

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST QUANNAH, INC. IMPOSING PENALTIES AND CANCELLING OR SUSPENDING THE AUTHORITY OF QUANNAH, INC. TO TRANSPORT LIQUID WASTES.

CASE NO. 14110

AFFIDAVIT OF NOTICE AND PUBLICATION

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

1. Notice of the April 17, 2008 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:

Quannah, Inc.  
909 W Avenue North  
Lovington, NM 88260

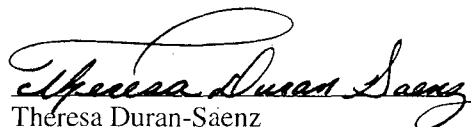
Certified Mail No. 7099 3220 0009 7873 0622

Quannah, Inc.  
1009 West Broadway  
Hobbs, NM 88260

Certified Mail No. 7099 3220 0009 7873 0615

2. Exhibit A to this affidavit is a copy of the notice, with a copy of the certified mail return receipt for the letters mailed to Quannah, Inc. in Lovington, New Mexico and Hobbs, New Mexico.

3. Notice of the April 17, 2008 hearing was published on March 27, 2008 in The Lovington Leader, a newspaper of general circulation in Lea County. The affidavit of publication from The Lovington Leader is attached as Exhibit B.

  
Theresa Duran-Saenz

SUBSCRIBED AND SWORN to before me this 14th day of April 2008.

  
Notary Public

My Commission Expires: 3-24-210

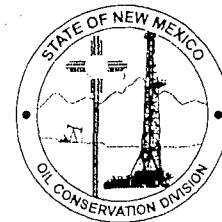
Case 14110  
Quannah, Inc.  
OCD Exhibit No. 1

# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

Mark Fesmire  
Division Director  
Oil Conservation Division



March 14, 2008

Quannah, Inc.  
1009 West Broadway  
Hobbs, NM 88260

Certified Mail No. 7099 3220 0009 7873 0615

Quannah, Inc.  
909 W. Avenue North  
Lovington, NM 88260

Certified Mail No. 7099 3220 0009 7873 0622

**CASE NO. 14110: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER IMPOSING PENALTIES AND CANCELLING OR SUSPENDING THE AUTHORITY OF QUANNAH, INC. TO TRANSPORT LIQUID WASTES.**

Dear Operator:

You are hereby notified that the New Mexico Oil Conservation Division (OCD) has filed the above-captioned application for a compliance order against Quannah, Inc. A copy of the application is enclosed.

A hearing on this application will take place before a Division hearing officer on **Thursday, April 17, 2008**, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing Quannah, Inc. will have an opportunity to oppose the entry of the order. **If you intend 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 enclosed. I have also enclosed 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) 476-3451.

Very truly yours,

Gail MacQuesten  
Assistant General Counsel

Encl: Application in Case 14110  
Rule 1211 [19.15.14.1211 NMAC]  
Rule 1212 [19.15.14.1212 NMAC]

**Case 14110**  
**Quannah, Inc.**  
**OCD Exhibit No. 1-A**



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

RECEIVED  
2008 MAR 13 PM 3 39

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,  
THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A  
COMPLIANCE ORDER IMPOSING PENALTIES AND CANCELLING OR  
SUSPENDING THE AUTHORITY OF QUANNAH, INC. TO TRANSPORT  
LIQUID WASTES.

CASE NO. 14110

APPLICATION FOR COMPLIANCE ORDER  
AGAINST QUANNAH, INC.

1. Quannah, Inc. ("Quannah") is a trucking company transporting liquid oilfield wastes in New Mexico under permit C133-174.

2. Quannah's address, as registered with the Oil Conservation Division ("OCD"), is 1009 West Broadway, Hobbs, NM 88260.

3. Quannah is an active corporation, registered with the Public Regulation Commission (PRC). According to the PRC "corporations inquiry" screen, Quannah's address is 909 W. Avenue North Lovington, NM 88260; its registered agent is Louis G. Edgett, 909 W. Ave. N. Lovington, New Mexico 88260; its corporate director is Louis Edgett, and its officers are Dena L. Strickland and Tonja L. Edgett.

