

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

IN RE NANCY WILCOX E. QUALLS.

CASE NO. 24512

OIL CONSERVATION DIVISION'S EXHIBITS

1. Resume of Nick Karns
2. Inactive Well Report
3. Financial Assurance Report
4. Amended Notice of Violation to Nancy Wilcox E. Qualls
5. Civil Penalty Calculator
6. Probate Court – Settlement Agreement
7. USPS Tracking for delivery of NOV to Staci Brooks
8. Envelope addressed to William Kent Elliott, returned to OCD as “Unclaimed”
9. USPS Tracking for return of envelope addressed to William Kent Elliott
10. Docketing Notice filed in Case No. 24512, Inre: Nancy Wilcox E. Qualls
11. Email to Staci Brooks, providing copy of the Docketing Notice to Nancy Wilcox E. Qualls.

Respectfully submitted,

/s/ Christopher Moander

Christopher Moander
Attorney, Office of General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Tel (505) 709-5687
chris.moander@emnrd.nm.gov

Nicholas R. Karns

Nicholas.karns@emnrd.nm.gov

Santa Fe, NM 87501

(505) 479-2585

INTRODUCTION

Exploring a career path in local government by collecting experience in many different state agencies. Competent project manager. I believe that my experience with regulatory boards and criminal justice oversight has galvanized the fundamentals for steady advancement in government administration.

HIGHLIGHTS

- ◆ **Nine years +** project management leadership
- ◆ **Experience** creating regulatory workflows and processes
- ◆ **Proficient** with data gathering and analysis
- ◆ **Skilled** at communicating with internal and external clientele
- ◆ **Involved** extensively with New Mexico rulemaking and practiced in jurisprudence
- ◆ **Certified** forklift operator, serve safe
- ◆ **Actively** sitting as a member of the Private Investigations Advisory Board

EDUCATION

- Santa Fe Community College
 - GED

SKILLS

Computer Skills, Software & Applications

- Proprietary software
- Windows
- Linux & open source
- MS Office Suite
- Acrobat
- NCIC OpenFox
- Dot Delimited
- HTML
- Photoshop

Administrative Skills

- Project management
- Policy and infrastructure design
- Exercised in jurisprudence
- Research and analysis
- Database oversight
- Curriculum development
- Classroom instruction
- Inter-agency communications

SUPERVISORY EXPERIENCE

Department of Public Safety

- 2 years NCIC Program Oversight (2 people)

Regulation and Licensing Department

- 3 years Board Administrator (1-3 people depending on the board)

Lowe's Home Improvement

- 3 years Department Specialist (2 people)

PROFESSIONAL EXPERIENCE

Energy Minerals & Natural Resources 11/22 - Present *Santa Fe, NM*

COMPLIANCE OFFICER - A

Member of the Oil Conservation Division compliance team. Processes new application, adhering to workflow and procedure. Assures operators are in compliance with state Chapter 15 statutes and regulations. Manages well bonds from operators as financial assurance for the State of New Mexico.

Department of Public Safety 11/20 - 11/22 *Santa Fe, NM*

NCIC COORDINATOR

Oversight of data security standards and response protocol for all New Mexico criminal justice agencies in regards to their connection to the National Crime Information Center (NCIC). Completed administrative audits, misuse investigations, training, instructing, and general user support. Maintained federal and state compliance when handling, storing, and otherwise disseminating criminal justice information. Worked closely with the FBI to keep New Mexico criminal justice agencies moving progressively into the future.

Regulation and Licensing Department 8/18 - 11/20 *Santa Fe, NM*

BOARD ADMINISTRATOR

Served as board administrator for multiple occupational licensing boards. Coordinated formal rule change hearings and developed many forms and applications. Trained licensing staff and implemented filing standards. Worked well with general counsel, the Attorney General's office, and the State Records and Archives Center.

Lowe's Home Improvement 3/14 - 3/18 *Santa Fe, NM*

DESIGN PROJECT SPECIALIST

Started working for Lowe's in 2014 as a cashier. Advanced up to Installed Sales Coordinator and then to Sales Specialist in June of 2015. Assisted customers with remodel designs, product knowledge and financing. Created weekly sales analysis reports and budget projections. Designed special order windows and doors by working closely with manufactures.

PROFESSIONAL REFERENCES

- **Jessica Rodarte** / Technical Support Staff Manager - DPS
- **Roberta Perea** / Board Administrator Supervisor - RLD
- **Regina Chacon** / LERB Bureau Chief & CSO - DPS
- **Rob Jackson** / Compliance Supervisor - OCD
- **Amanda Macias** / Special Projects Supervisor - DPS
- **Ruth Romero** / Board Administrator - RLD

Exhibit 2

Inactive Well List

Total Well Count: 4 Inactive Well Count: 4

Printed On: Friday, May 31 2024

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
3	30-039-05667	C P STATE #001	8-02-24N-06W	H	15501	NANCY WILCOX E QUALLS	S	S	G	07/2013	CANYON LARGO PC		
3	30-039-05236	C P STATE #002	K-36-24N-06W	K	15501	NANCY WILCOX E QUALLS	S	S	G	04/2014			
3	30-039-05252	C P STATE #003	H-36-24N-06W	H	15501	NANCY WILCOX E QUALLS	S	S	G	07/2014			
3	30-039-05634	C P STATE #004	P-02-24N-06W	P	15501	NANCY WILCOX E QUALLS	S	S	G	10/2014			

WHERE Operator:15501, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Exhibit 3

Inactive Well Additional Financial Assurance Report

15501 NANCY WILCOX E QUALLS

Total State & Fee Wells: 4

Printed On: Friday, May 31 2024

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Bonding Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
9439	C P STATE #001	S	8-02-24N-06W	H	30-039-05667	G	07/2013	08/2015	2525	30,050	Y		5,000	Y
	C P STATE #002	S	K-36-24N-06W	K	30-039-05236	G	04/2014	05/2016	2350	29,700	Y		5,000	Y
	C P STATE #003	S	H-36-24N-06W	H	30-039-05252	G	07/2014	08/2016	2360	29,720	Y		5,000	Y
	C P STATE #004	S	P-02-24N-06W	P	30-039-05634	G	10/2014	11/2016	2341	29,682	Y		5,000	Y

WHERE Ogrid:15501

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Dylan M. Fuge
Deputy Secretary

Dylan Fuge, Division Director (Acting)
Oil Conservation Division



**BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED
AND ELECTRONIC MAIL**

March 27, 2024

Staci E. Brooks
Production Accounting Supervisor
Nancy Wilcox E. Qualls
P.O. Box 420
Farmington, NM 87410
stacibrooks@duganproduction.com

AMENDED NOTICE OF VIOLATION

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC. A process is available to informally discuss and resolve the NOV. OCD will not request a hearing on the NOV until the end of this process, which runs for 30 days from the date of your receipt of this letter. OCD will extend this process if it would facilitate informal resolution of the NOV. To initiate this process, contact the OCD employee identified at the end of this letter.

(1) *Alleged Violator:* Nancy Wilcox E. Qualls, OGRID #15501 (“Operator”).

(2) *Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

19.15.5.9(A) NMAC:

An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator...

(4) has no more than the following number of wells out of compliance with 19.15.25.8 NMAC that are not subject to an agreed compliance or final order setting a schedule for bringing the wells into compliance with 19.15.25.8 NMAC and imposing sanctions if the schedule is not met:

- (a) two wells or fifty percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less;*
- (b) five wells if the operator operates between 101 and 500 wells;*

- (c) *seven wells if the operator operates between 501 and 1000 wells; and*
- (d) *10 wells if the operator operates more than 1000 wells.*

Operator is the registered operator of four (4) wells. All 4 wells identified in Exhibit A are out of compliance with 19.15.25.8 NMAC and are not subject to an agreed compliance or final order.

19.15.8.9 NMAC:

D. Inactive wells. *An operator shall provide financial assurance for wells that are covered by Subsection A of 19.15.8.9 NMAC that have been in temporarily abandoned status for more than two years or for which the operator is seeking approved temporary abandonment pursuant to 19.15.25.13 NMAC in one of the following categories:*

- (1) *a one well financial assurance in the amount of \$25,000 plus \$2 per foot of the projected depth of a proposed well or the depth of an existing well; the depth of a well is the true vertical depth for vertical and horizontal wells and the measured depth for deviated and directional wells; or*
- (2) *a blanket plugging financial assurance covering all wells of the operator subject to Subsection D of 19.15.8.9 NMAC:*
 - (a) *\$150,000 for one to five wells;*
 - (b) *\$300,000 for six to 10 wells;*
 - (c) *\$500,000 for 11 to 25 wells; and*
 - (d) *\$1,000,000 for more than 25 wells.*

Operator is currently the registered operator of four (4) wells that are inactive and for which there is insufficient financial assurance as identified in Exhibit B.

19.15.7.24 NMAC:

- A.** *An operator shall file a form C-115 for each non-plugged well completion for which the division has approved a form C-104 and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state, setting forth complete information and data indicated on the forms in the order, format and style the director prescribes. The operator shall estimate oil production from wells producing into common storage as accurately as possible on the basis of periodic tests.*
- B.** *An operator shall file the reports 19.15.7.24 NMAC requires using the division's web-based online application on or before the 15th day of the second month following the month of production, or if such day falls on a weekend or holiday, the first workday following the 15th. An operator may apply to the division for exemption from the electronic filing requirement based upon a demonstration that such requirement would operate as an economic or other hardship.*

Operator is the registered operator of four (4) wells. Operator has not submitted the required C-115 for any well since at least 2015.

(3) *Compliance*: No later than thirty (30) days after receipt of this NOV, Operator shall (a) submit production reports for the wells identified in Exhibit A; (b) plug and abandon at least four (4) wells listed in Exhibit A; and (c) provide inactive well blanket plugging financial assurance of \$150,000 or increase each well's financial assurance to \$25,000 plus \$2 per foot of true depth as specified in Rule NMAC 19.15.5.8C and indicated in Exhibit B.

