

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

2004 AUG 27 AM 10 02

CASE NO. 13337: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING CARBON ENERGY INC. AND CARBON ENERGY TO BRING WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC, AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND ORDERING A FORFEITURE OF THE APPLICABLE FINANCIAL ASSURANCES; LEA COUNTY, NEW MEXICO.

PRE-HEARING STATEMENT

This entry of appearance and pre-hearing statement is submitted by the applicant, the Oil Conservation Division.

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

OPPONENTS

Carbon Energy Inc.
Carbon Energy
Hartford Accident & Indemnity
First Interstate Bank of Lea County

OPPONENTS' ATTORNEY

No appearance has been entered.
No appearance has been entered.
No appearance has been entered.
No appearance has been entered.

APPLICANT'S STATEMENT OF THE CASE

The Applicant seeks an order pursuant to NMSA 1978, Section 70-2-14(B) and OCD Rule 101(M):

- 1) requiring the operator to bring two wells into compliance with OCD Rule 201 within 30 days by plugging the wells, placing the wells on temporary abandonment status, or returning the wells to beneficial use,
- 2) authorizing the OCD to plug the wells and forfeit the applicable financial assurances if the operator fails to comply, and
- 3) assessing a civil penalty against the operator if the operator fails to comply with the order.

The Applicant is proceeding against Carbon Energy Inc., and Carbon Energy. OCD records identify "Carbon Energy Inc." as the operator for both wells. The name on filings for the "Shell State #1" well, and on the single well cash bond posted for that well, however, is "Carbon Energy," identified as a partnership.

APPLICANT'S WITNESSES

1. Dorothy Phillips
2. Chris Williams
3. Jane Prouty (by affidavit)

APPROXIMATE TIME FOR PRESENTING APPLICANT'S CASE: 30 MINUTES

WJD
8/27/04