

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, BY AND THROUGH ITS ATTORNEY FOR A COMPLIANCE ORDER AGAINST LARRY MARKER DBA MARKER OIL, DIRECTORS, AND OFFICERS, JOINTLY AND SEVERALLY, FINDING THAT THE OPERATOR IS IN VIOLATION OF N.M.S.A. §70-2-14 AND OCD RULES 19.15.8.9 AND 19.15.7.24 NMAC, REQUIRING SANCTIONS AS PROVIDED BY OCD RULE 19.15.5.10 UNTIL COMPLIANCE WITH ALL DIVISION RULES IS ACHIEVED BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE, TO ASSESS ADDITIONAL SANCTIONS.

CASE NO.15254.

PRE-HEARING STATEMENT

Applicant Oil Conservation Division ("OCD") is seeking an order declaring:

1. Larry Marker DBA Marker Oil Operating Inc., ("Marker Oil" or "Operator") OGIRD No. 290537, is out of compliance with N.M.S.A. §70-2-14 and Oil Conservation Division ("OCD" or "Division") Rule 19.15.8.9 NMAC.
2. The following wells operated by Marker Oil require financial assurance to be furnished by Operator to the OCD:
 - Casa State #001, API No. 30-025-27944
 - Casa State #002, API No. 30-025-28115
 - Joannie #001, API No. 30-025-21947
 - Joannie #003, API No. 30-025-24718
 - Joannie #004, API No. 30-025-24548
 - Kersey State #001, API No. 30-015-05178
 - Kersey State #003, API No. 30-015-26086
 - Rose #002, API No. 30-025-28772
3. No well transfers to the Operator will be approved until acceptable financial assurance is provided by Operator.
4. The following wells be shut in immediately until acceptable financial assurance is furnished to the OCD:
 - Casa State #001, API No. 30-025-27944
 - Casa State #002, API No. 30-025-28115
 - Joannie #001, API No. 30-025-21947
 - Joannie #003, API No. 30-025-24718
 - Joannie #004, API No. 30-025-24548
 - Kersey State #001, API No. 30-015-05178
 - Kersey State #003, API No. 30-015-26086
 - Rose #002, API No. 30-025-28772;

5. If Operator fails to furnish Division Approved Financial Assurance within 30 days of the issuance of a Division order, that the remaining wells operated by Marker Oil be shut in until acceptable financial assurance is furnished to the OCD. Operator's last production reported was for the month of August, 2014. No reports since have been submitted in violation of Division Rule 19.15.7.24 NMAC.
6. Operator has since returned to compliance with OCD Rule 19.15.7.24 NMAC, requiring monthly production reports.

The OCD supports the approval because of the following:

1. Notice of Hearing was properly served as required by 19.15.4.9 NMAC and 19.15.4.10 NMAC.
2. Operator has no financial assurance on file with the OCD and the OCD is obligated by statute to ensure all Operators comply with N.M.S.A. §70-2-14 and OCD Rule 19.15.8.9 NMAC.

RESPONDENT'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME: 15 minutes

Daniel Sanchez, NMOCD Compliance & Enforcement Manager

Testimony on compliance with OCD Rules.

PROCEDURAL MATTERS

None.

Respectfully submitted
this 31 day of December 2014 by



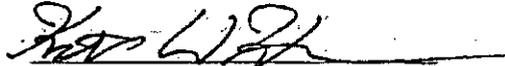
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed to the following parties on December 31, 2014:

Larry Marker
Owner, Marker Oil
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