(4) *Sanction(s)*: OCD may impose one or more of the following sanctions:

- civil penalty
- modification, suspension, cancellation, or termination of a permit or authorization
- plugging and abandonment of a well
- remediation and restoration of a well location and associated facilities, including the removal of surface and subsurface equipment and other materials
- remediation and restoration of a location affected by a spill or release
- forfeiture of financial assurance
- shutting in a well or wells
- any other remedy authorized by law

For the alleged violations described above, OCD proposes the following sanctions:

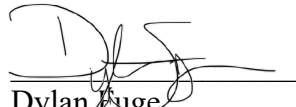
- (a) Plug and Abandon Wells: OCD will request an order requiring Operator to plug and abandon 4 (4) wells listed in Exhibit A, and alternatively, an order authorizing OCD to plug and abandon those wells.
- (b) Financial Assurance: OCD will request an order requiring Operator to provide an inactive well blanket plugging financial assurance of \$150,000 or additional one well financial assurance in the specified amounts in Exhibit B, and alternatively, an order forfeiting financial assurance.
- (c) Termination of Authorization to Transport: OCD will request an order terminating Operator's authority to transport from all wells.
- (d) Civil Penalties: OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort to comply with the applicable requirements. Copies of the civil penalty calculations are attached as Exhibit C.

Civil Penalty: 19.15.5.9(A)(4)(a) NMAC:	\$ 5,400.00
19.15.8.9 NMAC:	\$ 1,500.00
19.15.7.24 NMAC	\$ 21,600.00

(5) *Hearing*: If this NOV cannot be resolved informally, OCD will hold a hearing on June 13, 2024. Please see 19.15.5.10 NMAC for more information regarding the hearing. Even if OCD schedules a hearing, you can request an informal resolution at any time.

For more information regarding this NOV, contact Rob Jackson, at (505) 660-2501 or rob.jackson@emnrd.nm.gov.

Regards,


Dylan Ruge
Director (Acting)

3/27/24

Date

cc: Office of Legal Counsel, EMNRD

FILED FOR RECORD
IN MY OFFICE

2008 DEC 10 PM 3:30

IN THE STATUTORY PROBATE COURT #2

EL PASO COUNTY, TEXAS

Debra S. Jones
COUNTY CLERK
EL PASO COUNTY, TEXAS

2008 0552 0905

IN THE MATTER OF THE ESTATE §
OF §
NANCY WILCOX QUALLS, deceased. §

No. 2006-P00385

**MOTION TO APPROVE SETTLEMENT AGREEMENT
IN CONTESTED PROBATE PROCEEDING**

TO THE COURT:

COME NOW WILLIAM KENT ELLIOTT, individually and in his capacity as Independent Executor of the estate of NANCY WILCOX QUALLS, deceased (the "Estate"), ROBERT WILCOX ELLIOTT and ANNA M. WOOLLIS, CHRISTOPHER KENT WOOLLIS, EVAN LYNN WOOLLIS, QUENTIN WOOLLIS and MARY VICTORIA WOOLLIS (all of whom are collectively referred to herein as the "Parties"), by and through their respective attorneys of record, and file this, their Motion to Approve Settlement Agreement in Contested Probate Proceeding, and in support thereof, respectfully show the Court as follows:

I.

NANCY WILCOX QUALLS ("Decedent") died testate on February 15, 2006. Decedent's last will and testament, dated August 8, 2001, (the "Will") admitted to probate in this Court in this cause on June 13, 2006. From August 25, 2006 to October 30, 2008, WILLIAM KENT ELLIOTT and ROBERT WILCOX ELLIOTT served as Independent Co-Executors of the Estate.

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ROBERT WILCOX ELLIOTT was removed as Co-Executor of the Estate by Amended Order Granting Motion to Compel and Show Cause, dated October 30, 2008.

After the Will was admitted to probate, **WILLIAM KENT ELLIOTT** filed an Application for Admission of Holographic Codicil to Probate and Construction on August 25, 2006, in this Court. **ROBERT WILCOX ELLIOTT** filed an Answer and Objection to Application to Probate a Codicil to the Last Will and Testament of Nancy Wilcox Qualls, Deceased, on August 29, 2006. The Parties were ordered to participate in mediation at the offices of **WILLIAM B. HARDIE** by an Agreed Order of Mediation, dated October 24, 2008.

II.

On December 1, 2008, the Parties, some of whom were represented by their duly authorized attorneys-in-fact under special powers of attorney, along with their respective legal counsel, participated in mediation. As a result of the mediation, the Parties entered into a settlement agreement, a copy of which is attached to this motion, denoted as Exhibit A and incorporated herein for all purposes (the "Settlement Agreement"). Subject to court approval as provided in Paragraph 4, the Settlement Agreement provides, in pertinent part, for an agreed-upon distribution of the Estate, in contravention of certain portions of the Will and codicil. The Parties request that this Court's final judgment and the Settlement Agreement supercede the provisions of the Will, except as expressly stated in said Settlement Agreement and dismiss the pending Application for Admission of Holographic Codicil to Probate and Construction, as well as the contest thereof, with prejudice.


WHEREFORE, PREMISES CONSIDERED, the Parties pray that on hearing hereon, the Court approve the Settlement Agreement in all respects, order that **WILLIAM KENT ELLIOTT**, acting in his capacity as Independent Executor of the **ESTATE OF NANCY WILCOX QUALLS**,

2008 0552 0907

distribute the assets in accordance with the terms of said Settlement Agreement and further order that all pending pleadings and requests for relief be dismissed, with prejudice. The Parties pray for general relief.


Respectfully submitted,

RYAN SANDERS & GLUTH, LLP
310 N. Mesa, Suite 300
El Paso, Texas 79901
(915) 351-1100
(915) 351-1101 Facsimile

By: 
CARL E. RYAN
State Bar No. 17469500
Attorneys for
WILLIAM KENT ELLIOTT

BECK & GIVEN, P.C.
5915 Silversprings #4
El Paso, Texas 79912
(915) 544-5545

By: _____
BERNARD R. GIVEN
State Bar No. 07990180
Attorneys for
WILLIAM KENT ELLIOTT



SANFORD C. COX, JR.
State Bar No. 04963000
Attorney for
ROBERT WILCOX ELLIOTT

12/03/2008 10:45 FAX

that all pending pleadings and requests for relief be dismissed, with prejudice. The Parties pray for general relief.

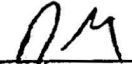
Respectfully submitted,

RYAN SANDERS & GLUTH, LLP
310 N. Mesa, Suite 300
El Paso, Texas 79901
(915) 351-1100
(915) 351-1101 Facsimile

By: _____

CARL E. RYAN
State Bar No. 17469500
Attorneys for
WILLIAM KENT ELLIOTT


BECK & GIVEN, P.C.
5915 Silversprings #4
El Paso, Texas 79912
(915) 544-5545

By:  _____

BERNARD R. GIVEN
State Bar No. 07990180
Attorneys for
WILLIAM KENT ELLIOTT

SANFORD C. COX, JR.
State Bar No. 04963000
Attorney for
ROBERT WILCOX ELLIOTT

HOBSON STRIBLING & CARSON, LLP

By: 

STANCY STRIBLING
State Bar No. 19890425
Attorneys for **ANNA M. WOOLLIS,**
CHRISTOPHER KENT WOOLLIS,
EVAN LYNN WOOLLIS,
QUENTIN WOOLLIS, and
MARY VICTORIA WOOLLIS

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EXHIBIT A

**SETTLEMENT AGREEMENT
(attached)**

2008 0552 0910

SETTLEMENT AGREEMENT

This **SETTLEMENT AGREEMENT** (the "Agreement") is entered into by **WILLIAM KENT ELLIOTT**, individually and as Independent Executor of the Estate of **NANCY WILCOX QUALLS** (the "Estate"), **ROBERT WILCOX ELLIOTT**, **ANNA M. WOOLLIS**, **CHRISTOPHER KENT WOOLLIS**, **EVAN LYNN WOOLLIS**, **QUENTIN WOOLLIS** and **MARY VICTORIA WOOLLIS** (the "Parties").

RECITALS

1. **NANCY WILCOX QUALLS** ("Mrs. Qualls") died on February 15, 2006. Mrs. Qualls' son, **ROBERT WILCOX ELLIOTT**, filed Mrs. Qualls' Last Will and Testament, dated August 8, 2001 (the "Will") for probate in the El Paso County, Texas Statutory Probate Court under Cause No. 2006-P00385 on April 20, 2006. Such Will was admitted to probate on June 13, 2006 and **ROBERT WILCOX ELLIOTT** was appointed as Independent Executor of the Estate. A copy of the Will is attached hereto as Exhibit "A".

2. The Will named **WILLIAM KENT ELLIOTT** as a Co-Executor. Accordingly, **WILLIAM KENT ELLIOTT** filed an Application for Appointment of William Kent Elliott as Independent Co-Executor of Estate on August 25, 2006. Such application was granted and **WILLIAM KENT ELLIOTT** was appointed as Co-Executor of the Estate on October 3, 2006.

3. **WILLIAM KENT ELLIOTT** also filed an Application for Admission of Holographic Codicil to Probate and Construction on August 25, 2006. A copy of such holographic codicil (the "Codicil") is attached hereto as Exhibit "B".

4. Under the terms of the Will, all Parties and **RICHARD QUALLS** would receive certain gifts. Under the terms of the Codicil, **WILLIAM KENT ELLIOTT** would receive all assets of the Estate.

5. **ROBERT WILCOX ELLIOTT** filed an Answer and Objection to Application to Probate a Codicil to the Last Will and Testament of Nancy Wilcox Qualls, Deceased on August 29, 2006.

6. **ROBERT WILCOX ELLIOTT** was removed as Co-Executor of the Estate by Amended Order Granting Motion to Compel and Show Cause, dated October 30, 2008.

7. The Parties were ordered to participate in mediation by an Agreed Order of Mediation, dated October 24, 2008.

8. Certain Parties have designated other individuals as their attorney-in-fact for the purpose of resolving this dispute. Copies of these powers of attorney are attached hereto as Exhibit "C".

9. This Agreement evidences the agreements reached among the Parties regarding all matters related to distribution of the Estate as settled in mediation.

