

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING ADVANCED EXPLORATION INC. TO BRING ONE WELL INTO COMPLIANCE WITH 19.15.4.201 NMAC AND IN THE EVENT OF NONCOMPLIANCE, ASSESSING AN APPROPRIATE CIVIL PENALTY, AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF THE APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO.

CASE NO. 13413

CERTIFICATE OF NOTICE

In accordance with Division Rule 1207 (19.15.14.1207 NMAC) I hereby certify that notice of the February 17, 2005 hearing setting in the above-captioned case, with a copy of the application, was mailed to the following by certified mail, return receipt requested, at least 20 days prior to that hearing date:

Advanced Exploration, Inc.
P.O. Box 5509
Hobbs, NM 88241

Lucky Services, Inc.
P.O. Box 610
Hobbs, NM 88241

Joe D. Peterson
Agent for Advanced Exploration, Inc.
1708 N. El Paso, Unit C
Hobbs, NM 88240

Lucky Services, Inc.
6210 Lovington Hwy.
Hobbs, NM 88240

Rudolph A. Woerndle, P.C.
Attorney for Advanced Exploration, Inc.
710 N. Colorado, Suite 115
Midland, Texas 79701

A copy of the notice is "Attachment A" to this certificate. Copies of the certified mail return receipts are "Attachment B" to this certificate. The notice to "Advanced Exploration Inc." at P.O. Box 5509, and the notice to Joe D. Peterson were returned. Copies of the returned envelopes are "Attachment C" to this certificate. By fax dated January 26, 2005, the Oil Conservation Division requested publication of notice of the hearing in the Lovington Daily Leader. A copy of that request is "Attachment D" to this certificate. As of the date of this certificate, the Oil Conservation Division has not received an affidavit of publication from the Lovington Daily Leader.


Gail MacQuesten

SUBSCRIBED AND SWORN to before me this 16th day of February, 2005.


Notary Public

My Commission Expires:

1-9-08

Before the OCD
Case 13413
OCD Ex. 1



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

January 24, 2005

Attachment A

Advanced Exploration, Inc.
P.O. Box 5509
Hobbs, NM 88241
Certified Mail: 7099 3220 0009 7873 1520

Joe D. Peterson
Agent for Advanced Exploration, Inc.
1708 N. El Paso, Unit C
Hobbs, NM 88240
Certified Mail: 7099 3220 0009 7873 1537

Rudolph A. Woerndle, P.C.
Attorney for Advanced Exploration, Inc.
710 N. Colorado, Suite 115
Midland, Texas 79701
Certified Mail: 7099 3220 0009 7873 1544

Lucky Services, Inc.
P.O. Box 610
Hobbs, NM 88241
Certified Mail: 7002 3150 0004 4924 2391

Lucky Services, Inc.
6210 Lovington Hwy.
Hobbs, NM 88240
Certified Mail: 7002 3150 0004 4924 2407

CASE NO. 13413: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING ADVANCED EXPLORATION INC. TO BRING ONE WELL INTO COMPLIANCE WITH 19.15.4.201 NMAC AND IN THE EVENT OF NONCOMPLIANCE, ASSESSING AN APPROPRIATE CIVIL PENALTY, AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF THE APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO.

Ladies and Gentlemen:

You are hereby notified that the New Mexico Oil Conservation Division has filed the above-captioned Application seeking an order requiring Advanced Exploration, Inc. to bring the following well into compliance with Division rules by plugging and abandoning the well, securing temporary abandonment status for the well, or returning the well to a Division-approved beneficial use: War Deck #001, API 30-025-30626, Unit Letter B, Section 33, Township 21S, Range 35E in Lea County,

New Mexico. If Advanced Exploration, Inc. does not bring the well into compliance, the Oil Conservation Division requests imposition of a penalty, authority to plug and abandon the well and forfeit the applicable financial assurance. A copy of the application is enclosed.

A hearing on this application will take place before a Division hearing officer on Thursday, February 17, 2005 at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing you will have an opportunity to show cause why an order should not be entered as requested in the Application. If you intend to present evidence at the hearing, you should file a pre-hearing statement at least four days in advance of the hearing, as required by 19.15.14.1208.B NMAC.

