

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST MARKS AND GARNER PRODUCTION LTD. CO., (1) FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO TWENTY THREE WELLS, OR ALTERNATIVELY IS IN VIOLATION OF 19.15.13.1115; (2) REQUIRING THE OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC AND/OR 19.15.13.1115 NMAC BY A DATE CERTAIN AND (3) REQUIRING THAT THE OPERATOR PAY PENALTIES, AND IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS -- LEA AND SAN JUAN COUNTIES, NEW MEXICO.

CASE NO. 14041

AFFIDAVIT OF SERVICE

In accordance with Division Rule 1227.D [19.15.14.1227.D NMAC] and Rule 1210 [19.15.14.1210 NMAC] I hereby certify the following:

1. Notice of the December 13, 2007 hearing in the above-captioned case was mailed to the following by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

Quinton Welborn
Marks and Garner Production LTD Company
P O Box 1089
Hobbs, NM 88241

2. Notice of the December 13, 2007 hearing and a copy of the Application was also provided to the bank through whom Operator has secured its financial assurance/blanket bond :

Western Commerce Bank
1515 Calle Sur
P.O. Box 700
Hobbs, NM 88240

3. Exhibit A to this affidavit is a copy of each of the above-referenced Notice Letters, with copies of the signed return-receipt cards attached.

Case 14041

OCD Exhibit No. 1

Marks & Garner Prod. Ltd.

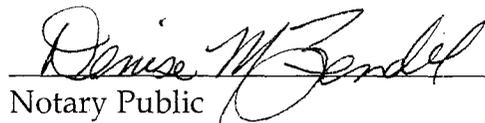
4. Notice of the December 13, 2007 hearing in the above-captioned matter was published in The Lovington Daily Leader, a newspaper of general circulation in Lea County, as well as the Artesia Daily Press. The affidavits of publication from these two publications are attached as Exhibit B to this Affidavit.

5. Subsequent to receiving Notice of the December 13, 2007 hearing, the Respondent retained counsel and moved to continue the scheduled Hearing to January 10, 2008. This request was granted, with Respondent's counsel preparing the Order continuing the matter to said date.



Mikal Altomare

SUBSCRIBED AND SWORN to before me this 9th day of January 2008.



Notary Public

My Commission Expires:

1-9-08



Track & Confirm FAQs

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 checked="" type="checkbox"/> <i>Don White</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by: (Printed Name) _____ C. Date of Delivery <u>11/27/07</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>1. Article Addressed to:</p> <p><i>Western Commerce Bank 1515 Calle Sur P.O. Box 700 Hobbs, NM 88240</i></p>		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" 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. Article Number (Transfer from service label)</p> <p>PS Form 3811, August 2001</p>		<p>7005 3110 0002 2085 0110 Domestic Return Receipt</p> <p>102595-02-M-1540</p>	

Affidavit of Notice

Case 14041
OCD Exhibit A

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 checked="" type="checkbox"/> <i>Quinton Welborn</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>B. Received by: (Printed Name) _____ C. Date of Delivery _____</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>	
<p>1. Article Addressed to:</p> <p><i>Quinton Welborn Marks and Garner Production LTD Company P.O. Box 1089 Hobbs, NM 88241</i></p>		<p>3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" 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. Article Number (Transfer from service label)</p> <p>PS Form 3811, August 2001</p>		<p>7005 3110 0002 2085 0103 Domestic Return Receipt</p> <p>102595-02-M-1540</p>	



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop

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

November 19, 2007

NOTICE OF HEARING

Western Commerce Bank
1515 Calle Sur
P.O. Box 700
Hobbs, NM 88240

Certified Mail No.: 7005 3110 0002 2085 0110

CASE 14041:

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST MARKS AND GARNER PRODUCTION LTD. CO., (1) FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO TWENTY THREE WELLS, OR ALTERNATIVELY IS IN VIOLATION OF 19.15.13.1115; (2) REQUIRING THE OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC AND/OR 19.15.13.1115 NMAC BY A DATE CERTAIN AND (3) REQUIRING THAT THE OPERATOR PAY PENALTIES, AND IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS -- LEA AND SAN JUAN COUNTIES, NEW MEXICO.

Dear Mr. Welborn:

You are hereby notified that the New Mexico Oil Conservation Division (OCD) has filed the above-captioned application for a compliance order against Yeso Energy, Inc. A copy of the Application, along with any referenced exhibits, is enclosed. Notice is hereby being provided to Western Commerce Bank (1515 Calle Sur, P.O. Box 700, Hobbs, NM 88240) as the company through whom Marks & Garner procured a \$50,000 surety bond to secure its obligation to plug

and abandon wells in compliance with Division rules. That security is at risk of being forfeited as a result of the present action.

A hearing on this application will take place before a Division hearing officer on **December 13, 2007** at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing Marks & Garner Production Ltd., Co. will have an opportunity to oppose the entry of the order. **If Marks & Garner intends to present evidence at the hearing, you should file a pre-hearing statement at least four business days in advance of the hearing, as required by 19.15.14.1211.B NMAC.** A copy of that rule is also enclosed for your reference, along with a copy of 19.15.14.1212 NMAC, which addresses representation at administrative hearings before the Division.

If you have questions about the application you may call me at (505) 476-3480.