AGREEMENT

For and in consideration of the premises, the mutual covenants and terms of this Agreement, the sufficiency of which consideration is acknowledged, the Parties agree as follows:

1. **Distribution of the Estate of V. Blaine Qualls.** The Parties ratify and confirm the previously made division and distribution of the estate of V. Blaine Qualls and by their signatures hereon agree to a full and final mutual release of any and all past or future claims or demands which any of them may have with respect to the assets of the estate of V. Blaine Qualls or any trust created thereunder.

2. **Distribution of the Estate of Nancy Wilcox Qualls.** The Parties agree to the following distribution of the estate of Nancy Wilcox Qualls:

a. **RICHARD QUALLS** shall receive the sum of Sixty-Five Thousand Dollars (\$65,000.00), payable in cash, as stated in the Will of Mrs. Qualls.

b. **ANNA M. WOOLLIS, CHRISTOPHER KENT WOOLLIS, EVAN LYNN WOOLLIS, QUENTIN WOOLLIS** and **MARY VICTORIA WOOLLIS** shall each receive the sum of Eighty Thousand Dollars (\$80,000.00), payable in cash, which together with paragraphs (c) and (d) below shall be full and final settlement of their interest in the estate of Mrs. Qualls. Each payment shall be subject to the terms of the separate share trusts created under the Will and shall be made payable to **CATHERINE ATKIN** in her capacity as successor trustee of each trust.

c. **ANNA M. WOOLLIS, CHRISTOPHER KENT WOOLLIS, EVAN LYNN WOOLLIS, QUENTIN WOOLLIS** and **MARY VICTORIA WOOLLIS** shall also receive the Madame Alexander doll which was located in the California condominium, if it is in existence, as well as any items of tangible personal property in the possession of **WILLIAM KENT ELLIOTT** which are personal to either **MARY LEE WOOLLIS** or her children, including any photographs or documents. Such items shall be delivered to **STANCY STRIBLING** within thirty (30) days of the approval of this Agreement by the Court.

d. **EVAN LYNN WOOLLIS** shall receive the small chess set.

e. **ROBERT WILCOX ELLIOTT** shall receive the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00), payable in cash.

f. **WILLIAM KENT ELLIOTT** shall receive the entire remainder of the estate of Mrs. Qualls, subject to all outstanding debts and claims as specified by the provisions of Paragraph 5 below. Conditioned upon the satisfaction of all obligations undertaken by **WILLIAM KENT ELLIOTT** hereunder, each of the remaining Parties hereby assigns any interest which any of them may have, other than under this Agreement, to **WILLIAM KENT ELLIOTT**.

g. All cash distributions under this paragraph shall be made by the Executor within seven (7) days of approval of this Agreement by the Court.

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3. Duplication of Family Photographs and Home Movies.

a. **WILLIAM KENT ELLIOTT** shall deliver all family photographs in his possession to **STANCY STRIBLING** within thirty (30) days of approval of this Agreement by the Court. **STANCY STRIBLING** shall arrange for the remaining Parties to review and copy such photographs as they desire. The copy technician shall be designated by **WILLIAM KENT ELLIOTT**.

b. **WILLIAM KENT ELLIOTT** shall also digitize all home movies in his possession at his personal expense and deliver two digitized copies to **STANCY STRIBLING** within sixty (60) days of approval of this Agreement by the Court.

4. Judicial Approval of Agreement. Within ten (10) days of the date of this Agreement, the Parties shall request that the Court approve this Agreement and the actions provided for herein and to disregard both the Will and Codicil as to distribution of the estate of Mrs. Qualls except as specifically provided hereby. The approval of this Agreement by the Court shall be a condition precedent to its enforceability. The Court's final judgment and this Agreement shall supercede the provisions of the Will except as expressly provided hereby and shall dismiss the pending application to probate the Codicil with prejudice.

5. Payment of Debts and Expenses. Except as required by other provisions of this Agreement, **WILLIAM KENT ELLIOTT** shall be liable for all obligations, debts and expenses with respect to Mrs. Qualls' estate, including but not limited to legal expenses owed his attorneys, **BERNARD GIVEN** and **CARL E. RYAN** and shall indemnify all other Parties for same.

6. Mutual Release. In consideration of the mutual agreements set forth herein, and except for the agreement of **WILLIAM KENT ELLIOTT** contained in Paragraph 5 above, each Party hereto, for themselves, their respective heirs, legal representatives, successors and assigns, and any person claiming by, through, or under them, **UNCONDITIONALLY RELEASE, ACQUIT, FOREVER DISCHARGE AND INDEMNIFY AND HOLD HARMLESS** all other Parties hereto and their respective heirs, personal representatives, successors and assigns **FROM ANY AND ALL LIABILITIES, CLAIMS FOR DAMAGE, CAUSES OF ACTION. LOSSES, COSTS OR EXPENSES OF WHATEVER KIND OR CHARACTER, WHETHER IN TORT OR IN CONTRACT, STATUTORY, AT COMMON LAW OR OTHERWISE, AND WHETHER KNOWN OR UNKNOWN, LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, INCLUDING BUT NOT LIMITED TO CLAIMS, CAUSES OF ACTION, LOSSES, COSTS OR EXPENSES ARISING FROM ACTIONS, INACTIONS, BREACHES OF FIDUCIARY DUTY, NEGLIGENCE, GROSS NEGLIGENCE AND MALFEASANCE, IF ANY, WHICH HE OR SHE MAY HAVE NOW OR HEREAFTER WITH RESPECT TO ANY CLAIMS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE ESTATES OF EITHER MRS. QUALLS OR MR. QUALLS,** that any of them, their respective heirs, personal representatives, successors or assigns may have or may have had, including all matters that were or have been, or could have in any way been alleged in any suit, claim or assessment, related in any way to: (i) the assets of Mrs. Qualls' or of Mr. Qualls' estates; (ii) the administration of Mrs. Qualls' or Mr. Qualls' estates, (iii) the distribution of Mrs. Qualls' or Mr. Qualls' estates, (iv) obligations assumed by each party pursuant to this Agreement; and (v) any actions or activities undertaken by any party, person or entity in reliance upon or in satisfaction of any of the terms or provisions of or exhibits to this Agreement.

2008 0552 0914

7. **Outside Consultation and Advice.** Each Party hereto acknowledges that he or she has read and understands the content and effect of this Agreement and executes the same of and on his or her own accord and for the purposes and consideration herein expressed and set forth. All Parties to this Agreement also acknowledge that they were advised to seek independent legal advice of an attorney of their own selection. Each had the benefit of whatever attorneys, advisors, and consultants deemed necessary to explain the effect and terms of this Agreement and assumes any risk from not seeking further consultation, counsel or advice.

8. **No Admissions.** It is understood by the Parties that the actions taken herein are not to be construed as any admission of wrongdoing by any Party.

9. **Additional Documents.** All Parties agree to execute all additional documents, including but not limited to deeds, releases and assignments, that may be necessary or appropriate to carry out the terms of this Agreement and the Plan. If any Party shall fail to comply with the provisions of this paragraph, this Agreement shall constitute an actual grant, assignment and conveyance of the property and rights in such manner, and with such force and effect, as shall be necessary to effectuate the terms of this Agreement.

10. **Access to Records.** The Parties agree to provide each other with reasonable access to all records which any Party may maintain and which relate to the assets which are distributed to a Party pursuant to this Agreement. Accordingly, each Party shall have the right to inspect such records and make copies, conditioned that each Party shall reimburse the other its reasonable expense in connection with such copying.

11. **Miscellaneous Provisions.**

a. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their agents, attorneys, employees, legal and personal representatives, heirs, successors and assigns.

b. **Recitals.** The recital clauses contained herein are made a part of this Agreement.

c. **Governing Law.** This Agreement shall be construed under and in accordance with the laws of the state of Texas, and all obligations of the Parties created hereunder are performable in El Paso County, Texas.

d. **Partial Invalidity.** In case any one or more of the provisions contained in this Agreement shall for any reason held to be invalid, illegal or unenforceable in any respect, all remaining provisions hereof shall continue in full force and effect the same as if such invalidity, illegality, or unenforceable provision had never been contained herein.

e. **Entire Agreement.** This Agreement constitutes the sole and only agreement of the Parties hereto and supersedes any prior understandings or written or oral agreements among the Parties respecting the subject matter hereof.

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f. **Amendment of Agreement.** No amendments, modifications, alterations or extensions of the terms hereof shall be binding unless the same be in writing, dated subsequent to the date hereof, and duly executed by all of the Parties hereto.

g. **Attorney's Fees to Prevailing Party.** If any legal action or other proceeding is brought for the enforcement of this Agreement or any other agreement related hereto or referenced herein, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of such agreements, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

h. **Survival.** The terms of this Agreement and the rights and obligations of the Parties shall survive the execution and delivery of the instruments contemplated hereby and described herein and shall not be merged therein.

i. **Default.** If any Party to this Agreement fails to perform his or her obligations hereunder (except as excused by the other's default), the Party claiming default will make written demand for performance upon the defaulting Party. If the defaulting Party fails to comply with such written demand within ten (10) days after receipt thereof, the notifying Party will have the option to waive the specific default, or to seek specific performance of this Agreement or seek damages.

j. **Counterparts.** This Agreement may be executed in multiple originals or in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one in the same instrument; any one counterpart original may be enforced against the Parties signing said counterpart.

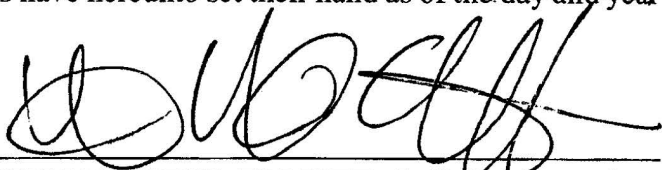
k. **Joint Preparation.** This Agreement has been and shall be construed as to have been, drafted by all Parties to it, and no rules of law, evidence or construction purporting to construe ambiguities, provisions or documents against the drafter shall apply.

l. **No Verbal Representations.** The Parties agree and have been advised by their counsel that this Agreement, together with the written documentation relating to each specific contemplated transaction, constitute the full set of terms operative among the parties. With respect to any verbal statements or representations not specifically contained in this Agreement or in the documents relating to the contemplated transactions, each party agrees that any such verbal statement or representation is not material to him or her. Each party has had a full opportunity to investigate the accuracy of any such verbal statements or representations and therefore it is not reasonable or justifiable to rely upon them unless they are consistent with the terms of this Agreement and the documents relating to the contemplated transactions. Each party agrees that he or she did not rely upon any verbal statements or representations and each party agrees that any such statements or representations are not the cause in fact of the party executing this Agreement or any of the documents relating to the contemplated transactions and were not the cause of any damages to the party.

