

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

2007 MAR 8 PM 4 29

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE DISTRICT II SUPERVISOR, FOR A COMPLIANCE ORDER AGAINST C&D MANAGEMENT COMPANY, D/B/A FREEDOM VENTURES CO., FINDING THAT THE OPERATOR (1) KNOWINGLY AND WILLFULLY VIOLATED 19.15.13.1115 NMAC and 19.15.4.201 NMAC AS TO SEVENTEEN WELLS and ASSESSING PENALTIES FOR THOSE VIOLATIONS; (2) REQUIRING OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.13.1115 NMAC and 19.15.4.201 NMAC BY A DATE CERTAIN AND, (3) IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, EDDY COUNTY, NEW MEXICO

CASE NO. 13884

**APPLICATION FOR COMPLIANCE ORDER AGAINST
C&D MANAGEMENT COMPANY, D/B/A FREEDOM VENTURES**

1. C&D Management, d/b/a Freedom Ventures, an active, foreign profit corporation ("C&D" or "Operator"), operates the following wells in New Mexico under OGRID 231382:

- AMOCO #001, L-13-17S-27E, 30-015-24738
- Hastie #016, 4-18-17S-28E, 30-015-22371
- Hastie #017, 3-18-17S-28E, 30-015-22852
- Hastie #018, N-18-17S-28E, 30-015-22848
- Hastie #019, 2-18-17S-28E, 30-015-23186
- Hastie #020, 1-18-17S-28E, 30-015-23516
- Hastie #021, C-18-17S-28E, 30-015-23821
- Michael State #001, H-25-17S-27E, 30-015-24877
- Muncy Federal #001, F-13-17S-27E, 30-015-23083
- Muncy Federal #002, E-13-17S-27E, 30-015-25012
- Saunders #012, O-13-17S-27E, 30-15-22348
- Schneider #001, J-24-17S-27E, 30-015-22907
- Scott Federal #001, P-12-17S-27E, 30-015-25437
- Shearn Becky Federal #001, B-14-17S-27E, 30-015-34440
- Shearn Freedom Federal #002, A-14-17S-27E, 30-015-34454
- Shearn Samantha Federal #001, G-14-17S-27E, 30-015-31059
- Shearn Shilo Federal #001, B-14-17S-27E, 30-015-31061.

Exhibit 1, Well List.

2. Of the wells that C&D operates in New Mexico, all except two (the Michael State #001 and Schneider #001) are federal wells. On the two state wells, Operator posted cash bonds, \$7,038.00 on the Michael State #001 and \$5,000.00 on the Schneider #001, to secure its obligation to plug and abandon these two wells. The bond on the Michael State #001 is deposited with South Central Bank of Barren C. The \$5,000.00 bond on the Schneider #001 is deposited with First National Bank of Artesia, in Artesia, New Mexico. On the Muncy Federal #001, Operator posted a \$5,000.00 bond to secure its obligation to plug and abandon that well. The bond on the Muncy Federal #001 is deposited with the First National Bank of Artesia in Artesia, New Mexico 88211-7526.

3. On federal wells, the Operator is not required to post, and did not post, financial assurances to secure its obligation to plug and abandon wells, with the exception of the Muncy Federal #001. The list of C&D's federal wells is as follows:

- AMOCO #001, L-13-17S-27E, 30-015-24738
- Hastie #016, 4-18-17S-28E, 30-015-22371
- Hastie #017, 3-18-17S-28E, 30-015-22852
- Hastie #018, N-18-17S-28E, 30-015-22848
- Hastie #019, 2-18-17S-28E, 30-015-23186
- Hastie #020, 1-18-17S-28E, 30-015-23516
- Hastie #021, C-18-17S-28E, 30-015-23821
- Michael State #001, H-25-17S-27E, 30-015-24877
- Muncy Federal #001, F-13-17S-27E, 30-015-23083 (\$5,000.00 bond posted)
- Muncy Federal #002, E-13-17S-27E, 30-015-25012
- Saunders #012, O-13-17S-27E, 30-15-22348
- Scott Federal #001, P-12-17S-27E, 30-015-25437
- Shearn Becky Federal #001, B-14-17S-27E, 30-015-34440
- Shearn Freedom Federal #002, A-14-17S-27E, 30-015-34454
- Shearn Samantha Federal #001, G-14-17S-27E, 30-015-31059
- Shearn Shilo Federal #001, B-14-17S-27E, 30-015-31061.