4. On February 7, 2008, a Quannah vacuum/transport truck was observed unloading into the water tank at the State "R" lease, while another Quannah vacuum/transport truck waited behind it. The State "R" tank battery is located in Section 27, T14S, R33E, in Lea County, New Mexico.

5. The water tank at the State "R" lease is a tank for a private co-op disposal system for specific wells operated by Energen Resources Corporation, Enerquest Oil & Gas Ltd., Chesapeake Energy Corporation, and Kevin O. Butler & Assoc. The disposal system is operated by Energen Resources Corporation.

6. Quannah has no authority to dispose of liquid wastes into the private co-op disposal system at the State "R" lease.

7. Rule 19.15.2.52 NMAC [Rule 52] provides, in relevant part:

A. Prohibited dispositions. Except as authorized by 19.15.1.19 NMAC, 19.15.2.50 NMAC, 19.15.2.53 NMAC, 19.15.3.116 NMAC or 19.15.9.701 NMAC, no person, including a transporter, shall dispose of produced water or other oil field waste:

(1) on or below the surface of the ground; in a pit; or in a pond, lake depression or watercourse;

(2) in another place or in a manner that may constitute a hazard to fresh water, public health, safety or the environment; or

(3) in a permitted pit or registered or permitted surface waste management facility without the permission of the owner or operator of the pit or facility.

B. Authorized disposition of produced water. The following methods of disposition of produced water are authorized:

(1) in a manner that does not constitute a hazard to fresh water, public health, safety or the environment, delivery to a permitted salt water disposal well or facility, secondary recovery or pressure maintenance injection facility, surface waste management facility or disposal pit permitted pursuant to 19.15.2.50 NMAC or to a drill site for use in drilling fluid; or

(2) use in accordance with a division-issued use permit or other division authorization.

C. Authorized dispositions of other oil field waste. Persons shall dispose of other oil field waste by transfer to an appropriate permitted or registered surface waste management facility or injection facility or applied to a division-authorized beneficial use....

8. Quannah is not operating under an abatement plan authorized by 19.15.1.19 NMAC, was not discharging into a pit or below-grade tank authorized by 19.15.2.50 NMAC, was not operating under a remediation plan authorized by

19.15.3.116 NMAC, and does not hold a permit to inject under 19.15.9.701 NMAC. Rule 19.15.2.53 NMAC, renumbered as 19.15.36 NMAC, relates to surface waste management facilities. If the co-op disposal system is considered a surface waste management facility, Quannah had no authority to inject into that facility.

9. Discharge into a private co-op disposal system without the permission of the owner or operator of that facility constitutes a violation of Rule 52.A(3).

10. Discharge into a private co-op disposal system without permission of the owner or operator of that facility may constitute a hazard to safety or the environment, and constitutes a violation of Rule 52.A(2).

11. Rule 19.15.2.51.E NMAC [Rule 51.E] provides the following grounds for cancelling or suspending a transporter's authorization to move liquid wastes:

Cancellation or suspension of authorization to move liquid wastes. Vehicular movement or disposition of produced water, drilling fluids or other liquid oil field wastes in a manner contrary to division rules...shall be cause, after notice and an opportunity for hearing, for cancellation or suspension of a transporter's authorization to move liquid wastes.

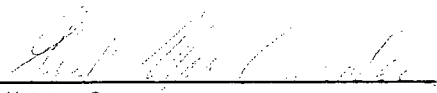
12. NMSA 1978, Section 70-2-31(A) provides that "any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars ((\$1,000)) for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate violation."