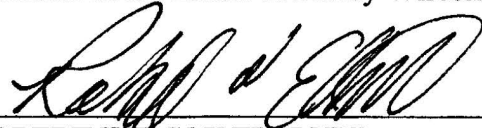
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m. Time of the Essence. Time is of the essence in the performance of this Agreement.

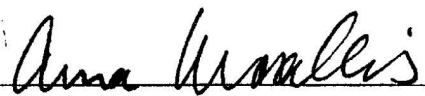
IN WITNESS WHEREOF, the Parties have hereunto set their hand as of the day and year ~~hereinabove stated.~~ 12-1-08.



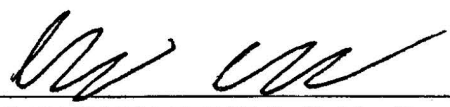
WILLIAM KENT ELLIOTT, Individually and as
Executor of the Estate of Nancy Wilcox Qualls



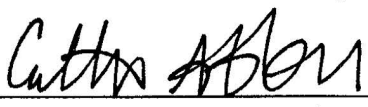
ROBERT WILCOX ELLIOTT



ANNA M. WOOLLIS



QUENTIN WOOLLIS, Individually and as Attorney-
in-Fact for EVAN LYNN WOOLLIS



CATHERINE ATKIN, as Attorney-in-Fact for MARY
VICTORIA WOOLLIS and CHRISTOPHER KENT
WOOLLIS

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other legal authority, as the case may be. Any reference in my Will to an Article or Paragraph, unless otherwise indicated, is a reference to an article or paragraph in my Will.

1.7 Legal Construction. In case any one or more of the provisions contained in my Will are for any reason held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of my Will, and my Will shall be construed as if such invalid, illegal, or unenforceable provision had never been a part of it.

2. PRIOR REVOCATION

I hereby revoke all prior wills, codicils, or other testamentary instruments, except current written instructions pertaining to personal effects referred to in Article 4.

3. EXPENSES, DEBTS, AND TAXES

3.1 Debts and Expenses. All my debts and expenses shall be paid promptly after my death and all my administration expenses (including, but not limited to, estate transmission expenses and estate management expenses) shall be paid as they accrue. My Fiduciary is authorized to pay such debts and expenses from income or principal of my estate. My debts and expenses shall be apportioned to the residue of my estate, except that if BLAINE survives me then all Non-Marital Expenses that are not deducted on my federal estate tax return shall be paid from the assets passing under Article 5 to the Credit Shelter Trust. For purposes of my Will, a "Non-Marital Expense" is any debt or expense that will decrease the marital deduction allowable to my estate.

3.2 Taxes. All federal estate taxes, generation skipping transfer taxes, and state death taxes, if any, shall be paid when they are due, or earlier if my Fiduciary deems it expedient, or later if my Fiduciary deems it necessary and is able to obtain extensions of time for payment. All such taxes shall be apportioned in the manner determined in accordance with Section 322A of the Texas Probate Code and, pursuant to Section 322A, my Fiduciary shall have the right to recover such taxes from the persons who are in receipt of non-probate assets.

3.3 Contest. Notwithstanding the above provisions of this Article 3, my Fiduciary shall have the right to contest the payment of any debts, expenses or taxes that my Fiduciary determines are not validly owing by my estate.

4. SPECIFIC BEQUESTS

4.1 Handwritten Bequests. I direct that certain items of tangible personal property owned by me shall be distributed in accordance with handwritten instructions I may make from time to time to be kept with my Will. Any such items not covered by handwritten instructions shall be distributed under Paragraph 4.2.

4.2 Personalty. If BLAINE survives me, I give to him my interest in our household furnishings and other personal possessions (other than those distributed under Paragraph 4.1), any interest I have in BLAINE's employee benefit plans, insurance policies, and individual retirement accounts (or similar assets), any club memberships, and all vehicles owned by us.

5. CREDIT SHELTER TRUST

It is my intent that the trust created under this Article 5 be funded with assets having a value that are not subject to federal estate tax in my estate due to the "unified credit" available to my estate under section 2010 of the Code. To this end, my Will shall be construed in a manner consistent with this intent.

5.1 Formula Bequest. If BLAINE survives me, I give to the trustee of the Nancy Wilcox Qualls Credit Shelter Trust (the "Credit Shelter Trust") the largest amount (if any) of cash and/or property that if allocated to the Credit Shelter Trust would result in no increase in federal estate tax payable by reason of my death after taking into account the unified credit and credit for state death taxes, but only to the extent that state death taxes are not thereby increased. Values used in determining the amount of this bequest shall be those finally determined for federal estate tax purposes (whether at date of death or under the optional valuation). Assets used to satisfy this bequest shall have an aggregate fair market value as of the date or dates of distribution equal to the amount of this bequest; provided, however, my Fiduciary shall not select assets nor times of distribution that disqualify the bequest under Article 6 for the marital deduction.

5.2 Credit Shelter Trust. The assets passing to the Credit Shelter Trust shall be distributed to my trustee to be held and administered in trust for BLAINE's benefit on the following terms:

5.2.1 Name of Trust. The Credit Shelter Trust shall be known as the "Nancy Wilcox Qualls Credit Shelter Trust."

5.2.2 Income. My trustee shall distribute all or so much of the trust net income to BLAINE at such times and in such amounts as my trustee deems proper to provide for his health, education, maintenance, or support in the manner to which he is accustomed at the time of my death.

5.2.3 Principal. If trust net income, together with income available to BLAINE from other sources, is insufficient for his health, education, maintenance, or support in the manner to which he is accustomed at the time of my death, my trustee may make distributions from trust principal to BLAINE to provide for his health, education, maintenance, or support in that standard.

5.2.4 Termination. The Credit Shelter Trust shall terminate upon BLAINE's death, at which time all trust assets then on hand shall be distributed pursuant to Article 7.

6. MARITAL DEDUCTION TRUST

If BLAINE survives me, I give the residue of my estate to the trustee of the Nancy Wilcox Qualls Marital Deduction Trust (the "Marital Trust") to be held and administered in trust for BLAINE's benefit on the following terms:

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6.1 Name of Trust. The Marital Trust shall be known as the "Nancy Wilcox Qualls Marital Deduction Trust."

6.2 Income. Throughout BLAINE's lifetime, my trustee shall distribute all trust net income to BLAINE in convenient periodic installments, but at least quarterly.

6.3 Principal. If trust net income, together with income available to BLAINE from other sources, is insufficient for his health, education, maintenance, or support in the manner to which he is accustomed at the time of my death, my trustee may distribute trust principal to BLAINE to provide for his health, education, maintenance, or support in that standard. It is my desire for my trustee to make distributions of principal from the Marital Trust and, if necessary, entirely deplete it before my trustee makes distributions of income or principal from the Credit Shelter Trust.

6.4 Termination. The Marital Trust shall terminate upon BLAINE's death, at which time any undistributed income shall be distributed to his estate and all principal then on hand shall be distributed pursuant to Article 7.

6.5 Trust Purpose. To the extent that my Fiduciary makes an election under section 2056(b)(7)(B)(v) of the Code, it is my intent that the assets passing under this Article 6 qualify for the federal estate tax marital deduction applicable to my estate. To that end, my Will shall be construed in a manner consistent with this intent. Further, all powers and discretions with respect to allocations of property and the administration of the Marital Trust shall be exercised in a manner consistent with this intent. Further, it is my intent that the Marital Trust be used primarily to provide for the health, education, maintenance, and support of BLAINE during his lifetime. Accordingly, when investing trust assets and making distributions of trust principal, my trustees shall give first priority to BLAINE's health, education, maintenance, or support. Only after determining that BLAINE's needs have been met, and will be adequately provided for, may my trustees consider preserving trust principal for BLAINE's and my descendants. To this end, my Will shall be construed in a manner consistent with this intent.

6.6 Investment Provisions. Notwithstanding any other provision of my Will, assets of the Marital Trust shall not be invested in a manner that disqualifies it for the marital deduction. If the Marital Trust holds non-income producing or other disqualified assets, then BLAINE may require my trustee to convert those assets into income producing assets within a reasonable time as may be required to obtain optimum value. This Paragraph 6.7 shall only be applicable to that portion, if any, of the Marital Trust that qualifies for the marital deduction.

7. REMAINDER AND CONTINGENT BENEFICIARIES

7.1 To Children. Upon BLAINE's death, the assets of the Marital Trust and Credit Shelter Trust (or if BLAINE predeceases me, then upon my death the residue of my estate) shall be distributed as follows:

7.1.1 To RICHARD. I give to RICHARD cash or property in the amount of \$65,000.00. If RICHARD predeceases me, his share of my estate shall be distributed to his descendants (including his natural-born or adopted children) in equal shares per stirpes, or,

if RICHARD has no descendants, then his share shall be distributed pursuant to paragraph 7.1.2 below.

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7.1.2 **To Remaining Children.** The remainder of the residue of my estate shall be distributed to in equal shares to: (a) KENT, outright and free of trust; (b) ROBERT, outright and free of trust; and (c) a class consisting of MARY LEE's Children; provided, however, if any of MARY LEE's Children is then under age 35, his or her share of my estate shall be distributed to my trustee to be held and administered in a separate trust (a "Grandchild's Trust") for his or her benefit on the following terms:

7.1.2.1 **Name of Trust.** Each Grandchild's Trust will be designated by the name of its beneficiary.