Exhibit 2, Affidavit of Dorothy Phillips.

4. Oil Conservation Division (hereinafter, "OCD") Rule 19.15.13.1115.A NMAC ("Rule 1115") requires that the operator "file a monthly report, form C-115, for each non-plugged well completion for which the division has approved a C-104 authorization to transport, and for each ... injection well within the state of New Mexico The operator shall estimate oil production from wells producing into common storage as accurately as possible on the basis of periodic tests." If the operator fails to file a form C-115 acceptable to the OCD, Rule 1115.C permits the OCD, after notice to the operator, to "cancel the operator's authority to transport from or inject into all wells it operates."

5. On May 22, 2006, the OCD, by electronic mail, contacted the Operator to advise it that no C-115s (Monthly Production Reports) had been filed for the period of October 2004 through March 2006. It warned C&D that its authorization to transport from or inject into all of its wells would be revoked if C-115s were not received within 120 days of the due date of the March 2006 report. C&D was advised of its right to request a hearing on the proposed cancellation. *Exhibit 3, E-mail dated May 22, 2006.*

6. By telephone conversation on July 17, 2006, Darla Jefferies of C&D advised the OCD that C&D would file the delinquent C-115 reports. To date, those reports have not been received. *Exhibit 4, Affidavit of Jane Prouty.*

7. By letter dated October 12, 2006, the OCD canceled C&D's authority to transport from or inject into wells it operates. *Exhibit 5, Cancellation of Authority to Transport.*

8. Division rule 19.15.4.203 provides for wells to be temporarily abandoned for a period of up to five (5) years. The rule requires that "[p]rior to the expiration of any

approved temporary abandonment the operator shall return the well to beneficial use under a plan approved by the Division, permanently plug and abandon said well or apply for a new approval to temporarily abandon the well.”

9. Two of the above listed wells, the Saunders #012 and the Schneider #001, were temporarily abandoned (“TA”) by C&D in accord with 19.15.4.203 NMAC. The TA on the Saunders #012 expired on January 6, 2005 and on the Schneider #001 on November 13, 2006. Neither well was returned to beneficial use under a plan approved by the Division, permanently plugged and abandoned or given a new approval for a TA.

10. The following wells (“subject wells”) operated by C&D in New Mexico have had no reported production or injection for a continuous period exceeding one year plus 90 days, are presumed to have been inactive for that period and are neither plugged and abandoned in accord with 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with 19.15.4.203 NMAC (*Exhibit 4, Affidavit of Jane Prouty*):

- AMOCO #001, L-13-17S-27E, 30-015-24738
- Hastie #016, 4-18-17S-28E, 30-015-22371
- Hastie #017, 3-18-17S-28E, 30-015-22852
- Hastie #018, N-18-17S-28E, 30-015-22848
- Hastie #019, 2-18-17S-28E, 30-015-23186
- Hastie #020, 1-18-17S-28E, 30-015-23516
- Hastie #021, C-18-17S-28E, 30-015-23821
- Michael State #001, H-25-17S-27E, 30-015-24877
- Muncy Federal #001, F-13-17S-27E, 30-015-23083
- Muncy Federal #002, E-13-17S-27E, 30-015-25012
- Saunders #012, O-13-17S-27E, 30-15-22348
- Schneider #001, J-24-17S-27E, 30-015-22907
- Scott Federal #001, P-12-17S-27E, 30-015-25437
- Shearn Becky Federal #001, B-14-17S-27E, 30-015-34440
- Shearn Freedom Federal #002, A-14-17S-27E, 30-015-34454
- Shearn Samantha Federal #001, G-14-17S-27E, 30-015-31059
- Shearn Shilo Federal #001, B-14-17S-27E, 30-015-31061.

11. Division Rule 19.15.3.101(H) NMAC authorizes the Director to order the Operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain.

12. NMSA 1978, Section 70-2-12(B)(18) and NMSA 1978, Section 70-2-38 authorize the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

13. NMSA 1978, Section 70-2-31(A) provides that any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that Act shall be subject to a civil penalty of not more than one thousand dollars for each violation, and that in the case of a continuing violation, each day of violation shall constitute a separate violation.