According to the records of the Oil Conservation Division, "Advanced Exploration, Inc." is the operator of the War Deck #001. Advanced Exploration, Inc. posted a \$5,000 single well cash bond and assignment of cash collateral deposit in account number 65280 in the First Interstate Bank of Lea County to secure its obligation to plug and abandon the wells identified above in compliance with Division rules. That security will be forfeited if an order is entered as requested in the attached application and the well is not brought into compliance with Division rules by the date set by the order.

According to correspondence from Rudolph A. Woerndle, attorney for Advanced Exploration, Inc., Lucky Services, Inc. acquired title to this well and its appurtenant oil and gas lease as the result of a levy in case No. CV-98-128-C. The Oil Conservation Division's records do not list Lucky Services, Inc. as an oil and gas operator.

Inquiries concerning this application may be directed to the undersigned in the Santa Fe office of the Division at (505) 476-3451.

Very truly yours,



Gail MacQuesten

Assistant General Counsel

Ec: Chris Williams and Billy Prichard, District I

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING
ADVANCED EXPLORATION INC. TO BRING ONE WELL INTO
COMPLIANCE WITH 19.15.4.201 NMAC AND IN THE EVENT OF
NONCOMPLIANCE, ASSESSING AN APPROPRIATE CIVIL PENALTY,
AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A
FORFEITURE OF THE APPLICABLE PLUGGING BOND; LEA COUNTY,
NEW MEXICO.**

CASE NO. 13413

APPLICATION FOR COMPLIANCE ORDER

1. The records of the Oil Conservation Division ("Division") identify Advanced Exploration Inc. as the operator of record ("Operator") under OGRID 36979 for the War Deck #001, API 30-025-30626, Unit Letter B, Section 33, Township 24, Range 35E in Lea County, New Mexico (the "subject well").

2. The records of the Division indicate that the Operator's obligation to plug and abandon the subject well in compliance with the rules of the Division is secured with a \$5,000 single well cash bond and assignment of cash collateral deposit in account number 65280 in the First Interstate Bank of Lea County.

3. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.

2005 JUN 12 12:11 PM

4. The subject well have been inactive for a continuous period exceeding one year plus 90 days, and has neither been plugged and abandoned pursuant to 19.15.4.202 NMAC nor temporarily abandoned pursuant to 19.15.4.203 NMAC.

5. Division rule 19.15.101(M) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC by a date certain, and to direct the Division to forfeit the bond and cause such well to be plugged in accordance with a Division-approved plugging program if, after the time provided in such order, the operator has failed to plug the well.

WHEREFORE, the Supervisor of District I of the Division hereby applies to the Director to enter an order:

- A. Determining that the subject well is not in compliance with 19.15.4.201 NMAC;
- B. Requiring Advanced Exploration Inc. to bring the subject well into compliance with 19.15.4.201 NMAC within a date certain by plugging and abandoning the well in accordance with 19.15.4.202 NMAC, securing temporary abandonment status for the well in accordance with 19.15.4.203 NMAC, or returning the well to a Division-approved beneficial use; and
- C. Further, if the subject well is not brought into compliance with 19.15.4.201 NMAC by the date set by the order:
 - (1) Assessing a penalty of not less than \$1000 against Advanced Exploration Inc.;

(2) Authorizing the Division to plug the subject well in accordance with a Division-approved plugging program;

(3) Authorizing the Division to declare forfeit the applicable security; and

D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 12th day of January 2005 by



Gail MacQuesten
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for The New Mexico Oil
Conservation Division

Case No. _____. Application of the New Mexico Oil Conservation Division for a Compliance Order Against Advanced Exploration Inc. The Applicant seeks an order requiring Advanced Exploration Inc. to bring one well into compliance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, assessing a civil penalty, authorizing the Division to plug said well and forfeit the applicable plugging security, and for such other relief as the Director deems appropriate. The affected well is the War Deck #001, API 30-025-30626, Unit Letter B, Section 33, Township 21S, Range 35E located approximately 10 miles west of Eunice in Lea County, New Mexico.

