

7-19

Marks & Garner

Case No. 12757

Marks & Garner Ltd. Production Co.
- wells came up on machine well list
- then production reported
- triggered inspection

admin. notice of Division proceedings - exhibits

Jerry buye - inspected wells 3 times

all wells machine

production of small volumes
reported

exs. 15-31 show ^{most} wells incapable
of production (ex. 2)

see finding #9

- all but 5 wells plugged @
time of Division hearing

Ernest L. Marks ("Link")

partner w/ James H.
Buddy Garner

still in oilfield equip. business
w/ by all well leases, well
servicing, operating -

wells bought in 1984 from
bankrupt corp.

official
notice??

few records on well then bank
wells stopped

in process of bringing wells
back into compliance
bought w/ intent to produce
wells

company has ability to plug
and abandon

5 wells out of 17 need to
be plugged and abandoned
put a C-133 to Artesia
District; willing to plug if
have where vital

on list rec'd from OCD, 2
wells plugged, 1 misnumbered

wrote letter to Artesia

- in October, set in 103s
to swab wells; returned
as unacceptable

- Garner went to Artesia

- District said no

- Marks went on 10-3-00 and
spoke to Tim, would get
C-103s approved if put

down "test and evaluate"

1-22

1-25

Eddie Lee went to Artesia
w/ Link w/ talk to Tim
Gum, talked over plans

Gum said no need for
hearing, if got in compliance

Willing to do what's necessary

Death a family

Buddy had health problems
(Parkinson's); Buddy's son
Devon now with them

Ex. 4

1035 approved

Red Twelve Leases 12
(never been perforated) - world
gas - last page (flaw) - productivity

plugged 8 wells this year

agrees not to swab wells

1 bbl/mo. just swabbing

believes he had an agreement w/
Mr. Gorn on the issue

← Mark is the office man,
Gorn the field man

swabbing reported to him
=

Re: Ex. 32 (DIV.), dated 5-11-00
inactive well project form letter
(17 wells)

Re: CPA 32

does he operate
other wells?

How much
pay for group
of wells?

has approval to plug + abandon:
CPA 14, 16, 3, 53, 32

What authorized
to group of wells?

R-11753 (1-10-02)
Q3 — plug and abandon
5 wells by May 15, 2001
=

2001 v. 2002

Knew that he intended to
plug w/ abandon wells
(C-103s sent in & approved)
~~Abandon~~

wells not plugged (didn't
know what to do after
rec'd order)

103s sent in Oct. 9
returned "does not meet
criteria"

filed more C-103s after
Nov. 3 meeting w/ Tim

were not returned —
assumed they were OK
~~OK~~

Eddie see center w/ Tim
Nov. 1, 01

brought rig in & worked

got all wells in then
abandon completion by 1-02

has
copies
of C-103s

What does
Tim think
about this
communication
break down

believed that was what
Gum wanted and that
hearing would be cancelled

believed didn't need pumping
units for one year

good wells would be put on
rod pump

=
approved Unit operator per
Feds?

A

finding A 9
order A 1

> wells on which
false reporting
alleged

@ time of hearing - 9 tested
and checked for casing integrity

C-115s filled out by Devon
from pumping reports -

~~XXXXXXXXXXXX~~

Dewon Garner

emp. Mark + Garner
Supervisor

Fills out C-115

some wells run 1-5
days a month; motors
sometimes transferred from
pump jack to pump jack

wells w/ pump jacks
capable of production

others capable of
swabbing

=

began swabbing as soon as
got letter from Ben; discussed
w/ Linn & Buddy as a method
of reestablishing production

all wells were swabbed
at one time or another

showing a profit
on swabbing?

swabbed
was oil sold?

Did we put
production to
avoid

provide
copies - y

recorded production in
notebooks

Mosely State on production
in Feb, 01

Tim Gurn

disapproved C-103s

"Swabbing not an acceptable
method of bringing wells into
compliance"

could swab test to evaluate
potential - for sole purpose
of sizing production equip.

n/ recall "1 year - bring into
compliance"

- no evidence of heavy material
into wells

- no evidence that well heads
broken free

- ex. 25 - no road into location

prior to Jan. 2001, July 2002

sales
receipts?

OCD had to get to location
by going down fence to NW

recently (3-4 mos.) a road
has been blocked

ex. 25 - reducer - no evidence
of chain wrench on reducer -

- did not look like wellheads
removed
- no roads
- no deadmen evident

=

visited wells on 3-5
occasions ~~th~~

=

knows Mark at Gomer
out working wells in area

=

plugged all abandoned well
shows as producing for many
months

=

no rules on swabbing -

Secondary Oil -

Berry Bay

Field Inspector
Compliance Officer

ex 14

well heads did not appear to
have been disturbed

Swabbing unit very large -
would have been tracked -

ex. 16 - Mosquito bush
would interfere w/ any
swabbing -

ex. 19 - all foliage around
well head all wood -
enormous piece of
equipment would have
been there - was there
on both occasions

ex. 22

ex. 25 - bell nipple - no
scratch marks - no casing
tongs undisturbed

no indication of activity
whatsoever

May 2000, began visits

failed injection wells 5-2000

since - been back 5 times
(June 2000)

will submit logs - ~~not~~ 8/1

keep record open -

Brooks respond within 1 week 8/8

Bruce: production ^{mis} reported on Case Pool 7-22
will plug 5 wells

Brooks: credibility

ex. 32, responded to inactive list

responded to add'l wells

advised of concerns

reporting production:

Sept 2000 - July 2001 monthly production well

not a coincidence that reported production
on P+A wells that the Division was
unaware had been plugged —

— End for Division

— affirm division penalty
assessment

— \$2,000/well