14. NMSA 1978, Section 70-2-33(A) defines "person" to include individuals, companies and corporations.

WHEREFORE, the Supervisor of District II of the Division hereby applies to the Director to enter an Order:

A. Determining that C&D is not in compliance with 19.15.13.1115 NMAC as it has failed to timely submit C-115 production and/or injection reports on the subject wells;

B. Determining that Operator has knowingly and willfully violated 19.15.13.1115 NMAC as to the subject wells;

C. Pursuant to NMSA 1978, Section 70-2-31(A), assessing a penalty of \$1,000.00 per well for the Operator's knowing and willful violation of 19.15.13.1115 NMAC as to the subject wells;

D. Determining that the subject wells are not in compliance with 19.15.4.201 NMAC;

E. Determining that Operator has knowingly and willfully violated 19.15.4.201 NMAC as to the subject wells;

F. Requiring the Operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC within a date certain by plugging and abandoning the wells in accordance with 19.15.4.202 NMAC, securing approved temporary abandonment status for the subject well in accordance with 19.15.4.203 NMAC, or returning the subject wells to a Division-approved beneficial use; and

G. Further, if the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set in the Order, assessing a penalty of \$1,000 per day for each of the subject wells out of compliance with the Order;

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

Respectfully Submitted, this 8
day of March 2007 by



Cheryl O'Connor
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) 476-3480

Attorney for The New Mexico Oil
Conservation Division

- Case No. 13884. Application of the New Mexico Oil Conservation Division for a Compliance Order against C&D Management, d/b/a Freedom Ventures. The Applicant seeks an Order finding that Operator is in violation of 19.15.13.1115 NMAC and 19.15.4.201 NMAC as to seventeen wells, requiring Operator to bring the seventeen wells into compliance with 19.15.13.1115 NMAC and 19.15.4.201 NMAC by a date certain and authorizing the Division to plug said wells in the event of non-compliance. The affected wells are:
 - AMOCO #001, L-13-17S-27E, 30-015-24738
 - Hastie #016, 4-18-17S-28E, 30-015-22371
 - Hastie #017, 3-18-17S-28E, 30-015-22852
 - Hastie #018, N-18-17S-28E, 30-015-22848
 - Hastie #019, 2-18-17S-28E, 30-015-23186
 - Hastie #020, 1-18-17S-28E, 30-015-23516
 - Hastie #021, C-18-17S-28E, 30-015-23821
 - Michael State #001, H-25-17S-27E, 30-015-24877
 - Muncy Federal #001, F-13-17S-27E, 30-015-23083
 - Muncy Federal #002, E-13-17S-27E, 30-015-25012
 - Saunders #012, O-13-17S-27E, 30-15-22348
 - Schneider #001, J-24-17S-27E, 30-015-22907
 - Scott Federal #001, P-12-17S-27E, 30-015-25437
 - Shearn Becky Federal #001, B-14-17S-27E, 30-015-34440
 - Shearn Freedom Federal #002, A-14-17S-27E, 30-015-34454
 - Shearn Samantha Federal #001, G-14-17S-27E, 30-015-31059
 - Shearn Shilo Federal #001, B-14-17S-27E, 30-015-31061.

The wells are located in Eddy County, New Mexico.

