [illegible]WL |
| **Kersey and Company (1 well)** | | | |
| 30-015-02633 | Texaco State #2 | J-7-18S-28E | 1650' FE[illegible]EL |
| **Kersey and Donohue (1 well)** | | | |
| 30-015-01309 | Federal" #2 | G-3-17S-28E | 1650' FN [illegible]EL |
| **Parrish, H. Dwayne and Rhonda K. (6 wells)** | | | |
| 30-015-02305 | Caroline #1 | C-28-19S-28E | 330' FNL & 16[illegible]0' FWL |
| 30-015-02308 | Caroline #5 | D-28-19S-28E | 990' FN & [illegible]WL |
| 30-015-02309 | Caroline #6 | C-28-19S-28E | 330' FNL & 23[illegible]0' FWL |
| 30-015-02319 | Mary Lou #5 | G-29-19S-28E | 2310' FNL & 1[illegible]50' FEL |
| 30-015-02097 | Toomey Allen #4 | J-28-18S-28E | 2390' FSL & 1[illegible]97' FEL |
| 30-015-02103 | Toomey Allen #9 | J-28-18S-28E | 1650' FS[illegible]EL |
| **Prairie Sun, Inc. (4 wells)** | | | |
| 30-015-25366 | Connie "C" State #1 | G-25-19S-28E | 1980' FN [illegible]EL |
| 30-015-02301 | Connie "C" State #2 | H-25-19S-28E | 1980' FNL & 660' FEL |
| 30-015-02302 | Connie "C" State #17 | D-25-19S-28E | 660' FN & [illegible]WL |
| 30-015-25259 | Dalton Federal #1 | H-29-17S-29E | 1650' FNL & 990' FEL |
| **Pronghorn Management Corporation (1 well)** | | | |
| 30-015-22624 | Long Box Com. #1 | H-30-20S-24E | 1980' FNL & 660' FEL |
| **Ray Westall (4 wells)** | | | |
| 30-015-04585 | Culwin Queen Unit #17 | J-1-19S-30E | 1980' FS [illegible]EL |
| 30-015-22200 | Featherstone State Com. #1 | G-20-19S-28E | 1980' FN [illegible]EL |
| 30-015-02026 | Gulf "A" State #1 | D-23-18S-28E | 660' FN & [illegible]WL |
| 30-015-27090 | Lusk "B" #1 | P-16-19S-31E | 800' FSL & 5[illegible]0' FEL |

| | | | |
|---|---|---|---|
| **Smith and Marrs, Inc. (2 wells)** | | | |
| 30-015-02164 | Yates #1 | D-33-18S-28E | 250' FN & WL |
| 30-015-02159 | Yates #5 | C-33-18S-28E | 250' FNL & 2390' FWL |
| **St. Mary Land & Exploration Company (2 wells)** | | | |
| 30-015-25741 | East Shugart Delaware Unit #5 | O-13-18S-31E | 430' FSL & 1650' FEL |
| 30-015-27935 | Tecumsch Federal #1 | H-20-16S-27E | 2080' FNL & 660' FEL |
| **Strata Production Company (1 well)** | | | |
| 30-005-62340 | O'Brien #1 | C-25-7S-29E | 660' FNL & 1900' FWL |
| **Vintage Drilling, L.L.C. (8 wells)** | | | |
| 30-005-60254 | Falgout Federal #2 | G-26-14S-29E | 1980' FNL & 1650' FEL |
| 30-015-02718 | High Lonesome Penrose Unit #1 | I-15-16S-29E | 1980' FSL & 860' FEL |
| 30-015-02721 | High Lonesome Penrose Unit #5 | J-15-16S-29E | 2310' FS & EL |
| 30-015-02720 | High Lonesome Penrose Unit #6 | B-15-16S-29E | 990' FNL & 2310' FEL |
| 30-005-00438 | Hill Federal #1 | K-26-14S-29E | 1977' FSL & 1983' FWL |
| 30-005-01244 | Hill Federal "A" Com. #1 | N-35-14S-29E | 660' FSL & 1980' FWL |
| 30-015-05498 | Penasco Shugart Queen Sand Unit #1-B | O-8-18S-31E | 330' FSL & 1650' FEL |
| 30-015-04430 | State "CA" #1 | D-32-17S-30E | 990' FN & WL |

There are a total of seventy-five (75) wells listed above that are to be excluded from this case; seventy (70) are located in Eddy County, New Mexico and five (5) are in Chaves County, New Mexico (the county code within the API well number 005 denotes Chaves and 015 denotes Eddy).