Very truly yours,



Mikal Altomare
Assistant General Counsel

Encl: Exhibits as referenced
Application
Rule 1211 [19.15.14.1211 NMAC]
Rule 1212 [19.15.14.1212 NMAC]

Ec: *[With Application/Without Referenced Exhibits]*
Daniel Sanchez, Compliance and Enforcement Manager
Chris Williams, Supervisor, District I
Tim Gum, Supervisor, District II
Gail MacQuesten, Assistant General Counsel



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop

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

November 19, 2007

NOTICE OF HEARING

Quinton Welborn
Marks and Garner Production LTD Company
P O Box 1089
Hobbs, NM 88241

Certified Mail No.: 7005 3110 0002 2085 0103

CASE 14041:

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST MARKS AND GARNER PRODUCTION LTD. CO., (1) FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO TWENTY THREE WELLS, OR ALTERNATIVELY IS IN VIOLATION OF 19.15.13.1115; (2) REQUIRING THE OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC AND/OR 19.15.13.1115 NMAC BY A DATE CERTAIN AND (3) REQUIRING THAT THE OPERATOR PAY PENALTIES, AND IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS -- LEA AND SAN JUAN COUNTIES, NEW MEXICO.

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Ec: [With Application/Without Referenced Exhibits]
Daniel Sanchez, Compliance and Enforcement Manager
Chris Williams, Supervisor, District I
Tim Gum, Supervisor, District II
Gail MacQuesten, Assistant General Counsel

Affidavit of Publication

STATE OF NEW MEXICO)
) ss.
COUNTY OF LEA)

OK
fd

RECEIVE

2007 DEC 10 PM 2

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOVINGTON LEADER** and not in any supplement thereof, for one (1) day, beginning with the issue of November 20, 2007 and ending with the issue of November 20, 2007.

And that the cost of publishing said notice is the sum of \$ 100.24 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 5th day of December 2007

Debbie Schilling
Debbie Schilling

Notary Public, Lea County, New Mexico

My Commission Expires June 22, 2010

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 December 3, 2007. 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.

LEGAL NOTICE
NOTICE OF HEARING
STATE OF NEW MEXICO
CO
ENERGY, MINERALS
AND NATURAL
RESOURCES DEPARTMENT
OIL CONSERVATION
DIVISION
SANTA FE, NEW MEXICO
CO

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.)

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 December 13, 2007, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an examiner duly

CASE 14041: Application of the New Mexico Oil Conservation Division for a Compliance Order against MARKS AND GARNER PRODUCTION LTD. CO.. The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to twenty-three (23) wells, or, alternatively, that Operator is in violation of

Affidavit of Notice
Case 14041
OCD Exhibit B

OK
Ed

Affidavit of Publication

NO. 19969

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT being duly

sworn, says: That he is the PUBLISHER of The

Artesia Daily Press, a daily newspaper of general circulation, published in English at Artesia, said county and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said Artesia Daily Press, a daily newspaper duly qualified for that purpose within the meaning of Chapter 167 of the 1937 Session Laws of the state of New Mexico for

1 Consecutive week/days on the same

day as follows:

First Publication November 21, 2007

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

29th Day November 2007

Amanda K. Lamb

Notary Public, Eddy County, New Mexico

My Commission expires April 5, 2011

81 73.57

Copy of Publication:

LEGAL NOTICE

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 December 13, 2007, 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 December 3, 2007. 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 14041: Application of the New Mexico Oil Conservation Division for a Compliance Order against MARKS AND GARNER PRODUCTION LTD. CO. The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to twenty-three (23) wells, or, alternatively, that Operator is in violation of 19.15.13.1115 NMAC; requiring operator to plug and abandon the twenty-three (23) wells by a date certain and/or to file any delinquent production reports relating to the subject wells by a date certain, thus bringing them into compliance with 19.15.4.201 and 19.15.13.1115 NMAC, and authorizing the division to plug said wells in the event of non-compliance. The twenty-three

30-025-08154 BRADLEY FEDERAL #001, 30-025-08156 BRADLEY FEDERAL #003, 30-015-02897 CAVE POOL UNIT #027, 30-015-02915 CAVE POOL UNIT #036, 30-025-23551 CITIES SERVICE STATE #001, 30-025-27992 COQUINA STATE #001, 30-025-08163 ERNEST FEDERAL #001, 30-025-28655 GRAHAM FEDERAL #003, 30-025-08149 JENNINGS FEDERAL #002, 30-025-24979 JULIA CULP #001, 30-025-02703 WM SNYDER #001, 30-015-24732 THEOS STATE #001, 30-025-28767 KEMNITZ 17 STATE #001, 30-025-28484 LEA/UA/STATE #001, 30-015-02787 LEVERS #003Y, 30-025-21291 NORTHEAST MALAJMAR UNIT #001, 30-015-25059 RED TWELVE FEDERAL #002, 30-015-25090 RED TWELVE LEVERS FED #008Q, 30-015-25152 RED TWELVE LEVERS FED#012, 30-015-24989 RED TWELVE STATE #003, 30-015-25055 RED TWELVE STATE #006, 30-015-02888 STATE #001, 30-015-02889 STATE #002, State Wells #001 and #002, Cave Pool Units #27 and #36, Theos State #001, Levers #003Y, Red Twelve Federal #002, Red Twelve Levers Federal #012 and #008Q, and Red Twelve State #003 and #006 are all located in Eddy County, New Mexico, approximately sixteen (16) miles East of Artesia. The remainder of the subject wells are located in Lea County, New Mexico, with three wells (the Julia Culp #001, Wm Snyder #001 and Cities Service State #001) being located Northwest of Lovington, two (the Northeast Malajmar Unit #001 and Kemnitz 17 State #001) being located Northeast of Malajmar, and the remainder being located Southwest of Hobbs. Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 16th day of November, 2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Mark E. Fesmire, P.E.
Division Director
S E A L
Published in the Artesia Daily Press, Artesia, N.M. November 21, 2007.