Well List

231382 C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES

TOTAL WELL COUNT:17

PRINTED ON:TUESDAY, FEBRUARY 13, 2007

Property	Well Name	Lease Type	ULSTR	OCD UL	API	Well Type	Pool	Last Prod/Inj	Oil POD	Gas POD	In Add. Bond
301406	MOCO #001	F	L-13-17S-27E	L	30-015-24738	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	10/2004	1044110	1044130	
301407	HASTIE #016	F	4-18-17S-28E	M	30-015-22371	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	9/2004	1044510	1044530	
	HASTIE #017	F	3-18-17S-28E	L	30-015-22852	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	9/2004	1044510	1044530	
	HASTIE #018	F	N-18-17S-28E	N	30-015-22848	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	9/2004	1044510	1044530	
	HASTIE #019	F	2-18-17S-28E	E	30-015-23186	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	10/2004	2823821	2823822	
	HASTIE #020	F	1-18-17S-28E	D	30-015-23516	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	10/2004	2823821	2823822	
	HASTIE #021	F	C-18-17S-28E	C	30-015-23821	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	10/2004	2823821	2823822	
302900	MICHAEL STATE #001	S	H-25-17S-27E	H	30-015-24877	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	4/2005	2604110	2604130	5/1/2007
301408	MUNCY FEDERAL #001	F	F-13-17S-27E	F	30-015-23083	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	12/2000	1043810	1043830	
	MUNCY FEDERAL #002	F	E-13-17S-27E	E	30-015-25012	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	12/2003	1043810	1043830	
301409	SAUNDERS #012	F	O-13-17S-27E	O	30-015-22348	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	2/2002	1044810	1044830	
301410	SCHNEIDER #001	S	J-24-17S-27E	J	30-015-22907	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	11/2001	1045010	1045030	12/1/2003
301528	SCOTT FEDERAL #001	F	P-12-17S-27E	P	30-015-25437	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	12/2003	1044310	1044330	
35256	SHEARN BECKY FEDERAL #001	F	B-14-17S-27E	B	30-015-34440	O	22230 EMPIRE; YATES-SEVEN RIVERS				
35277	SHEARN FREEDOM FEDERAL #002	F	A-14-17S-27E	A	30-015-34454	O	22230 EMPIRE; YATES-SEVEN RIVERS				

OCD Exhibit 1

C&D Management Company

DBA Freedom Ventures

301404	SHEARN SAMANTHA FEDERAL #001	F	G-14-17S-27E	G	30-015-31059	O
301405	SHEARN SHILO FEDERAL #001	F	B-14-17S-27E	B	30-015-31061	O

- Muncy Federal #002, E-13-17S-27E, 30-015-25012
- Saunders #012, O-13-17S-27E, 30-15-22348
- Schneider #001, J-24-17S-27E, 30-015-22907
- Scott Federal #001, P-12-17S-27E, 30-015-25437
- Shearn Becky Federal #001, B-14-17S-27E, 30-015-34440
- Shearn Freedom Federal #002, A-14-17S-27E, 30-015-34454
- Shearn Samantha Federal #001, G-14-17S-27E, 30-015-31059
- Shearn Shilo Federal #001, B-14-17S-27E, 30-015-31061,

all the wells are located in Eddy County, New Mexico.

4. OCD's electronic permitting database, "E-Permitting," identifies the wells associated with a particular operator that have not been plugged. Attachment "A" to this affidavit is a printout of the E-Permitting screen showing C&D Management, d/b/a Freedom Ventures, as operator of the following wells:

- AMOCO #001, L-13-17S-27E, 30-015-24738
- Hastie #016, 4-18-17S-28E, 30-015-22371
- Hastie #017, 3-18-17S-28E, 30-015-22852
- Hastie #018, N-18-17S-28E, 30-015-22848
- Hastie #019, 2-18-17S-28E, 30-015-23186
- Hastie #020, 1-18-17S-28E, 30-015-23516
- Hastie #021, C-18-17S-28E, 30-015-23821
- Michael State #001, H-25-17S-27E, 30-015-24877
- Muncy Federal #001, F-13-17S-27E, 30-015-23083
- Muncy Federal #002, E-13-17S-27E, 30-015-25012
- Saunders #012, O-13-17S-27E, 30-15-22348
- Schneider #001, J-24-17S-27E, 30-015-22907
- Scott Federal #001, P-12-17S-27E, 30-015-25437
- Shearn Becky Federal #001, B-14-17S-27E, 30-015-34440
- Shearn Freedom Federal #002, A-14-17S-27E, 30-015-34454
- Shearn Samantha Federal #001, G-14-17S-27E, 30-015-31059
- Shearn Shilo Federal #001, B-14-17S-27E, 30-015-31061.

5. A Division data base, ONGARD (oil and natural gas administration and revenue data base), maintains data on the financial assurances posted by operators. I have researched ONGARD records to determine if C&D Management Company, d/b/a, Freedom Ventures has posted a bond on these wells. According to ONGARD, C&D Management Company, d/b/a Freedom Ventures, posted bonds on the following three wells only:

- a. Michael State #001, H-25-17S-27E, 30-015-24877
 - Posted a Capture Single Well Bond for \$7,038.00;

- b. Schneider #001, J-24-17S-27E, 30-015-22907
 - Posted a Capture Single Well Bond for \$5,000.00;
- c. Muncy Federal #001, F-13-17S-27E, 30-015-23083
 - Posted a Capture Single Well Bond for \$5,000.00.