7.1.2.2 **Income and Principal.** My trustee shall distribute income, and principal if necessary, from the Grandchild's Trust in such sums as my trustee deems necessary, under conditions then existing and commensurate with trust resources, for the health, education, maintenance, or support of the beneficiary.

7.1.2.3 **Termination.** The Grandchild's Trust will terminate and all trust assets then on hand will be distributed to its beneficiary upon his thirty-fifth birthday. If the beneficiary dies before the termination of his Grandchild's Trust, he shall have the power to appoint any of the accumulated income and/or principal of his Grandchild's Trust to anyone he sees fit, including his estate, his creditors, or the creditors of his estate. He may only exercise this power of appointment by his last will and testament, or codicil thereto, admitted to probate in any jurisdiction, provided that such will or codicil specifically refers to this power. If he fails to exercise this power of appointment, then upon his death, the assets in his Grandchild's Trust shall be distributed pursuant to Paragraph 7.2.

7.2 **Contingent Beneficiaries.** If any child of mine predeceases me (or dies before termination of his trust), my deceased child's share of my estate (or all assets remaining in my deceased Grandchild's Trust) shall be distributed to that deceased child's descendants in equal shares per stirpes, or, if none, to my descendants in equal shares per stirpes. If I have no descendants then living, my estate shall be distributed one-half to BLAINE's heirs-at-law and one-half to my heirs-at-law under the Texas laws of descent and distribution.

7.3 **Beneficiary Trust.** If any other distributee of my estate is under age 21, or is incapacitated, at the time he becomes entitled to distribution, that beneficiary's share of my estate shall be distributed to my trustee to be held and administered in a separate trust for his benefit. The trust shall be designated by the name of its beneficiary. My trustee may distribute from time to time to the beneficiary so much of the trust net income, and trust principal if necessary, as my trustee deems necessary under conditions then existing and commensurate with trust resources for the health, education, maintenance, or support of the beneficiary. The trust shall terminate and all trust assets then on hand shall be distributed to the beneficiary when he attains age 21 or is no longer incapacitated, as the case may be. If any beneficiary predeceases the termination of his trust, the trust assets then on hand shall be distributed pursuant to Paragraph 7.2.

8. PROVISIONS APPLICABLE TO ALL TRUSTS

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8.1 Perpetuities. Any trust created under my Will that is in existence on the day before it violates the applicable rule against perpetuities shall terminate on that day and the trust assets shall be distributed free of trust to its beneficiary; provided, however, if its beneficiary is a minor under the laws of the state where the beneficiary is domiciled, then the trust assets shall be paid over to either parent (or legal guardian) of the beneficiary as custodian under the Uniform Transfers to Minors Act, or similar statute, in effect under the laws of the state where the beneficiary is domiciled.

8.2 Spendthrift Trust. No beneficiary of any trust created under my Will may, voluntarily or involuntarily, anticipate, sell, pledge or otherwise dispose of present or future income or principal of any trust, and neither present or future income or principal shall be subject to any debt contracted by any beneficiary, or any judicial process for the satisfaction of any claim against the beneficiary. Every trust created under my Will is a spendthrift trust.

9. FIDUCIARIES

9.1 Appointment. Where I refer to any person appointed as executor or trustee of any trust created under my Will as "Fiduciary," that term includes capacities of independent executor or trustee, as the case may be.

9.1.1 Executor. I appoint KENT and ROBERT as independent co-executors under my Will. In the event that either KENT or ROBERT is unable or unwilling to serve, or to continue serving, the other shall continue to serve alone.

9.1.2 Trustee. I appoint KENT and ROBERT as co-trustees of any trust created under my Will. In the event that either KENT or ROBERT is unable or unwilling to serve, or to continue serving, the other shall continue to serve alone. Subject to KENT's and ROBERT's right to appoint and remove Fiduciaries under Paragraph 9.2, any person who is serving as trustee of a beneficiary's trust created under Paragraph 7.3 may, in his sole and absolute discretion, currently or prospectively appoint to serve as successor trustee of that trust the parent or guardian of the trust beneficiary. As evidence of such appointment, third parties shall conclusively rely on written notice setting forth the facts of such appointment and succession of trustees after it is filed in the probate proceeding where my Will was originally admitted to probate (or if the administration of my estate has been formally closed, in the deed records of the county where my Will was originally admitted to probate).

9.2 Appointment and Removal of Fiduciaries.

9.2.1 Appointment. Notwithstanding Paragraph 9.1, KENT and ROBERT may appoint one or more individuals or a financial institution with trust powers, or any combination thereof, to serve as successor Fiduciary to them in the event of their resignation, incapacity or death, or as Co-Fiduciary with them or with any Fiduciary then serving. If both KENT and ROBERT resign they may nevertheless at anytime reappoint themselves as Fiduciary or Co-Fiduciary.

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9.2.2 Removal and Resignation. Notwithstanding Paragraph 9.1, KENT and ROBERT may remove any Fiduciary (other than themselves), and any Fiduciary may resign, either by 30 days written notice to the other. In the event there is no person named under Paragraph 9.1 who can serve as Fiduciary, KENT and ROBERT shall appoint one or more individuals or a financial institution with trust powers, or any combination thereof, as successor Fiduciary.

9.2.3 Procedure for Appointment and Removal. KENT and ROBERT may appoint or remove Fiduciaries either by instrument executed during their lifetimes or by their last wills and testaments, or any codicil thereto, and any appointment or removal by them may be effective currently or prospectively. Resignations shall be by written instrument. As evidence of incumbency, third parties shall conclusively rely on written notice setting forth the facts of such appointment, resignation, removal or succession of Fiduciaries after it is filed in the probate proceeding where my Will was originally admitted to probate (or if the administration of my estate has been formally closed, in the deed records of the county where my Will was originally admitted to probate).

9.3 Bond. No bond shall be required of any Fiduciary serving under my Will, unless the appointment of a successor or Co-Fiduciary specifies that bond be given.

9.4 Accountings. Any Fiduciary may delegate the accounting function to a Co-Fiduciary. Accumulated income may be maintained in a separate account therefor, or added to principal, in my Fiduciary's discretion. For trust accounting purposes, my Fiduciary shall not be required to charge income or maintain reserves for depreciation of capital assets or depletion of natural resources. My Fiduciary shall furnish an accounting at least annually (or as often as quarterly if so requested) to BLAINE and to each adult income beneficiary of any trust created under my Will, showing the assets on hand and all receipts, disbursements and changes in assets during the accounting period.

10. FIDUCIARY POWERS

10.1 General Administrative Powers. My Fiduciary shall have all powers given trustees by the Texas Trust Code as it stands from time to time after the date of my Will to the extent that the Texas Trust Code is not inconsistent with the terms of my Will. In addition, my Fiduciary is authorized:

10.1.1 Investments. To retain assets in the same form as when received or to sell assets at any time; to acquire or hold assets, all without regard to diversity as to kind or amount or whether or not productive of income; to make secured or unsecured loans to others; and to enter into leases and contracts pertaining to the property of my estate for terms expiring before or after termination of my estate or any trust created under my Will.

10.1.2 Employment of Professionals. To employ and compensate accountants, investment advisors, agents, attorneys, employees, and other professional consultants, including, but not limited to, the employment of a financial institution with trust powers to

act as custodian in the possession of trust assets and handling of trust receipts and disbursements.

10.1.3 Expenses. To incur necessary and reasonable expenses to competently administer my estate and any trust created under my Will.

10.1.4 Borrowing. To borrow money and pledge estate or trust assets as security therefor.

10.1.5 Indirect Payments. To make payments to persons, firms, corporations, schools, or institutions furnishing goods or services to any distributee of my estate or any beneficiary of any trust created under my Will if that distributee or beneficiary is incapacitated or requests my Fiduciary to do so.

10.1.6 Use of Residential Property. To retain, acquire, and maintain, as an asset of any trust created under my Will, any residential real property and necessary furnishings and equipment for the use and enjoyment of the trust beneficiary. The expenses of maintenance, repair, improvements, taxes, insurance, mortgage payments, and other costs and expenses of such property, furnishings, and equipment may be paid all or in part from the trust.

10.1.7 Retirement Plan Assets. To make all decisions relating to the ownership, management, investment, and distribution¹ of any retirement plan asset (including non-qualified benefit plans, annuities, IRAs, Roth IRAs, SEPs, SARSEPs, 401(k)s, 403(b)s, 457s, thrift savings plans, defined contribution plans, defined benefit plans, pension plans, etc.) held by any trust created under my Will. Any retirement plan trustee or custodian shall be fully indemnified and held harmless by following directions given by my Fiduciary pursuant to this Paragraph and shall be under no obligation to question such directions.

10.1.8 Transactions with Corporate Fiduciary. As to any corporate Fiduciary, to (i) invest any estate or trust funds in time deposits of the corporate Fiduciary, (ii) hold assets in the name of a nominee, (iii) borrow funds from the corporate Fiduciary in its commercial capacity, and (iv) purchase, acquire, retain, hold, or own shares of the corporate Fiduciary,

¹These rights and powers include, but are not limited to, the right and power to direct investments of any retirement plan, give instructions regarding distributions from any retirement plan, establish separate accounts for any retirement plan, rollover any retirement plan, rollout any retirement plan, withdraw funds from any retirement plan, change any retirement plan trustee or custodian, determine the "income" of any retirement plan, borrow from any retirement plan, change the optional form of survivor benefit of any retirement plan, and otherwise exercise (to the full extent allowed by applicable law) every right and power the original participant could exercise with respect to any retirement plan.

its parents, subsidiaries, or affiliates; provided, however, such shares shall be voted by the adult beneficiaries of the trust in which such shares are held.

10.1.9 Undivided Interests. To hold undivided interests in the same property in any number of trusts created under my Will, with authority to maintain subsidiary accounts for convenience in handling items of income and expenses related to common holdings; and to commingle trust assets in brokerage or other accounts for convenience of management, provided adequate records are maintained to accurately show each trust's interest in commingled assets and in each item of revenue and expenditure related thereto.

10.1.10 Combining Trusts. To combine trusts for any descendant if at any time there are trusts for that descendant under both my Will and BLAINE's last will containing identical dispositive provisions and trustees.