**CASE NO. 12811**
**ORDER NO. R-11934**
**EXHIBIT "B"**

| | | | | |
|---|---|---|---|---|
| **Beach Exploration, Inc. (3 wells)** | | | | |
| 30-015-23293 | Red Lake Unit #14 | M-25-16S-28E | 660' FSL & 990' FWL | NA |
| 30-015-23000 | Red Lake Unit #18 | A-35-16S-28E | 660' FN & EL | $ 1,000.00 |
| 30-015-24131 | Ryan Federal #2 | H-19-16S-29E | 1780' FNL & 660' FEL | $ 1,000.00 |
| | | | | **$ 2,000.00** |
| **Bill and Patsy Rich (4 wells)** | | | | |
| 30-015-21913 | Fasken Federal #1 | I-11-25S-26E | 1980' FSL & 660' FEL | $ 1,000.00 |
| 30-015-21914 | H-M Federal #1 | A-14-25S-26E | 330' FNL & 560' FEL | $ 1,000.00 |
| 30-015-21029 | Sulphate Sister #1 | F-13-25S-26E | 1980' FN & WL | $ 1,000.00 |
| 30-015-25661 | White City "14" Federal #2 | J-14-25S-26E | 1650' FS & EL | $ 1,000.00 |
| | | | | **$ 4,000.00** |
| **C. E. LaRue & B. M. Muncy, Jr. (4 wells)** | | | | |
| 30-015-03954 | ETZ Federal #1 | L-31-16S-30E | 1980' FSL & 660' FWL | $ 1,000.00 |
| 30-015-03957 | ETX Federal #4 | H-31-16S-30E | 1980' FNL & 660' FEL | $ 1,000.00 |
| 30-015-04515 | Gates Federal #2 | K-15-18S-30E | 1650' FSL & 2310' FWL | $ 1,000.00 |

| | | | | |
|---|---|---|---|---|
| 30-015-02831 | Leonard #9 | C-36-16S-29E | 990' FNL & 1980' FWL | $ 1,000.00 |
| | | | | **$ 4,000.00** |
| **CFM Oil Company (2 wells)** | | | | |
| 30-015-21823 | Gillespie State #2 | C-27-17S-28E | 990' FNL & 1650' FWL | $ 4,000.00 |
| 30-015-02857 | Morgan State #3 | B-2-17S-29E | 660' FNL & 1650' FEL | $ 4,000.00 |
| | | | | **$ 8,000.00** |
| **C. O. Fulton (2 wells)** | | | | |
| 30-015-02869 | Dublin #2 | G-3-17S-29E | 1980' FN & EL | $ 1,000.00 |
| 30-015-02871 | Dublin #3 | B-3-17S-29E | 330' FNL & 1650' FEL | $ 1,000.00 |
| | | | | **$ 2,000.00** |
| **Calvin F. Tennison (2 wells)** | | | | |
| 30-015-03702 | Malaga Unit – Tract 12 #2 | M-7-24S-29E | 990' FSL & 330' FWL | NA |
| 30-015-03695 | Malaga Unit – Tract 12 #3 | K-7-24S-29E | 1650' FS & WL | NA |
| **Chi Operating, Inc. (1 well)** | | | | |
| 30-015-20838 | Yates State #1 | K-10-21S-27E | 1980' FS & WL | **$ 1,000.00** |
| **David G. Hammond (1 well)** | | | | |
| 30-015-03473 | Sivley Jennings Federal #2 | L-28-18S-29E | 1980' FSL & 660' FWL | **$ 1,000.00** |
| **Fi-Ro Corporation (8 wells)** | | | | |
| 30-015-05765 | Federal "18" #1 | E-18-19S-31E | 2310' FNL & 660' FWL | $ 1,000.00 |