C&D Management Company, d/b/a Freedom Ventures, has not posted any bonds on any of its other wells as they are all located on Federal land.

FURTHER AFFIANT SAYETH NOT.



Dorothy Phillips

SUBSCRIBED AND SWORN before me this 15th day of February 2007.



Notary Public

My Commission Expires:

3-24-2010

Well List

231382 C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES**TOTAL WELL COUNT:17****PRINTED ON:THURSDAY, FEBRUARY 15, 2007**

Property	Well Name	Lease Type	ULSTR	OCD UL	API	Well Type	Pool	Last Prod/Inj	Oil POD	Gas POD
301406	AMOCO #001	F	L-13-17S-27E	L	30-015-24738	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	10/2004	1044110	1044130
301407	HASTIE #016	F	4-18-17S-28E	M	30-015-22371	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	9/2004	1044510	1044530
	HASTIE #017	F	3-18-17S-28E	L	30-015-22852	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	9/2004	1044510	1044530
	HASTIE #018	F	N-18-17S-28E	N	30-015-22848	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	9/2004	1044510	1044530
	HASTIE #019	F	2-18-17S-28E	E	30-015-23186	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	10/2004	2823821	2823822
	HASTIE #020	F	1-18-17S-28E	D	30-015-23516	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	10/2004	2823821	2823822
	HASTIE #021	F	C-18-17S-28E	C	30-015-23821	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	10/2004	2823821	2823822
302900	MICHAEL STATE #001	S	H-25-17S-27E	H	30-015-24877	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	4/2005	2604110	2604130
301408	MUNCY FEDERAL #001	F	F-13-17S-27E	F	30-015-23083	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	12/2000	1043810	1043830
	MUNCY FEDERAL #002	F	E-13-17S-27E	E	30-015-25012	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	12/2003	1043810	1043830
301409	SAUNDERS #012	F	O-13-17S-27E	O	30-015-22348	G	51300 RED LAKE;QUEEN-GRAYBURG-SA	2/2002	1044810	1044830
301410	SCHNEIDER #001	S	J-24-17S-27E	J	30-015-22907	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	11/2001	1045010	1045030
301528	SCOTT FEDERAL #001	F	P-12-17S-27E	P	30-015-25437	O	51300 RED LAKE;QUEEN-GRAYBURG-SA	12/2003	1044310	1044330
35256	SHEARN BECKY FEDERAL #001	F	B-14-17S-27E	B	30-015-34440	O	22230 EMPIRE; YATES-SEVEN RIVERS			

OCD Exhibit A**C&D Management Company
DBA Freedom Ventures**

CMD :
OG6CWED

ONGARD
CAPTURE SINGLE WELL BOND

02/15/07 10:22:38
OGODLP -TQSF

OGRID Identifier : 231382 API Well No : 30 15 24877
Operator Name, Address : C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES
513 DON LYLE ROAD
EDMONTON, KY 42129

Bond Idn : 250092 Bond Status : A Prop Idn : 302900
Prop Name : MICHAEL STATE Well No : 001
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : H 25 17S 27E FTG 1650 F N FTG 990 F E

API County : 15
Bond Details : Type (Cash/Surety - C/S) : C Bond Co Idn : 13 Amt : 7038
Company OGRID Identifier : 242411
Company Name, Address : SOUTH CENTRAL BANK OF BARREN C
208 SOUTH BROADWAY
P.O. BOX 667

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : LOC180

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

CMD :
OG6CWED

ONGARD
CAPTURE SINGLE WELL BOND

02/15/07 10:25:19
OGODLP -TQSF

OGRID Identifier : 231382 API Well No : 30 15 22907
Operator Name, Address : C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES
513 DON LYLE ROAD
EDMONTON, KY 42129

Bond Idn : 249648 Bond Status : A Prop Idn : 301410
Prop Name : SCHNEIDER Well No : 001
U/L Sec Township Range North/South East/West Lot Idn
--- --- -

Surface Locn : J 24 17S 27E FTG 2310 F S FTG 1980 F E
API County : 15

Bond Details : Type (Cash/Surety - C/S) : C Bond Co Idn : 13 Amt : 5000
Company OGRID Identifier : 66701
Company Name, Address : FIRST NATIONAL BANK OF ARTESIA
P. O. DRAWER AA
ARTESIA, NM 88211-7526