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ 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. 		A. Signature X <i>Rita Spencer</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: Lucky Services, Inc. 6210 Lovington Hwy. Hobbs, New Mexico 88240		B. Received by (Printed Name) <i>Rita Spencer</i> C. Date of Delivery <i>1-27-05</i>	
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) 7002 3150 0004 4924 2407			
PS Form 3811, August 2001		Domestic Return Receipt	
		102595-02-M-1540	

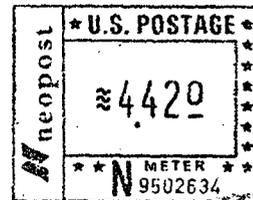
SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
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1. Article Addressed to: Rudolph A. Woerndlie, P.C. Attorney for Advanced Exploration, Inc. 710 N. Colorado, Suite 115 Midland, Texas 79701		B. Received by (Printed Name) <i>Rudolph A. Woerndlie</i> C. Date of Delivery <i>1-1-05</i>	
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) 7099 3220 0009 7873 1544			
PS Form 3811, August 2001		Domestic Return Receipt	
		102595-02-M-1540	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ 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. 		A. Signature X <i>Rita Spencer</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to: Lucky Services, Inc. P. O. Box 610 Hobbs, New Mexico 88241		B. Received by (Printed Name) <i>Rita Spencer</i> C. Date of Delivery	
		D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No	
		3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
		4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
2. Article Number (Transfer from service label) 7002 3150 0004 4924 2391			
PS Form 3811, August 2001		Domestic Return Receipt	
		102595-02-M-1540	

Attachment B

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MEXICO 87505

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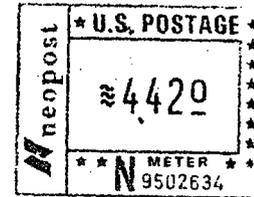
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NAME _____
1st Notice _____
2nd Notice _____
Return _____

Advanced Exploration, Inc.
P.O. Box 5509
Hobbs, NM 88241

0009 7873 1520

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RALS AND
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Joe D. Peterson
Agent for Advanced Exploration, Inc.
1708 N. El Paso, Unit C
Hobbs, NM 88240

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Attachment C

FOR:

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE	M#	DP
JAN-26	11:06 AM	915053965775	1'41"	3	SEND	OK	947	

TOTAL : 1M 41S PAGES: 3

TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISON
1220 S. Saint Francis Drive
Santa Fe, NM 87505
(505) 476-3483 (office)
(505) 476-3462 (fax)

PLEASE DELIVER THIS FAX TO:

To: *Lovington Daily Leader*
Attn: *Debbie, Legal Department*
(505) 396-5775

From: *Sally Martinez - (505) 476-3483*

Subject: *Notice of Publication*

Date: 1-26-05

Pages: 3

TRANSMITTAL COVER SHEET

OIL CONSERVATION DIVISION

1220 S. Saint Francis Drive

Santa Fe, NM 87505

(505) 476-3483 (office)

(505) 476-3462 (fax)

PLEASE DELIVER THIS FAX TO:

**To: Lovington Daily Leader
Attn: Debbie, Legal Department
(505) 396-5775**

From: Sally Martinez – (505) 476-3483

Subject: Notice of Publication

Date: 1-26-05

Pages: 3

Please verify that you have received this fax. Thank you.



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

January 26, 2005

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

Lovington Daily Leader
Post Office Drawer 1717
Lovington, New Mexico 88260
Attention: Legal Department

**Re: Notice of Publication
Case No. 13413**

Dear Sir/Madam:

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

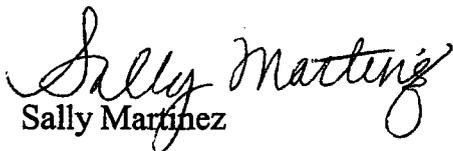
Immediately upon completion of publication, please send the following to this office:

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

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

Please publish the notice as soon as possible but, no later than February 4, 2005.

Sincerely,


Sally Martinez

Attachment

NOTICE OF HEARING

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on **February 17, 2005**, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by **February 7, 2005**. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:

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

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

CASE 13413: *Application of the New Mexico Oil Conservation Division for a Compliance Order Against Advanced Exploration Inc.* The Applicant seeks an order requiring Advanced Exploration Inc. to bring one well into compliance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, assessing a civil penalty, authorizing the Division to plug said well and forfeit the applicable plugging security, and for such other relief as the Director deems appropriate. The affected well is the War Deck #001, API 30-025-30626, Unit Letter B, Section 33, Township 21S, Range 35E located approximately 10 miles west of Eunice in Lea County, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 26th day of January, 2005.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


Mark E. Fesmire, P. E.
Division Director

S E A L