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| 30-015-10228 | Federal "18" #2 | K-18-19S-31E | 2310' FSL & 2162' FWL | $ 1,000.00 |
| 30-015-20226 | Federal "18" #4 | G-18-19S-31E | 1980' FNL & 1650' FEL | $ 1,000.00 |
| 30-015-22866 | Fo Fo #1 | E-32-19S-27E | 2310' FNL & 990' FWL | $ 5,000.00 |
| 30-015-22867 | Fo Fo #2 | F-32-19S-27E | 1650' FN & WL | $ 5,000.00 |
| 30-015-22868 | Fo Fo #3 | E-32-19S-27E | 1650' FNL & 990' FWL | $ 5,000.00 |
| 30-015-04656 | Tidewater State #1 | G-36-19S-30E | 2310' FNL & 1650' FEL | NA |
| 30-015-04655 | Tidewater State #2 | J-36-19S-30E | 1650' FS & EL | NA |
| | | | | **$ 18,000.00** |
| **Happy Oil Company, Inc. (1 well)** | | | | |
| 30-015-20385 | Fair #1 | D-24-18S-26E | 330' FN & EL | **$ 1,000.00** |
| **Hudson Oil Company of Texas (1 well)** | | | | |
| 30-015-26438 | Shugart "A" #6 | H-10-18S-31E | 2310' FNL & 660' FEL | NA |
| **I. T. Properties (2 wells)** | | | | |
| 30-015-21971 | DHY State "B" #1 | L-11-19S-28E | 1980' FSL & 990' FWL | NA |
| 30-015-23119 | Siegrist State #1 | H-25-19S-23E | 1980' FNL & 990' FEL | NA |
| **J. Cleo Thompson (2 wells)** | | | | |
| 30-015-04004 | West Square Lake Unit – Tract 5 #8 | F-35-16S-30E | 1980' FN & WL | $ 1,000.00 |
| 30-015-04081 | West Square Lake Unit – Tract 9 #13 | J-4-17S-30E | 1980' FS & EL | $ 1,000.00 |
| | | | | **$ 2,000.00** |
| **JDR, Ltd. (2 wells)** | | | | |
| 30-015-01441 | Brooks #20 | C-19-17S-28E | 990' FNL & 1734' FWL | $ 1,000.00 |

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|---|---|---|---|---|
| 30-015-01443 | Brooks #22 | B-19-17S-28E | 990' FNL & 2310' FEL | $ 1,000.00 |
| | | | | **$ 2,000.00** |
| **John A. Yates, Jr. (1 well)** | | | | |
| 30-015-21998 | State "HC" #1 | L-2-17S-27E | 1980' FSL & 660' FWL | **$ 4,000.00** |
| **Kersey & Company (2 wells)** | | | | |
| 30-015-10227 | ASU #2 | D-11-17S-28E | 660' FN & WL | $ 1,000.00 |
| 30-015-01306 | ASU "A" #1 | M-2-17S-28E | 660' FS & WL | $ 1,000.00 |
| | | | | **$ 2,000.00** |
| **Kersey & Donohue (1 well)** | | | | |
| 30-015-01310 | Federal #1 | P-3-17S-28E | 990' FS & EL | **$ 1,000.00** |
| **Klabzuba Oil & Gas, Inc. (2 wells)** | | | | |
| 30-005-60114 | White #1 | I-13-10S-27E | 2500' FSL & 700' FEL | NA |
| 30-005-10165 | White #2 | N-18-10S-28E | 660' FSL & 1980' FWL | NA |
| **Mineral Technologies, Inc. (1 well)** | | | | |
| 30-015-20785 | Mary Federal #1 | H-11-23S-25E | 1924' FNL & 651' FEL | **$ 1,000.00** |
| **Naumann Oil & Gas, Inc. (2 wells)** | | | | |
| 30-015-23290 | Empire "34" Federal #1 | G-34-18S-29E | 1980' FN & EL | NA |
| 30-015-28303 | Farewell "18" Federal Com. #1 | D-18-22S-26E | 1026' FNL & 409' FWL | NA |