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : LOC203556-71

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

02/15/07 10:26:40
OGODLP -TQSF

OGRID Identifier : 231382 API Well No : 30 15 23083
Operator Name, Address : C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES
513 DON LYLE ROAD
EDMONTON, KY 42129

Bond Idn : 249647 Bond Status : A Prop Idn : 301408
Prop Name : MUNCY FEDERAL Well No : 001
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : F 13 17S 27E FTG 2310 F N FTG 2310 F W

API County : 15
Bond Details : Type (Cash/Surety - C/S) : C Bond Co Idn : 13 Amt : 5000
Company OGRID Identifier : 66701
Company Name, Address : FIRST NATIONAL BANK OF ARTESIA
P. O. DRAWER AA
ARTESIA, NM 88211-7526

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : LOC203556-71

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CONFIRM
PF07 PF08 PF09 COMMENT PF10 NXTBOND PF11 PF12

Bradshaw, David, EMNRD

From: Bradshaw, David, EMNRD
Sent: Monday, May 22, 2006 9:20 AM
To: 'cdmanagementcompany@yahoo.com'
Subject: C-115 Electronic Reporting Compliance

Darla Jeffries
C & D Management Co. DBA Freedom Ventures - 231382

Rule 1115 of the Oil Conservation Division requires C-115s (Monthly Production Reports) be filed electronically on or before the 15th day of the second month following the month of production. As of today, May 22, 2006 we have not electronically received your C-115s for the following period(s): October 2004 through March 2006.

You are being notified that the OCD intends to revoke your authorization to transport from or inject into all wells you operate if acceptable and complete C-115's for all outstanding periods listed above are not received electronically within 120 days of the original due date of the March 2006 report. You may choose to request a hearing on this proposed cancellation within 120 days of that original due date.

Please contact me if you have any questions or if I may help you regarding this matter.

David Bradshaw

(505) 476-3484
Oil Conservation Division
1220 South St Francis Drive
Santa Fe, NM 87505
Web Site: emnrld.state.nm.us/ocd

***OCD Exhibit 3
C&D Management Company
DBA Freedom Ventures***



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

October 12, 2006

C&D Management Co., dba Freedom Ventures
513 Don Lyle Rd.
Edmonton, KY 42129

Attn: Ms. Darla Jeffries

Certified Mail No: 7001 1940 004 7922 8626

e-mail: cdmanagementcompany@yahoo.com

Re: Cancellation of Authority to Transport from or Inject into Wells Operated by C&D Management Co., dba Freedom Ventures, OGRID 231382

Dear Operator,

Effective immediately, the Oil Conservation Division (OCD) cancels the authority of C&D Management Co., dba Freedom Ventures (C&D) to transport from or inject into all wells it operates. This cancellation is issued pursuant to OCD Rule 1115.C [19.15.13.1115.C NMAC].

Rule 1115.C provides:

If an operator fails to file a form C-115 that the division accepts, the division shall, within 60 days of the appropriate filing date, notify the operator by electronic mail or letter of its intent to revoke the operator's authorization to transport or inject if the operator does not submit an acceptable and complete form C-115. If the operator does not file an acceptable and complete form C-115 or request a hearing on the proposed cancellation within 120 days of the original due date of the form C-115, the division may cancel the operator's authority to transport from or inject into all wells it operates.

By e-mail dated May 22, 2006, the OCD notified C&D that it had not received C-115 reports for several reporting periods, including March 2006, and that it intended to revoke C&D's authorization to transport or inject if it did not receive an acceptable and complete C-115 for March 2006 within 120 days of the original due date for the March 2006 report. The notice further stated that C&D could request a hearing on this proposed cancellation within 120 days of the original due date. A copy of the OCD's May 22, 2006 e-mail is attached.

To date, C&D has not submitted a C-115 report for March 2006, and has not requested a hearing on the proposed cancellation. More than 120 days have passed from the original due dates of the report for March 2006. C&D's authority to transport from or inject into its wells is cancelled. When C&D has filed an acceptable and complete C-115 for March 2006 it may apply for reinstatement of its authority to transport from or inject into the wells it operates. If C&D transports from or injects into wells it operates while the cancellation is in effect, it will be in violation of OCD Rules 1104 [19.15.13.1104 NMAC], 804.A [19.15.10.804.A NMAC] and/or 701 [19.15.9.701 NMAC]. A knowing and willful violation of an OCD rule may subject C&D to penalties of up to \$1,000 per day. NMSA 1978, Section 70-2-31(A).