13. NMSA 1978, Section 70-2-33(A)(1) defines "person" for purposes of the Oil and Gas Act to include corporations.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

- A. Determining that Quannah violated Rule 52.A(3) by disposing of produced water or other oil field waste in a registered or permitted surface waste management facility without the permission of the owner or operator of that facility;
- B. In the alternative, determining that Quannah violated Rule 52.A(2) by disposing of produced water or other oil field waste in a place or in a manner that may constitute a hazard to safety or the environment;
- C. Determining that Quannah knowingly and willfully violated Rule 52 and imposing a penalty of not less than \$1,000 for that violation;
- D. Cancelling Quannah's authority to transport liquid oil field wastes or, in the alternative, suspending that authority for a period of at least one year;
- E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,  
this 13 day of March 2008 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 Quannah, Inc. The Applicant seeks an order finding that operator knowingly and willfully violated 19.15.2.52 NMAC by disposing of produced water or other oilfield waste in a registered or permitted surface waste management facility without authority, or in a place or in a manner that may constitute a hazard to safety or the environment, imposing penalties and cancelling or suspending Quannah's authority to transport liquid oilfield wastes. The unauthorized disposal occurred at the State "R" tank battery, Section 27, T14S, R33E. The tank battery is located approximately 15 miles northwest of Lovington in Lea County, New Mexico.

**19.15.14.1211 PLEADINGS, COPIES, PRE-HEARING STATEMENTS,  
EXHIBITS AND MOTIONS FOR CONTINUANCE:**

**A.** Pleadings. Applicants shall file two sets of pleadings and correspondence in cases pending before a division examiner with the division clerk and six sets of pleadings and correspondence in cases pending before the commission with the commission clerk. For cases pending before the commission, the commission clerk shall disseminate copies of pleadings and correspondence to the commission members. The party filing the pleading or correspondence shall at the same time serve a copy of the pleading or correspondence upon each party who has entered an appearance in the case on or prior to the business day immediately preceding the date when the party files the pleading or correspondence with the division or the commission clerk, as applicable. Parties shall accomplish service by hand delivery or transmission by facsimile or electronic mail to any party who has entered an appearance or, if the party is represented, the party's attorney of record. Service upon a party who has not filed a pleading containing a facsimile number or e-mail address may be made by ordinary first class mail. Parties shall be deemed to have made an appearance when they have either sent a letter regarding the case to the division or commission clerk or made an in person appearance at any hearing before the commission or before a division examiner. A written appearance, however, shall not be complete until the appearing party has provided notice to other parties of record. Any initial pleading or written entry of appearance a party other than the applicant files shall include the party's address or the address of the party's attorney and an e-mail and facsimile number if available.

**B.** Pre-hearing statements.

(1) Any party to an adjudicatory proceeding who intends to present evidence at the hearing shall file a pre-hearing statement, and serve copies on other parties or, for parties that are represented, their attorneys in the manner Subsection A of 19.15.14.1211 NMAC provides, at least four business days in advance of a scheduled hearing before the division or the commission, but in no event later than 5:00 pm mountain time, on the Thursday preceding the scheduled hearing date. The statement shall include:

- (a) the names of the party and the party's attorney;
- (b) a concise statement of the case;
- (c) the names of witnesses the party will call to testify at the hearing, and in the case of expert witnesses, their fields of expertise;
- (d) the approximate time the party will need to present its case; and
- (e) identification of any procedural matters that are to be resolved prior to the hearing.

(2) Any party other than the applicant shall include in its pre-hearing statement a statement of the extent to which the party supports or opposes the issuance of the order the applicant seeks and the reasons for such support or opposition. In cases to be heard by the commission, each party shall include copies of all exhibits that it proposes to offer in evidence at the hearing with the pre-hearing statement. The commission may exclude witnesses the party did not identify in the pre-hearing statement, or exhibits the party did not file and serve with the pre-hearing statement, unless the party offers such evidence solely for rebuttal or makes a satisfactory showing of good cause for failure to disclose the witness or exhibit.



(3) A pre-hearing statement filed by a corporation or other entity not represented by an attorney shall identify the person who will conduct the party's presentation at the hearing and include a sworn and notarized statement attesting that the corporation's or entity's governing body or chief executive officer authorizes the person to present the corporation or entity in the matter.

(4) For cases pending before the commission, the commission clerk shall disseminate copies of pre-hearing statements and exhibits to the commission members.

C. Motions for continuance. Parties shall file and serve motions for continuance no later than 48 hours prior to time the hearing is set to begin, unless the reasons for requesting a continuance arise after the deadline, in which case the party shall file the motion as expeditiously as possible after becoming aware of the need for a continuance.