| Parrish, H. Dwayne and Rhonda K. (9 wells) | | | | |
|---|---|---|---|---|
| 30-015-02304 | Caroline #2 | E-28-19S-28E | 1980' FNL & 660' FWL | $ 4,000.00 |
| 30-015-02306 | Caroline #3 | D-28-19S-28E | 330' FNL & 990' FWL | $ 4,000.00 |
| 30-015-02307 | Caroline #4 | E-28-19S-28E | 1650' FNL & 330' FWL | $ 4,000.00 |
| 30-015-02318 | Mary Lou #4 | H-29-19S-28E | 2310' FNL & 990' FEL | $ 4,000.00 |
| 30-015-26019 | Schoonmaker State #4 | L-12-19S-29E | 2310' FSL & 440' FWL | $ 2,000.00 |
| 30-015-01350 | Sunray Mid Continent #1 | A-11-17S-28E | 660' FN & EL | $ 2,000.00 |
| 30-015-01351 | Sunray Mid Continent #2 | I-11-17S-28E | 1980' FSL & 660' FEL | $ 2,000.00 |
| 30-015-02094 | Toomey Allen #1 | J-28-18S-28E | 2382' FSL & 2348' FEL | $ 4,000.00 |
| 30-015-02096 | Toomey Allen #3 | J-28-18S-28E | 2394' FSL & 1823' FEL | $ 4,000.00 |
| | | | | **$ 30,000.00** |
| **Prairie Sun, Inc. (6 wells)** | | | | |
| 30-015-25587 | Connie "C" State #3 | K-25-19S-28E | 1650' FSL & 1930' FWL | NA |
| 30-015-25648 | Connie "C" State #4 | B-25-19S-28E | 990' FNL & 1980' FEL | NA |
| 30-015-26986 | Keohane "C" Federal #2 | P-21-18S-31E | 330' FS & EL | $ 1,000.00 |
| 30-015-21636 | Laguna Grande #1 | I-28-23S-29E | 1380' FSL & 990' FEL | $ 1,000.00 |
| 30-015-25855 | Shirley Kay State #1 | B-32-19S-31E | 660' FNL & 1980' FEL | NA |
| 30-015-28142 | Tracy "29" Federal #1 | O-29-17S-31E | 950' FSL & 1980' FEL | $ 1,000.00 |
| | | | | **$ 3,000.00** |
| **Pronghorn Management Corporation (16 wells)** | | | | |
| 30-015-00663 | Acrey #2 | F-36-17S-27E | 1650' FNL & 1655' FWL | $ 4,000.00 |
| 30-015-24256 | Artesia State #1 | L-23-18S-27E | 2310' FSL & 990' FEL | $ 1,000.00 |
| 30-015-01635 | Aston & Fair #1-Y | F-31-17S-28E | 2310' FN & WL | $ 1,000.00 |
| 30-015-01633 | Aston & Fair "A" #1 | D-31-17S-28E | 330' FN & WL | $ 4,000.00 |

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| 30-015-00526 | Brainard #1 | O-25-17S-27E | 330' FSL & 1650' FEL | $ 1,000.00 |
| 30-015-00666 | Conklin #1 | G-36-17S-27E | 2310' FN & EL | $ 5,000.00 |
| 30-015-00693 | Delhi #1 | A-36-17S-27E | 330' FN & EL | $ 4,000.00 |
| 30-015-00646 | Delhi #7 | A-36-17S-27E | 990' FNL & 330' FEL | $ 4,000.00 |
| 30-015-01422 | Hastie #3 | E-2-17S-28E | 2310' FNL & 990' FWL | $ 1,000.00 |
| 30-015-01424 | Hastie #8 | F-18-17S-28E | 2310' FN & WL | $ 1,000.00 |
| 30-015-00669 | Homan #1 | H-36-17S-27E | 2310' FNL & 330' FEL | $ 5,000.00 |
| 30-015-00649 | State "A" #1 | B-36-17S-27E | 990' FNL & 2310' FEL | $ 4,000.00 |
| 30-015-00650 | State "A" #2 | B-36-17S-27E | 330' FNL & 1650' FEL | $ 5,000.00 |
| 30-015-00648 | State "E" #1 | M-36-17S-27E | 954' FSL & 940' FWL | $ 5,000.00 |
| 30-015-24612 | State "M" #1 | M-36-17S-27E | 790' FSL & 990' FWL | $ 4,000.00 |
| 30-015-01621 | Sunray State #2 | E-30-17S-28E | 1650' FNL & 990' FWL | $ 4,000.00 |
| | | | | **$ 53,000.00** |
| **Ray Westall (2 wells)** | | | | |
| 30-015-23351 | Lakey Com. #1 | L-20-23S-28E | 2280' FSL & 660' FWL | $ 1,000.00 |
| 30-015-22955 | State "G" Com. #1 | E-24-19S-27E | 1980' FNL & 660' FWL | $ 1,000.00 |
| | | | | **$ 2,000.00** |
| **Sandlott Energy (Jackie Brewer DBA) (5 wells)** | | | | |
| 30-015-02575 | Levers State #7 | N-4-18S-28E | 247' FSL & 1600' FWL | $ 1,000.00 |
| 30-015-02000 | McNutt State #16 | L-21-18S-28E | 2300' FSL & 660' FWL | $ 1,000.00 |
| 30-015-02152 | Resler Yates State #55 | B-32-18S-28E | 960' FNL & 1440' FEL | $ 1,000.00 |
| 30-015-10631 | Resler Yates State #349 | N-29-18S-28E | 330' FSL & 2310' FWL | $ 1,000.00 |
| 30-015-20215 | Resler Yates State #380 | H-32-18S-28E | 2310' FNL & 990' FEL | $ 1,000.00 |
| | | | | **$ 5,000.00** |