Please note that although this cancellation of authority to transport from or inject into wells operated by C&D relates to C&D's failure to file reports for March 2006, C&D is delinquent in filing C-115 reports for other periods as well. As stated in the May 22, 2006 e-mail, C&D has not filed reports for October 2004 through March 2006. C&D has also failed to file any C-115 reports due after March. C&D can expect to receive additional notices of cancellation of authority to transport

from or inject into its wells in connection with these more recent failures. In addition, the OCD intends to take additional enforcement action against C&D for its failure to file production reports. The enforcement actions may include seeking penalties under NMSA 1978, Section 70-2-31(A) and/or an order requiring C&D to plug and abandon its wells pursuant to NMSA 1978, Section 70-2-14(B).

Sincerely,

Daniel Sanchez
 Enforcement and Compliance Manager
 Oil Conservation Division

Encl: E-mail from David Bradshaw to C&D dated May 22, 2006
 120-Day Action Report for C&D

cc: Bureau of Land Management, Carlsbad Field Office
 State Land Office

cc: Chris Williams, District I
 Tim Gum, District II
 Charlie Perrin, District III
 David Bradshaw, OCD Automation and Records Bureau
 Gail MacQuesten, OCD Attorney
 Theresa Duran-Saenz, Legal Assistant

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. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>x <i>Darla Jeffries</i></p> <p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>Darla Jeffries</i> <i>RD-10-16-0</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>
<p>1. Article Addressed to:</p> <p><i>C&D Management Co., dba Freedom Ventures 513 Don Lyle Rd Edmonton, KY 42129</i></p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. State Number (Transfer from service label)</p> <p><i>7001 1940 0004 7922 8626</i></p>	
<p>PS Form 3811, August 2001</p>	<p>Domestic Return Receipt 102595-01-M-2509</p>

- AMOCO #001, L-13-17S-27E, 30-015-24738
- Hastie #016, 4-18-17S-28E, 30-015-22371
- Hastie #017, 3-18-17S-28E, 30-015-22852
- Hastie #018, N-18-17S-28E, 30-015-22848
- Hastie #019, 2-18-17S-28E, 30-015-23186
- Hastie #020, 1-18-17S-28E, 30-015-23516
- Hastie #021, C-18-17S-28E, 30-015-23821
- Michael State #001, H-25-17S-27E, 30-015-24877
- Muncy Federal #001, F-13-17S-27E, 30-015-23083
- Muncy Federal #002, E-13-17S-27E, 30-015-25012
- Saunders #012, O-13-17S-27E, 30-15-22348
- Schneider #001, J-24-17S-27E, 30-015-22907
- Scott Federal #001, P-12-17S-27E, 30-015-25437
- Shearn Becky Federal #001, B-14-17S-27E, 30-015-34440
- Shearn Freedom Federal #002, A-14-17S-27E, 30-015-34454
- Shearn Samantha Federal #001, G-14-17S-27E, 30-015-31059
- Shearn Shilo Federal #001, B-14-17S-27E, 30-015-31061.

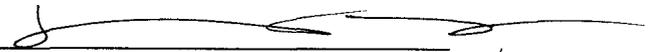
ONGARD contains no production or injection records for Hastie #016, Hastie #017, and Hastie #018 since September 2004; AMOCO #001, Hastie #019, Hastie #020, and Hastie #021 since October 2004; Michael State #001 since April 2005; Muncy Federal #001 since December 2000; Muncy Federal #002 and Scott Federal #001 since December 2003; Saunders #012 since February 2002; Schneider #001 since November 2001; there has never been any production or injection reported on the Shearn Becky Federal #001, Shearn Freedom Federal #002, Shearn Samantha Federal #001 and the Shearn Shilo Federal #001.

FURTHER AFFIANT SAYETH NOT.



 Jane Prouty

SUBSCRIBED AND SWORN before me this 14th day of February 2007.