10.1.11 Termination of Small Trust. To terminate any trust created under my Will if the continued management of such trust is no longer economical because of the small size of such trust and such action is in the best interest of its beneficiary. For purposes of this Paragraph, a beneficiary's best interest shall be satisfied if my trustee determines that the predominant reason for terminating the trust is that the cost of management and administration of the trust is excessive in relation to the current income and assets of the trust. If the beneficiary of a trust that is to be terminated under this Paragraph is then under age 18, my trustee shall distribute the assets from the trust to either parent (or legal guardian) of the beneficiary as custodian under the Texas Uniform Transfers to Minors Act. If the beneficiary of a trust that is to be terminated under this Paragraph is age 18 or older, my trustee shall distribute the assets from the trust to such beneficiary.

10.2 Distributions. During administration or upon termination of my estate or any trust created under my Will, my Fiduciary is authorized:

10.2.1 Partial Distributions. To make partial distributions of income or principal to the beneficiaries who would be entitled thereto if administration of my estate had been completed on the date of distribution.

10.2.2 Non-Homogeneous Distributions. To make any division or distribution of principal or income in cash, in-kind, or partly in cash and partly in kind, and to that end my Fiduciary may allot specific securities or other properties, or an undivided interest therein, to any person, share or part, although it may differ in kind from securities or property allotted to any other person, share or part. My Fiduciary shall have the power in partitioning any properties which the estate or trust may own in common with any other person or persons, to exchange interests in real property for interests in personal property, and interests in personal property for interests in real property, and for all purposes referred to in this Paragraph, each of my Fiduciary's actions and valuations shall be conclusive.

10.3 Successor Fiduciaries. Any successor Fiduciary (i) shall be responsible only for the assets delivered by the preceding Fiduciary, (ii) may accept as correct the accounting statements rendered by the predecessor Fiduciary and that the same cover all of the assets of the trust estate, and

(iii) shall have no duty to inquire into the administration by the predecessor Fiduciary. No successor Fiduciary shall be held responsible for any act or omission by a predecessor Fiduciary.

10.4 Elections.

10.4.1 Marital Deduction. My Fiduciary may elect that all property passing to the Marital Trust, or a specific portion of such property, be treated as "qualified terminable interest property" for federal estate tax purposes. My Fiduciary shall be under no obligation to income or remainder beneficiaries to minimize death taxes due by virtue of my death or NANCY's death.

10.4.2 Expenses. My Fiduciary should elect to deduct expenses under section 642(g) of the Code for either estate or income tax purposes as will result in the lowest overall tax cost, unless my Fiduciary finds compelling reason to do otherwise.

10.4.3 Other Elections. I authorize my Fiduciary to make any other elections under the Code as my Fiduciary sees fit.

10.4.4 Relief from Liability. My Fiduciary shall not be liable to my estate, any person interested in my estate, any distributee of my estate, or any beneficiary of any trust created under my Will for any claims, actions, causes, demands, rights, damages, costs, expenses, or taxes on account of or in any way growing out of or relating to elections or allocations made by my Fiduciary under this Paragraph 10.4 or Article 3 provided such elections and allocations were made in good faith and with ordinary care.

10.5 Discretionary Decisions. Any time my Fiduciary is required to make a decision or exercise discretion under my Will, that decision or exercise of discretion shall be made in that Fiduciary's sole and absolute discretion considering my intent as expressed in my Will.

11. DISPUTES

11.1 No Contest. It is my desire and intent that my Will be carried out as it is written. I have carefully thought about and considered each and every provision² of my Will. My Will accurately sets forth how I want my property to pass on my death and who I want to serve as my Fiduciaries. I do not want my children or descendants to attempt to change, alter, or interfere with my directions, desire, or intent that I have set forth in my Will, and I do not want them to interfere with the administration of my estate. Accordingly, if any Contesting Party (as defined below) commences or joins, directly or indirectly, in the prosecution of a Proceeding (as defined below), then, notwithstanding any provision I have made for the Contesting Party (or any descendant of the Contesting Party), (i) each Contesting Party (and all the descendants of the Contesting Party) shall forfeit any and all right, title, or interest in or to my estate, legal or equitable, and my estate shall be

²For purposes of my Will, the term "provision" shall be broadly construed to include without limitation all articles, sections, paragraphs, sentences, phrases, words, and parts thereof in my Will.

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distributed under my Will in the same manner as would have occurred had the Contesting Party (and all the descendants of the Contesting Party) predeceased me, and (ii) each Contesting Party (and all the descendants of the Contesting Party) are disinherited by me for all purposes, including, without limitation, for purposes of the laws of intestate succession, and neither the Contesting Party nor the descendants of the Contesting Party shall be entitled to any share of my estate under my Will or under the laws of intestate succession. Each benefit conferred by my Will is made on the condition precedent that the beneficiary will accept and agree to each and every provision of my Will, and the provisions of this paragraph 11.1 are an essential part of such benefit. For purposes of my Will, the term "Contesting Party" means any of my descendants and/or any beneficiary under my Will who commences or joins, directly or indirectly, in the prosecution of a Proceeding either (i) on such descendant's and/or beneficiary's own behalf, (ii) by and/or through such descendant's and/or beneficiary's guardian, personal representative, attorney, agent, nominee, or any other representative, or (iii) by an assignee or successor of such descendant and/or beneficiary. For purposes of my Will, the term "Proceeding" means the prosecution of a proceeding in any court (or in any other venue or by any other means) to (i) oppose, delay, attempt to oppose, or attempt to delay the admission of my Will to probate, (ii) have, or attempt to have, my Will set aside or be declared invalid, (iii) have, or attempt to have, any provision of my Will set aside, interpreted, construed, modified, or held invalid, (iv) compel, or attempt to compel, my Fiduciary to make distributions from my estate or any trust when my Fiduciary has determined that it is either not convenient to the administration of my estate, in the best interest of my estate to make such distributions, or proper under the terms of the trust, (v) oppose, or attempt to oppose, the appointment of any Fiduciary, (vi) remove, or attempt to remove, any Fiduciary (unless such Fiduciary has committed an act of bad faith, wilful misconduct, or fraud), and/or (vii) hinder, interfere with, or delay the administration of my estate or any trust created under my Will. For purposes of my Will, "prosecution of a proceeding" will be deemed to occur at the earlier of (i) the Contesting Party threatening (directly or through implication) to file any type of petition in any court or in any other venue to commence a Proceeding, or (ii) the filing of any type of petition in any court or in any other venue to commence a Proceeding. In case any provision in this paragraph 11.1 is for any reason held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall: (i) not affect any other provision of this paragraph 11.1 or my Will; (ii) be construed as if such invalid, illegal or unenforceable provision had never been a part of my Will; and (iii) be re-written and construed in a manner to make it (A) valid, legal and enforceable, and (B) accomplish, to the fullest extent legally possible, my intent as expressed in my Will.

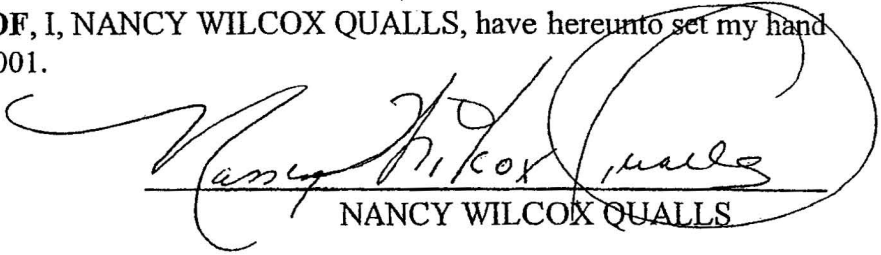
11.2 Arbitration. Without in any way waiving any provision of paragraph 11.2, all Disputes (as defined below) whether arising from the administration of my estate, a trust, or any proceeding shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules. A panel of three arbitrators shall settle the dispute. The arbitration shall be held in El Paso County, Texas. The judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction over the matter. The party or parties prevailing in the arbitration proceeding or in a legal proceeding brought in a court of competent jurisdiction to enforce or preserve the rights awarded pursuant to an arbitration proceeding, including all appeals, shall be entitled to recover from the other party or parties all costs and expenses incurred by the prevailing party or parties with respect to all of the proceedings, including reasonable attorneys' fees; provided, however, any and all costs and expenses of a Fiduciary incurred as a result of a Dispute shall be paid from the contesting party's share of my estate or the trust that is the subject

of such Dispute, as the case may be, unless the Fiduciary is found liable for bad faith or gross misconduct. The term "Dispute" means any dispute, controversy, claim, proceeding, conflict, disagreement, action, cause, demand, right, damage, or expense arising (directly or indirectly) from or relating (directly or indirectly) to (i) the formation, operation, control, administration (including the appointment or removal of Trustees or Executors), management, investment, distribution, or termination of my estate or any trust created under or incorporated into this Will, (ii) my Will (including any dispute, controversy, claim, conflict, disagreement, action, cause, demand, right, damage, or expense relating to the offer to enter into, negotiation, acceptance, execution, capacity to execute, delivery, performance, enforcement, interpretation, construction, termination, breach, compliance with, or validity or invalidity of my Will), or (iii) any Proceeding. Each benefit conferred by my Will is made on the condition precedent that the beneficiary will accept and agree to each and every provision of my Will, and the provisions of this paragraph 11.2 are an essential part of such benefit.

12. INDEPENDENT ADMINISTRATION

I direct that no action be had in the county court or any probate court in the administration and settlement of my estate other than to prove and record my Will and to return an inventory and appraisal of my estate and list of claims, it being my intention that my estate be administered free of control of probate court.

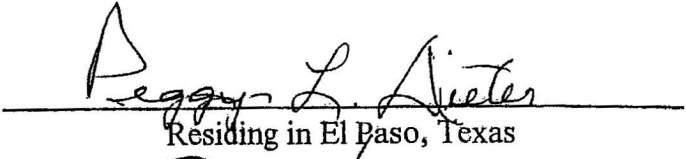
IN WITNESS WHEREOF, I, NANCY WILCOX QUALLS, have hereunto set my hand at El Paso, Texas, on August 8, 2001.