[19.15.14.1211 NMAC - Rp, 19.15.14.1208 NMAC, 09/30/05]

#### **19.15.14.1212 CONDUCT OF ADJUDICATORY HEARINGS:**

A. Testimony. Hearings before the commission or a division examiner shall be conducted without rigid formality. The division or commission shall take or have someone take a transcript of testimony and preserve the transcript as a part of the division's permanent records. Any person testifying shall do so under oath. The division examiner or commission shall designate whether or not an interested party's un-sworn comments and observations are relevant and, if relevant, include the comments and observations in the record.

B. Pre-filed testimony. The division director may order the parties to file prepared written testimony in advance of the hearing for cases pending before the commission. The witness shall be present at the hearing and shall adopt, under oath, the prepared written testimony, subject to cross-examination and motions to strike unless the witness' presence at hearing is waived upon notice to other parties and without their objection. The parties shall number pages of the prepared written testimony, which shall contain line numbers on the left-hand side.

C. Appearances pro se or through an attorney. Parties may appear and participate in hearings either pro se (on their own behalf) or through an attorney. Corporations, partnerships, governmental entities, political subdivisions, unincorporated associations and other collective entities may appear only through an attorney or through a duly authorized officer or member. Participation in adjudicatory hearings shall be limited to parties, as defined in 19.15.14.1208 NMAC, except that a representative of a federal, state or tribal governmental agency or political subdivision may make a statement on the agency's or political subdivision's behalf. The commission or division examiner shall have the discretion to allow any other person present at the hearing to make a relevant statement, but not to present evidence or cross-examine witnesses. Any person making a statement at an adjudicatory hearing shall be subject to cross-examination by the parties or their attorneys.

[19.15.14.1212 NMAC - Rp, 19.15.14.1210 NMAC, 09/30/05]

**SENDER: COMPLETE THIS SECTION**

- 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.

1. Article Addressed to:

Quannah, Inc.  
909 W. Avenue North  
Lovington, NM 88260

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery

C. Signature

X

☐ Agent☐ Addressee

D. Is delivery address different from item 1?

☐ Yes

If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

2. Article Number (Copy from service label)

7099 3220 0009 7873 0622

PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

**SENDER: COMPLETE THIS SECTION**

- 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.
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Quannah, Inc.  
1009 West Broadway  
Hobbs, NM 88260

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C. Signature

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☐ Agent☐ Addressee

D. Is delivery address different from item 1?

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PS Form 3811, July 1999

Domestic Return Receipt

102595-99-M-1789

# Affidavit of Publication

STATE OF NEW MEXICO

) ss. OK  
fd

COUNTY OF LEA

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 March 27, 2008 and ending with the issue of March 27, 2008.

And that the cost of publishing said notice is the sum of \$ 240.24 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 27<sup>th</sup> day of March 2008

Debbie Schilling  
Debbie Schilling

Notary Public, Lea County, New Mexico

My Commission Expires June 22, 2010

Case 14110  
Quannah, Inc.  
OCD Exhibit No. 1-B

## 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 April 17, 2008, 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 April 7, 2008. 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 CO 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 14106: V

Application of the New Mexico Oil Conservation Division for a Compliance Order against Xeric Oil & Gas Corporation ("Xeric"). The Applicant seeks an

order that the Applicant seek authority to forfeit any associated financial assurances, and to plug and abandon the subject wells should the Operator fail to meet the deadline established by the Order. The subject wells are all located in Lea County. The Crosby Deep and Gregory Units are located approximately 2 miles South/Southeast of Jal; the Mesa Queen Unit is located approximately 4 miles North of Maljamar and 2 miles East of the Eddy County line; the South Pearl Queen, West Pearl Queen and East Pearl Queen Units are located between 12 and 20 miles Northwest of Eunice and 16 to 20 miles Southwest of Hobbs; and the Mexico U wells are located just Southwest of Hobbs (within 3 miles). The specific wells involved in this matter include the following:

Crosby Deep #001, 30-025-23891; Crosby Deep #003, 30-025-11870; East Pearl Queen Unit #084, 30-025-30869; Gregory A #005, 30-025-11884; Gregory A #007, 30-025-11867; Gregory C #001, 30-025-11865; Gregory El Paso Federal #004, 30-025-11871; Mesa Queen Unit #006, 30-025-00396; Mesa Queen Unit #015, 30-025-20347; Mesa Queen Unit #025, 30-025-23483; South Pearl Queen Unit #005, 30-025-03328; South Pearl Queen Unit #008, 30-025-03317; South Pearl Queen Unit #011, 30-025-03325; South Pearl Queen Unit #016, 30-025-03321; South Pearl Queen Unit #019, 30-025-03319; South Pearl Queen Unit #021, 30-025-03342; South Pearl Queen Unit #022, 30-025-03341; West Pearl Queen Unit #167, 30-025-23313; West Pearl Queen Unit #180, 30-025-30868; West Pearl Queen Unit #130, 30-025-03250; Crosby Deep #002, 30-025-24287; Crosby Deep #004, 30-025-25985; East Pearl Queen Unit #001, 30-025-03189; East Pearl Queen Unit #004, 30-025-03186; East Pearl Queen Unit #007, 30-025-03183; East Pearl Queen Unit

East Pearl Queen Unit #021, 30-025-03237; East Pearl Queen Unit #02, 30-025-03235; East Pearl Queen Unit #023, 30-025-03236; East Pearl Queen Unit #026, 30-025-03232; East Pearl Queen Unit #028, 30-025-03215; East Pearl Queen Unit #029, 30-025-03208; East Pearl Queen Unit #030, 30-025-03213; East Pearl Queen Unit #036, 30-025-03222; East Pearl Queen Unit #037, 30-025-03219; East Pearl Queen Unit #038, 30-025-03295; East Pearl Queen Unit #042, 30-025-03298; East Pearl Queen Unit #046, 30-025-03300; East Pearl Queen Unit #056, 30-025-23302; East Pearl Queen Unit #05, 30-025-23409; East Pearl Queen Unit #059, 30-025-23427; East Pearl Queen Unit #077, 30-025-3110; Mesa Queen Unit #01, 30-025-20340; Mesa Queen Unit #011, 30-025-20230; Mesa Queen Unit #018, 30-025-20311; Mesa Queen Unit #02, 30-025-20269; Mexico #001, 30-025-12511; Mexico U #003, 30-025-30954; South Pearl Queen Unit #003, 30-025-21772; South Pearl Queen Unit #006, 30-025-03315; South Pearl Queen Unit #007, 30-025-03316; West Pearl Queen Unit #103, 30-025-03245; West Pearl Queen Unit #107, 30-025-03231; West Pearl Queen Unit #108, 30-025-03234; West Pearl Queen Unit #110, 30-025-03235; West Pearl Queen Unit #112, 30-025-03244; West Pearl Queen Unit #117, 30-025-03241; West Pearl Queen Unit #118, 30-025-03246; West Pearl Queen Unit #119, 30-025-03246; West Pearl Queen Unit #120, 30-025-03224; West Pearl Queen Unit #121, 30-025-03226; West Pearl Queen Unit #122, 30-025-03228; West Pearl Queen Unit #124, 30-025-03229; West Pearl Queen Unit #125, 30-025-03227; West Pearl Queen Unit #126, 30-025-03226; West Pearl Queen Unit #127, 30-025-03242; West Pearl Queen Unit #128, 30-025-03249; West Pearl Queen Unit #129, 30-025-03249

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 April 17, 2008, 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 April 7, 2008. 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 14106: ✓

Application of the New Mexico Oil Conservation Division for a Compliance Order against Xeric Oil & Gas Corporation ("Xeric"). The Applicant seeks an Order finding that Operator Xeric is in violation of OCD Rule 101 as to 69 wells and Rule 201 &/or 1115 as to 80 wells, that such violations are knowing and willful, assessing an appropriate civil penalty and requiring Xeric to bring all such

feited any associated financial assurances, and to plug and abandon the subject wells should the Operator fail to meet the deadline established by the Order. The subject wells are all located in Lea County. The Crosby Deep and Gregory Units are located approximately 2 miles South/Southeast of Jal; the Mesa Queen Unit is located approximately 4 miles North of Maljamar and 2 miles East of the Eddy County line; the South Pearl Queen, West Pearl Queen and East Pearl Queen Units are located between 12 and 20 miles Northwest of Eunice and 16 to 20 miles Southwest of Hobbs; and the Mexico U wells are located just Southwest of Hobbs (within 3 miles). The specific wells involved in this matter include the following:

Crosby Deep #001, 30-025-23891; Crosby Deep #003, 30-025-11870; East Pearl Queen Unit #084, 30-025-30869; Gregory A #005, 30-025-11884; Gregory A #007, 30-025-11867; Gregory C #001, 30-025-11865; Gregory El Paso Federal #004, 30-025-11871; Mesa Queen Unit #006, 30-025-00396; Mesa Queen Unit #015, 30-025-20347; Mesa Queen Unit #025, 30-025-23483; South Pearl Queen Unit #005, 30-025-03328; South Pearl Queen Unit #008, 30-025-03317; South Pearl Queen Unit #011, 30-025-03325; South Pearl Queen Unit #016, 30-025-03321; South Pearl Queen Unit #019, 30-025-03319; South Pearl Queen Unit #021, 30-025-03342; South Pearl Queen Unit #022, 30-025-03341; West Pearl Queen Unit #167, 30-025-23313; West Pearl Queen Unit #180, 30-025-30868; West Pearl Queen Unit #130, 30-025-03250; Crosby Deep #002, 30-025-24287; Crosby Deep #004, 30-025-25985; East Pearl Queen Unit #001, 30-025-03189; East Pearl Queen Unit #004, 30-025-03186; East Pearl Queen Unit #007, 30-025-03183; East Pearl Queen Unit #008, 30-025-03182; East Pearl Queen Unit #009, 30-025-03185; East Pearl Queen Unit #012, 30-025-03174; East Pearl Queen Unit #014, 30-025-03184; East Pearl Queen Unit #015, 30-025-03181; East Pearl

Queen Unit #021, 30-025-03237; East Pearl Queen Unit #022, 30-025-03235; East Pearl Queen Unit #023, 30-025-03236; East Pearl Queen Unit #026, 30-025-03222; East Pearl Queen Unit #028, 30-025-03215; East Pearl Queen Unit #029, 30-025-03208; East Pearl Queen Unit #030, 30-025-03213; East Pearl Queen Unit #036, 30-025-03221; East Pearl Queen Unit #037, 30-025-03219; East Pearl Queen Unit #039, 30-025-03295; East Pearl Queen Unit #042, 30-025-03298; East Pearl Queen Unit #046, 30-025-03302; East Pearl Queen Unit #056, 30-025-23302; East Pearl Queen Unit #057, 30-025-23409; East Pearl Queen Unit #059, 30-025-23427; East Pearl Queen Unit #077, 30-025-31108; Mesa Queen Unit #010, 30-025-20340; Mesa Queen Unit #011, 30-025-20230; Mesa Queen Unit #018, 30-025-20313; Mesa Queen Unit #020, 30-025-20269; Mexico U #001, 30-025-12512; Mexico U #003, 30-025-30954; South Pearl Queen Unit #003, 30-025-21772; South Pearl Queen Unit #006, 30-025-03315; South Pearl Queen Unit #007, 30-025-03316; West Pearl Queen Unit #103, 30-025-03247; West Pearl Queen Unit #107, 30-025-03231; West Pearl Queen Unit #108, 30-025-03234; West Pearl Queen Unit #110, 30-025-03254; West Pearl Queen Unit #112, 30-025-03244; West Pearl Queen Unit #117, 30-025-03241; West Pearl Queen Unit #118, 30-025-03248; West Pearl Queen Unit #119, 30-025-03240; West Pearl Queen Unit #120, 30-025-03224; West Pearl Queen Unit #121, 30-025-03226; West Pearl Queen Unit #122, 30-025-03228; West Pearl Queen Unit #124, 30-025-03229; West Pearl Queen Unit #125, 30-025-03227; West Pearl Queen Unit #126, 30-025-03226; West Pearl Queen Unit #127, 30-025-03242; West Pearl Queen Unit #128, 30-025-03249; West Pearl Queen Unit #129, 30-025-03243; West Pearl Queen Unit #134, 30-025-03262; West Pearl Queen Unit #135, 30-025-03261; West Pearl Queen Unit #140, 30-025-03283; West Pearl Queen Unit #143, 30-025-03286; West Pearl Queen Unit