 Notary Public *Daves Phillips*

My Commission Expires:
4/2/07



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

October 12, 2006

C&D Management Co., dba Freedom Ventures
513 Don Lyle Rd.
Edmonton, KY 42129

Attn: Ms. Darla Jeffries

C&D Freedom Vent. No: 2001 1940 004 7922 8626

e-mail: cdmanagementcompany@yahoo.com

Re: Cancellation of Authority to Transport from or Inject into Wells Operated by C&D Management Co., dba Freedom Ventures, OGRID 231382

Dear Operator,

Effective immediately, the Oil Conservation Division (OCD) cancels the authority of C&D Management Co., dba Freedom Ventures (C&D) to transport from or inject into all wells it operates. This cancellation is issued pursuant to OCD Rule 1115.C [19.15.13.1115.C NMAC].

Rule 1115.C provides:

If an operator fails to file a form C-115 that the division accepts, the division shall, within 60 days of the appropriate filing date, notify the operator by electronic mail or letter of its intent to revoke the operator's authorization to transport or inject if the operator does not submit an acceptable and complete form C-115. If the operator does not file an acceptable and complete form C-115 or request a hearing on the proposed cancellation within 120 days of the original due date of the form C-115, the division may cancel the operator's authority to transport from or inject into all wells it operates.

By e-mail dated May 22, 2006, the OCD notified C&D that it had not received C-115 reports for several reporting periods, including March 2006, and that it intended to revoke C&D's authorization to transport or inject if it did not receive an acceptable and complete C-115 for March 2006 within 120 days of the original due date for the March 2006 report. The notice further stated that C&D could request a hearing on this proposed cancellation within 120 days of the original due date. A copy of the OCD's May 22, 2006 e-mail is attached.

To date, C&D has not submitted a C-115 report for March 2006, and has not requested a hearing on the proposed cancellation. More than 120 days have passed from the original due dates of the report for March 2006. C&D's authority to transport from or inject into its wells is cancelled. When C&D has filed an acceptable and complete C-115 for March 2006 it may apply for reinstatement of its authority to transport from or inject into the wells it operates. If C&D transports from or injects into wells it operates while the cancellation is in effect, it will be in violation of OCD Rules 1104 [19.15.13.1104 NMAC], 804.A [19.15.10.804.A NMAC] and/or 701 [19.15.9.701 NMAC]. A knowing and willful violation of an OCD rule may subject C&D to penalties of up to \$1,000 per day. NMSA 1978, Section 70-2-31(A).

Please note that although this cancellation of authority to transport from or inject into wells operated by C&D relates to C&D's failure to file reports for March 2006, C&D is delinquent in filing C-115 reports for other periods as well. As stated in the May 22, 2006 e-mail, C&D has not filed reports for October 2004 through March 2006. C&D has also failed to file any C-115 reports due after March. C&D can expect to receive additional notices of cancellation of authority to transport

Oil Conservativ
Phone: (50

OCD Exhibit 5
C&D Management Company
DBA Freedom Ventures

Santa Fe, New Mexico 87505
www.emnrd.state.nm.us

0011

from or inject into its wells in connection with these more recent failures. In addition, the OCD intends to take additional enforcement action against C&D for its failure to file production reports. The enforcement actions may include seeking penalties under NMSA 1978, Section 70-2-31(A) and/or an order requiring C&D to plug and abandon its wells pursuant to NMSA 1978, Section 70-2-14(B).

Sincerely,

Daniel Sanchez
 Enforcement and Compliance Manager
 Oil Conservation Division

Encl: E-mail from David Bradshaw to C&D dated May 22, 2006
 120-Day Action Report for C&D

cc: Bureau of Land Management, Carlsbad Field Office
 State Land Office

cc: Chris Williams, District I
 Tim Gum, District II
 Charlie Perrin, District III
 David Bradshaw, OCD Automation and Records Bureau
 Gail MacQuesten, OCD Attorney
 Theresa Duran-Saenz, Legal Assistant

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

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. 	<p>A. Signature <i>x Darla Jeffries</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Darla Jeffries</i></p> <p>C. Date of Delivery <i>RD 10-16-06</i></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No If YES, enter delivery address below:</p>
<p>1. Article Addressed to: <i>C&D Management Co., dba Freedom Ventures 513 Don Lyle Rd Edmonton, KY 42129</i></p>	<p>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.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. State Number <i>7001 3940 0004 7922 8626</i></p>	
<p>PS Form 3811, August 2001 Domestic Return Receipt 102595-01-M-2509</p>	