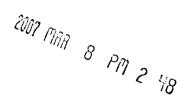
STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT OIL CONSERVATION COMMISSION

IN THE MATTER OF THE APPLICATION OF NEW MEXICO OIL CONSERVATION DIVISION FOR AN ORDER REQUIRING TEMPO ENERGY, INC., PETERSON PETROLEUM COMPANY AND/OR JOE D. PETERSON TO PLUG ONE WELL AND ORDERING FORFEITURE OF APPLICABLE FINANCIAL ASSURANCE IN EVENT OF OPERATOR'S NONCOMPLIANCE, LEA COUNTY, NEW MEXICO



CASE NO. 13711 ORDER NO. R-12659 DE NOVO

PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Miller Stratvert P.A. (J. Scott Hall) on behalf of Tempo Energy, Inc. and Travelers Indemnity Company, as required by the Oil Conservation Commission.

APPEARANCES

| APPLICANT'S ATTORNEY | APPLICANT |
|----------------------|------------|
| THE EIGHT STITTORGE | 1111010111 |

David Brooks

New Mexico Oil Conservation Division

New Mexico Oil Conservation Division

District I Supervisor

1220 South St. Francis Drive
Santa Fe, New Mexico 87404

1625 North French Drive
Hobbs, New Mexico 88240

OPPONENT'S ATTORNEY OPPONENT

Santa Fe, New Mexico 87504-1986

J. Scott Hall, Esq. Tempo Energy, Inc.

Miller Stratvert P.A. Travelers Indemnity Company Post Office Box 1986

(No Appearance) Peterson Petroleum Company

(No Appearance) Joe D. Peterson

STATEMENT OF THE CASE

The Division's District I supervisor has applied for an order under Rule 101 of the Division's Rules and Regulations for a determination that the San Simon State Well No. 6 located in the SE/4NE/4 of Section 4, T22S, R35E should be plugged by the operator. The District I supervisor also seeks the forfeiture of the financial assurance for the well on the determination that the "operator, surety or other responsible party" has failed to or refused to properly plug and abandon the well. The District I supervisor seeks the issuance of a plugging order against Tempo Energy, Inc., the Travelers Indemnity Company, Joe D. Peterson or Peterson Petroleum Company.

The subject well is located on a State of New Mexico oil and gas lease currently operated by EOG Resources, Inc. The well was originally drilled in 1987 by Peterson Petroleum Company. Records obtained from the Division's well file reflect that the original C-101 Application for Permit to Drill and C-102 Well Location and Acreage Dedication Plat were filed in the name of Peterson Petroleum Company of Hobbs, New Mexico but were subsequently altered by unknown persons to reflect the name of Tempo Energy, Inc. Tempo Energy is located in Midland, Texas. The APD fillings are signed by Joe D. Peterson who represented himself as "consulting agent". (See Exhibits A and B attached.)

Tempo Energy and Travelers Indemnity Company will present evidence establishing the following:

- 1. Tempo Energy did not drill or operate the San Simon State No. 6 Well.
- 2. Tempo Energy has never owned an interest in the San Simon State No. 6 Well.
- 3. Tempo Energy has never received any benefits from the subject well.
- 4. Tempo Energy did not authorize Joe D. Peterson or Peterson Petroleum Company to apply for a drilling permit or make any other regulatory filings for the well in its name.

- 5. Neither Tempo Energy, Inc. nor Travelers Indemnity Company authorized the use of their financial assurance instrument by Joe D. Peterson or Peterson Petroleum Company.
 - 6. Tempo Energy has never had an address in New Mexico.
- 7. There is not sufficient evidence to support a determination that Tempo Energy, Inc. is the "owner, operator or responsible party" for the San Simon State No. 6 Well.
- 8. Joe D. Peterson, individually, is an interest owner of record for the San Simon State No. 6 Well.

PROPOSED EVIDENCE

| WITNESSES: | Est. Time | No. of Exhibits |
|---|------------|-----------------|
| Frank Pannell, Vice President of Operations Tempo Energy, Inc. | 30 minutes | 11 |
| James Bruce, Esq. Attorney/Title Examination | 20 minutes | 4 |
| Paul Kautz Division District I Geologist | 10 minutes | 1 |

PROCEDURAL MATTERS

None.

MILLER STRATVERT P.A.

By:

J. Scott Hall

Attorneys for Tempo Energy, Inc. and Travelers Indemnity Company

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(505) 989-9614

Certificate of Service

I hereby certify that a true and correct copy of the foregoing was faxed or hand-delivered to counsel of record on the \(\) day of March, 2007, as follows:

David Brooks New Mexico Oil Conservation Division 1220 South St. Francis Drive Santa Fe, New Mexico 87404

J. Scott Hall