#164, 30-025-23063; West Pearl Queen Unit #169, 30-025-25365; West Pearl Queen Unit #191, 30-025-30861; West Pearl Queen Unit #192, 30-025-30867; West Pearl Queen Unit #195, 30-025-31021; West Pearl Queen Unit #202, 30-025-31125.

CASE 14107: ✓

Application of the New Mexico Oil Conservation Division for a Compliance Order against Xeric Oil & Gas Corporation ("Xeric"). The Applicant seeks an Order finding that Operator Xeric Oil & Gas Corporation ("Xeric") is in violation of Rule 19.15.2.50 NMAC and the terms of APD Permit No. 1237 with regard to the West Pearl Unit #301 well and requiring Operator Xeric to comply with both the terms of the referenced Rule and Permit, or alternatively authorizing the division to plug the well and forfeit any applicable/available security in the event that Xeric fails to comply, and assessing an appropriate civil penalty. The subject well is located approximately 16 miles Southwest of Hobbs in Lea County and is identified as follows: West Pearl Queen Unit #301, 30-025-36791.

CASE 14108: ✓

Application of the New Mexico Oil Conservation Division for a Compliance Order against Buckeye Disposal, LLC ("Buckeye") seeking an Order Finding that the Operator is in Violation of 19.15.3.101.B NMAC & 19.15.4.201 NMAC as to Two Wells; that the Operator has Failed to Comply with the Terms of ACO 183; Determining that the Violation of 19.15.3.101.B NMAC & 19.15.4.201 NMAC is Knowing & Willful and Imposing Penalties; Requiring Operator to Post the Required Single-Well Financial Assurances for Both Wells and Plug & Abandon Both Wells by a Date Certain; Enforcing the Penalty Provision of ACO 183 and Requiring Operator to Remit Payment of the Penalty Pursuant to the Terms of ACO 183 by a Date Certain; and in the Event of Non-Compliance, Declaring the Wells Abandoned, Authorizing the Division to Plug the Wells and Forfeit Any Applicable Financial

located approximately 20 miles West of Hobbs, 20 miles Southwest of Lovington in Lea County, State AF#1, 30-02546, State AF#2, 30-025-20979.

CASE 14110: ✓

Application of the New Mexico Oil Conservation Division for a Compliance Order against Quannah's Inc. The Applicant seeks an order finding that Operator Quannah's is in violation of 19.15.1.40 NMAC by disposing of produced water or oilfield waste in a rented or permitted surface waste management facility without authority, or place or in a manner may constitute a hazard to the environment imposing penalties, cancelling or suspending Quannah's authority to transport liquid oil wastes. The unauthorized disposal occurred at State "R" tank battery Section 27, T14S, R1E. The tank battery is located approximately 15 miles northwest of Lovington, Lea County, New Mexico.

CASE 14111: ✓

Application of the New Mexico Oil Conservation Division for a Compliance Order. The Applicant seeks an order finding Pogo Producing Company is in violation of 19.15.1.40.A(2) NM based on its failure to comply with an order requiring corrective action, imposing penalties for the knowing and willful failure to file corrected production reports required by agreed compliance order 214 and such other relief as the Director deems appropriate. The affected well is the Resler B #001, 30-025-36573, J 20-2, R37E, in Lea County, New Mexico. The well is located less than five miles north of Teague.

Given under the Seal of the State of New Mexico, Oil Conservation Commission at Santa Fe, New Mexico on this 27 day of March 2008.

STATE OF  
NEW MEXICO  
OIL CONSERVATION  
DIVISION  
Mark E. Fesmire, P.E.  
Division Director  
S E A L

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