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| **Smith & Marrs, Inc. (7 wells)** | | | | |
| 30-015-01460 | Red Lake Sand Unit #14 | O-19-17S-28E | 330' FSL & 1650' FEL | $ 1,000.00 |
| 30-015-01457 | Red Lake Sand Unit #15 | P-19-17S-28E | 330' FS & EL | $ 1,000.00 |
| 30-015-24000 | Red Lake Sand Unit #16 | M-20-17S-28E | 660' FS & WL | $ 1,000.00 |
| 30-015-01463 | Red Lake Sand Unit #18 | N-20-17S-28E | 990' FSL & 1650' FWL | $ 1,000.00 |
| 30-015-01493 | Red Lake Sand Unit #31 | E-21-17S-28E | 2310' FNL & 330' FWL | $ 1,000.00 |
| 30-015-01492 | Red Lake Sand Unit #32 | E-21-17S-28E | 1980' FNL & 660' FWL | $ 1,000.00 |
| 30-015-01462 | Red Lake Sand Unit #33 | H-20-17S-28E | 1650' FNL & 990' FEL | $ 1,000.00 |
| | | | | **$ 7,000.00** |
| **St. Mary Land & Exploration Company (1 well)** | | | | |
| 30-015-26298 | Osage Federal #17 | K-34-19S-29E | 2310' FS & WL | **$ 1,000.00** |
| **Strata Production Company (3 wells)** | | | | |
| 30-015-22937 | Duncan Federal #1 | M-11-16S-30E | 860' FSL & 660' FWL | $ 1,000.00 |
| 30-015-22748 | Norman Federal #1 | K-14-16S-30E | 1980' FS & WL | $ 1,000.00 |
| 30-015-29549 | Remuda Basin "20" Federal #1 | D-20-23S-30E | 330' FNL & 660' FWL | NA |
| | | | | **$ 2,000.00** |
| **United Oil & Minerals Limited Partnership (6 wells)** | | | | |
| 30-015-10390 | North Benson Queen Unit #10 | F-18-18S-30E | 2310' FNL & 1650' FWL | $ 1,000.00 |
| 30-015-10131 | North Benson Queen Unit #14 | L-28-18S-30E | 1980' FSL & 660' FWL | $ 1,000.00 |
| 30-015-10128 | North Benson Queen Unit #18 | L-27-18S-30E | 1650' FSL & 660' FWL | $ 1,000.00 |
| 30-015-10874 | North Benson Queen Unit #31 | D-32-18S-30E | 660' FN & WL | $ 1,000.00 |
| 30-015-04564 | North Benson Queen Unit #35 | D-34-18S-30E | 660' FNL & 610' FWL | $ 1,000.00 |

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|---|---|---|---|---|
| 30-015-10152 | North Benson Queen Unit #41 | H-33-18S-30E | 1650' FNL & 330' FEL | $ 1,000.00 |
| | | | | **$ 6,000.00** |
| **Vintage Drilling, L.L.C. (1 well)** | | | | |
| 30-015-02731 | High Lonesome Penrose Unit #4 | P-15-16S-29E | 990' FSL & 660' FEL | **$ 1,000.00** |
| **Grand Total** | | | | **$ 163,000.00** |

There are a total of one hundred (100) wells listed above that are not in compliance with Division Rule 201.B; ninety-eight (98) are located in Eddy County, New Mexico and two (2) are in Chaves County, New Mexico (the county code within the API well number 005 denotes Chaves and 015 denotes Eddy).