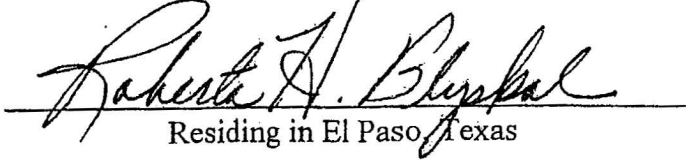
 NANCY WILCOX QUALLS

THE STATE OF TEXAS)
)
 COUNTY OF EL PASO)

The Last Will and Testament of NANCY WILCOX QUALLS, consisting of thirteen pages, was at the date hereof signed, published and declared by the said NANCY WILCOX QUALLS to be her Last Will and Testament, in the presence of us, and each of us, the attesting witnesses, who, at her request, and in her presence, and in the presence of each other, have hereunto subscribed our names as such attesting witnesses, at El Paso, Texas, on August 8, 2001.



 Residing in El Paso, Texas



 Residing in El Paso, Texas

2008 0552 0928

POOR QUALITY COPY
BEST AVAILABLE FILM

Nancy Wilcox Elliott

leave all

my worldly possessions
to my son Fred
James

took Nancy Wilcox Elliott

Jan 14

~~Nancy Wilcox Elliott~~

Ex B

POOR QUALITY COPY
BEST AVAILABLE FILM

with your Dr. White
Joseph ^{with you} ~~White~~ in Eq 90k
Lynn & Lisa
for me

2008 0552 0930

SPECIAL POWER OF ATTORNEY

THE STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF EL PASO §

2008 0552 0931

THAT I, Christopher Wadlis, do hereby appoint Catherine Atkin, as Attorney-in-Fact, to act in my name, place and stead and on my behalf to do and execute the following acts or things which I could do if personally present, and none other:

1. To participate in the mediation of the settlement of the estate of NANCY WILCOX QUALLS on my behalf, including determination of the validity of any testamentary instrument offered by any party and resolve and settle any outstanding issue or matter related to such estate; and
2. To negotiate, settle and compromise the amount of my share of such estate, if any; and
3. To take any other actions as may be necessary for the efficient accomplishment of the foregoing matter.

Revocation of Prior Powers of Attorney. The authority given in this power of attorney is limited and supersedes the authority of any agent under a prior power of attorney with regard to the action described above only, but does not revoke any other power of attorney with regard to any other of my personal matters that I may have in place now or in the future. I hereby ratify and confirm all acts and things which may be done hereunder by my said Attorney-in-Fact, and expressly stipulate with every person who may deal with him/her that this power of attorney may be revoked by me only by an instrument of writing filed for record in the Deed Records of El Paso County, Texas, and until so revoked, said power of attorney may be relied upon by all persons dealing or desiring to deal with my said Attorney-in-Fact with respect to the matter referenced in Paragraphs 1 and 2 above.

Durable Power of Attorney. This power of attorney shall not terminate on the physical or mental disability of the principal.

Bond and Fees. My Attorney-in-Fact shall not be obligated to furnish bond or other security. My Attorney-in-Fact shall not be entitled to compensation for services rendered.

Limitation on Power. Any authority granted to my Attorney-in-Fact herein shall be limited so as to prevent this power of attorney from causing my Attorney-in-Fact to be taxed on my income.

Ex. C

SPECIAL POWER OF ATTORNEY

THE STATE OF TEXAS
COUNTY OF EL PASO

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

THAT I, Mary Victoria Wallis do hereby appoint Catherine Atkin,
as Attorney-in-Fact, to act in my name, place and stead and on my behalf to do and execute the
following acts or things which I could do if personally present, and none other:

1. To participate in the mediation of the settlement of the estate of NANCY WILCOX QUALLS on my behalf, including determination of the validity of any testamentary instrument offered by any party and resolve and settle any outstanding issue or matter related to such estate; and
2. To negotiate, settle and compromise the amount of my share of such estate, if any; and
3. To take any other actions as may be necessary for the efficient accomplishment of the foregoing matter.

Revocation of Prior Powers of Attorney. The authority given in this power of attorney is limited and supersedes the authority of any agent under a prior power of attorney with regard to the action described above only, but does not revoke any other power of attorney with regard to any other of my personal matters that I may have in place now or in the future. I hereby ratify and confirm all acts and things which may be done hereunder by my said Attorney-in-Fact, and expressly stipulate with every person who may deal with him/her that this power of attorney may be revoked by me only by an instrument of writing filed for record in the Deed Records of El Paso County, Texas, and until so revoked, said power of attorney may be relied upon by all persons dealing or desiring to deal with my said Attorney-in-Fact with respect to the matter referenced in Paragraphs 1 and 2 above.

Durable Power of Attorney. This power of attorney shall not terminate on the physical or mental disability of the principal.

Bond and Fees. My Attorney-in-Fact shall not be obligated to furnish bond or other security. My Attorney-in-Fact shall not be entitled to compensation for services rendered.

Limitation on Power. Any authority granted to my Attorney-in-Fact herein shall be limited so as to prevent this power of attorney from causing my Attorney-in-Fact to be taxed on my income.

2008 0552 0933

Tracking Number:

Remove X

7017338000028920888

Copy

Add to Informed Delivery (<https://informedelivery.usps.com/>)

Latest Update

Your item was picked up at the post office at 10:19 am on April 18, 2024 in FARMINGTON, NM 87401.

Get More Out of USPS Tracking:

USPS Tracking Plus[®]

Delivered

Delivered, Individual Picked Up at Post Office

FARMINGTON, NM 87401

April 18, 2024, 10:19 am

Reminder to pick up your item before April 23, 2024

AZTEC, NM 87410

April 14, 2024

Available for Pickup

FARMINGTON

2301 E 20TH ST

FARMINGTON NM 87401-9998

M-F 0800-1630; SAT 1000-1300

April 9, 2024, 5:28 am

Arrived at Post Office

FARMINGTON, NM 87401

April 9, 2024, 5:28 am

In Transit to Next Facility

April 8, 2024

Feedback

● **Departed USPS Facility**

ALBUQUERQUE, NM 87101
March 28, 2024, 8:56 pm

● **Arrived at USPS Facility**

ALBUQUERQUE, NM 87101
March 28, 2024, 8:48 pm

● **Hide Tracking History**

[What Do USPS Tracking Statuses Mean?](https://faq.usps.com/s/article/Where-is-my-package) (https://faq.usps.com/s/article/Where-is-my-package)

Text & Email Updates



USPS Tracking Plus®



Product Information



See Less ^

Track Another Package

Enter tracking or barcode numbers

Need More Help?

Contact USPS Tracking support for further assistance.

FAQs

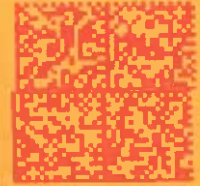
New Mexico EMNRD
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Exhibit 8

CERTIFIED MAIL



7019 1640 0000 7986 5759



quadiant
FIRST-CLASS
(MI)
\$009.6
04/04/2024
043M31216

LN / 4/6
1270

William Kent Elliott
728 Brisa Del Mar Drive
El Paso, TX 79912

NIXIE 731 DE 1 0005/11/24

RETURN TO SENDER
UNCLAIMED
UNABLE TO FORWARD

BC: 87505422599 2266N132175-00001

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

William Kent Elliott
728 Brisa Del Mar Drive
El Paso, TX 79912



9590 9402 5535 9249 2412 16

2. Article Number (Transfer from service label)

7019 1640 0000 7986 5759

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? Yes
If YES, enter delivery address below: No

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery
- Insured Mail
- Insured Mail Restricted Delivery (over \$500)
- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Return Receipt for Merchandise
- Signature Confirmation™
- Signature Confirmation Restricted Delivery

Tracking Number:

Remove X

7019164000079865759

Copy

Add to Informed Delivery (<https://informedelivery.usps.com/>)

Latest Update

Your item could not be delivered on April 25, 2024 at 12:36 pm in EL PASO, TX 79912. It was held for the required number of days and is being returned to the sender.

Get More Out of USPS Tracking:**USPS Tracking Plus[®]**

Alert

Unclaimed/Being Returned to Sender

EL PASO, TX 79912
April 25, 2024, 12:36 pm

Reminder to Schedule Redelivery of your item

April 11, 2024

Notice Left (No Authorized Recipient Available)

EL PASO, TX 79912
April 6, 2024, 11:26 am

Arrived at USPS Regional Facility

EL PASO TX DISTRIBUTION CENTER
April 5, 2024, 5:36 pm

Departed USPS Facility

ALBUQUERQUE, NM 87101
April 4, 2024, 9:22 pm

Arrived at USPS Facility

ALBUQUERQUE, NM 87101

Feedback

April 4, 2024, 8:53 pm

● Hide Tracking History

[What Do USPS Tracking Statuses Mean?](https://faq.usps.com/s/article/Where-is-my-package) (https://faq.usps.com/s/article/Where-is-my-package)

Text & Email Updates



USPS Tracking Plus®



Product Information



See Less ^

Track Another Package

Enter tracking or barcode numbers

Need More Help?

Contact USPS Tracking support for further assistance.

FAQs

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

IN RE NANCY WILCOX E. QUALLS.

CASE NO. 24512

OIL CONSERVATION DIVISION'S
DOCKETING NOTICE

The New Mexico Oil Conservation Division (“OCD”), pursuant to 19.15.5.10(E)(2)(a) NMAC, gives notice that it has docketed the Notice of Violation (“NOV”) attached as *Exhibit A*, and states the following in support thereof:

1. On March 27, 2024, OCD issued the NOV to Nancy Wilcox E. Qualls, OGRID #15501.
2. The NOV was mailed via USPS certified mail, return receipt requested, on April 4, 2024 to the last known address of the executor for the estate of Nancy Wilcox E. Qualls, the party responsible for the subject wells. Likewise, a copy of the NOV was served on the prior operator of record, Dugan Production Corp., OGRID #6515, in an abundance of caution to ensure service. Service upon the Wilcox E. Qualls executor was attempted multiple times through April 21, 2024. USPS was unable to deliver the NOV. As of May 7, 2024, the certified mailing was returned to the Oil Conservation Division.
3. The NOV identified the factual basis for the alleged violations, the compliance actions required to remedy the alleged violations, and the proposed sanctions.
4. The NOV stated that if Nancy Wilcox E. Qualls did not informally resolve the NOV within 30 days of receipt of service, then OCD would hold a hearing on June 13, 2024.
5. The period for informal resolution has elapsed without response from operator.

WHEREFORE, OCD requests that the NOV be docketed for hearing on June 13, 2023.

Respectfully submitted,

Christopher
Moander

Digitally signed by Christopher
Moander
Date: 2024.05.07 10:07:18 -06'00'

Christopher Moander, Assistant General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Tel (505) 709-5687
Chris.Moander@emnrd.nm.gov

CERTIFICATE OF SERVICE

I certify that on May 7, 2024 this pleading was served by electronic mail and/or USPS as follows:

Electronic Mail Service

Staci E. Brooks
Production Accounting Supervisor
Nancy Wilcox E. Qualls
P.O. Box 420
Farmington, NM 87410
stacibrooks@duganproduction.com

USPS Service

William Kent Elliot
Executor, Nancy Wilcox E. Qualls Estate
728 Brisa Del Mar Drive
El Paso, TX 79912

Christopher Moander

Digitally signed by Christopher
Moander
Date: 2024.05.07 10:07:52 -06'00'

Christopher Moander

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Dylan M. Fuge
Deputy Secretary

Dylan Fuge, Division Director (Acting)
Oil Conservation Division



**BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED
AND ELECTRONIC MAIL**

March 27, 2024

Staci E. Brooks
Production Accounting Supervisor
Nancy Wilcox E. Qualls
P.O. Box 420
Farmington, NM 87410
stacibrooks@duganproduction.com

AMENDED NOTICE OF VIOLATION

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC. A process is available to informally discuss and resolve the NOV. OCD will not request a hearing on the NOV until the end of this process, which runs for 30 days from the date of your receipt of this letter. OCD will extend this process if it would facilitate informal resolution of the NOV. To initiate this process, contact the OCD employee identified at the end of this letter.

(1) *Alleged Violator:* Nancy Wilcox E. Qualls, OGRID #15501 (“Operator”).

(2) *Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

19.15.5.9(A) NMAC:

An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator...

(4) has no more than the following number of wells out of compliance with 19.15.25.8 NMAC that are not subject to an agreed compliance or final order setting a schedule for bringing the wells into compliance with 19.15.25.8 NMAC and imposing sanctions if the schedule is not met:

- (a) two wells or fifty percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less;*
- (b) five wells if the operator operates between 101 and 500 wells;*

- (c) *seven wells if the operator operates between 501 and 1000 wells; and*
- (d) *10 wells if the operator operates more than 1000 wells.*

Operator is the registered operator of four (4) wells. All 4 wells identified in Exhibit A are out of compliance with 19.15.25.8 NMAC and are not subject to an agreed compliance or final order.

19.15.8.9 NMAC:

D. Inactive wells. *An operator shall provide financial assurance for wells that are covered by Subsection A of 19.15.8.9 NMAC that have been in temporarily abandoned status for more than two years or for which the operator is seeking approved temporary abandonment pursuant to 19.15.25.13 NMAC in one of the following categories:*

(1) *a one well financial assurance in the amount of \$25,000 plus \$2 per foot of the projected depth of a proposed well or the depth of an existing well; the depth of a well is the true vertical depth for vertical and horizontal wells and the measured depth for deviated and directional wells; or*

(2) *a blanket plugging financial assurance covering all wells of the operator subject to Subsection D of 19.15.8.9 NMAC:*

- (a) *\$150,000 for one to five wells;*
- (b) *\$300,000 for six to 10 wells;*
- (c) *\$500,000 for 11 to 25 wells; and*
- (d) *\$1,000,000 for more than 25 wells.*

Operator is currently the registered operator of four (4) wells that are inactive and for which there is insufficient financial assurance as identified in Exhibit B.

19.15.7.24 NMAC:

A. *An operator shall file a form C-115 for each non-plugged well completion for which the division has approved a form C-104 and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state, setting forth complete information and data indicated on the forms in the order, format and style the director prescribes. The operator shall estimate oil production from wells producing into common storage as accurately as possible on the basis of periodic tests.*

B. *An operator shall file the reports 19.15.7.24 NMAC requires using the division's web-based online application on or before the 15th day of the second month following the month of production, or if such day falls on a weekend or holiday, the first workday following the 15th. An operator may apply to the division for exemption from the electronic filing requirement based upon a demonstration that such requirement would operate as an economic or other hardship.*

Operator is the registered operator of four (4) wells. Operator has not submitted the required C-115 for any well since at least 2015.

(3) *Compliance*: No later than thirty (30) days after receipt of this NOV, Operator shall (a) submit production reports for the wells identified in Exhibit A; (b) plug and abandon at least four (4) wells listed in Exhibit A; and (c) provide inactive well blanket plugging financial assurance of \$150,000 or increase each well's financial assurance to \$25,000 plus \$2 per foot of true depth as specified in Rule NMAC 19.15.5.8C and indicated in Exhibit B.

(4) *Sanction(s)*: OCD may impose one or more of the following sanctions:

- civil penalty
- modification, suspension, cancellation, or termination of a permit or authorization
- plugging and abandonment of a well
- remediation and restoration of a well location and associated facilities, including the removal of surface and subsurface equipment and other materials
- remediation and restoration of a location affected by a spill or release
- forfeiture of financial assurance
- shutting in a well or wells
- any other remedy authorized by law

For the alleged violations described above, OCD proposes the following sanctions:

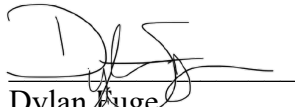
- (a) Plug and Abandon Wells: OCD will request an order requiring Operator to plug and abandon 4 (4) wells listed in Exhibit A, and alternatively, an order authorizing OCD to plug and abandon those wells.
- (b) Financial Assurance: OCD will request an order requiring Operator to provide an inactive well blanket plugging financial assurance of \$150,000 or additional one well financial assurance in the specified amounts in Exhibit B, and alternatively, an order forfeiting financial assurance.
- (c) Termination of Authorization to Transport: OCD will request an order terminating Operator's authority to transport from all wells.
- (d) Civil Penalties: OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort to comply with the applicable requirements. Copies of the civil penalty calculations are attached as Exhibit C.

Civil Penalty: 19.15.5.9(A)(4)(a) NMAC:	\$ 5,400.00
19.15.8.9 NMAC:	\$ 1,500.00
19.15.7.24 NMAC	\$ 21,600.00

(5) *Hearing*: If this NOV cannot be resolved informally, OCD will hold a hearing on June 13, 2024. Please see 19.15.5.10 NMAC for more information regarding the hearing. Even if OCD schedules a hearing, you can request an informal resolution at any time.

For more information regarding this NOV, contact Rob Jackson, at (505) 660-2501 or rob.jackson@emnrd.nm.gov.

Regards,


Dylan Ruge
Director (Acting)

3/27/24

Date

cc: Office of Legal Counsel, EMNRD

Well List

15501 NANCY WILCOX E QUALLS

Total Well Count:4

Printed On:Monday, March 25, 2024

Property	Well Name	Lease Type	Well Status	ULSTR	OCU UL	API	Well Type	Last Prod/Inj	Pool	Well Completion Status	Oil POD	Gas POD	In Add. Bond
9439	C P STATE #001	S	Active	8-02-24N-06W	H	30-039-05667	G	7/2013	71439	BALLARD PICTURED CLIFFS (GAS)	Active	2186730	8/1/2015
	C P STATE #002	S	Active	K-36-24N-06W	K	30-039-05236	G	4/2014	71439	BALLARD PICTURED CLIFFS (GAS)	Active	2187030	5/1/2016
	C P STATE #003	S	Active	H-36-24N-06W	H	30-039-05252	G	7/2014	71439	BALLARD PICTURED CLIFFS (GAS)	Active	2186930	8/1/2016
	C P STATE #004	S	Active	P-02-24N-06W	P	30-039-05634	G	10/2014	71439	BALLARD PICTURED CLIFFS (GAS)	Active	2186830	11/1/2016

Exhibit A

Inactive Well Additional Financial Assurance Report

15501 NANCY WILCOX E QUALLS

Total State & Fee Wells: 4

Printed On: Monday, March 25 2024

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Bonding Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
9439	C P STATE #001	S	8-02-24N-06W	H	30-039-05667	G	07/2013	08/2015	2525	30,050	Y		5,000	Y
	C P STATE #002	S	K-36-24N-06W	K	30-039-05236	G	04/2014	05/2016	2350	29,700	Y		5,000	Y
	C P STATE #003	S	H-36-24N-06W	H	30-039-05252	G	07/2014	08/2016	2360	29,720	Y		5,000	Y
	C P STATE #004	S	P-02-24N-06W	P	30-039-05634	G	10/2014	11/2016	2341	29,682	Y		5,000	Y

WHERE Ogrid:15501

Exhibit 11

From: [Griego, Sara, EMNRD](#)
To: stacibrooks@duganproduction.com
Cc: [Moander, Chris, EMNRD](#); [Apodaca, Sheila, EMNRD](#)
Subject: Wilcox NOV.
Date: Wednesday, March 27, 2024 10:25:52 AM
Attachments: [Amended NOV - Nancy Wilcox Qualls 3.27.24.pdf](#)
[image001.png](#)
[OCD Permitting - Well List 3.25.24.pdf](#)
[Inactive Well List - OCD Permitting 3.25.24.pdf](#)
[Exhibit C - Civil Penalty Calculator.pdf](#)
[Inactive Well Additional Financial Assurance Report 3.25.24.pdf](#)

Good morning,

Please see attached. I have also sent this via certified mail, tracking # 70173380000289200888.

Thank you,

Sara Griego
Office of General Counsel
Energy, Minerals and Natural Resources Dept
505.470.5508

