

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC, FINDING OPERATOR IN VIOLATION OF DIVISION RULE 19.15.4.201 NMAC AS TO THIRTY-TWO WELLS; REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; REQUIRING OPERATOR TO PLUG SAID WELLS AND RESTORE AND REMEDIATE THE WELL SITES IF OPERATOR FAILS TO BRING SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO FORFEIT THE FINANCIAL ASSURANCE AND PLUG SAID WELLS IN THE EVENT OF OPERATOR'S NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.

Affidavit of Dorothy Phillips

Dorothy Phillips, being first duly sworn on oath, states as follows:

1. I have been employed as the financial assurance administrator at the Santa Fe, New Mexico office of the Oil Conservation Division ("OCD") since 1994.
2. My duties include maintaining records of financial assurance documents filed by operators pursuant to NMSA 1978, Section 70-2-14.
3. I have reviewed OCD's financial assurance records to determine if financial assurance documents were filed for the wells at issue in the above-captioned case (hereinafter, "subject wells"):

- Artesia Metex Unit No. 005; 30-015-00945; L-24-18S-27E
- Artesia Metex Unit No. 006; 30-015-00941; K-24-18S-27E
- Artesia Metex Unit No. 008; 30-015-00944; I-24-18S-28E
- Artesia Metex Unit No. 011; 30-015-01940; 3-19-18S-28E
- Artesia Metex Unit No. 012; 30-015-01964; K-19-18S-28E
- Artesia Metex Unit No. 013; 30-015-01951; J-19-18S-28E
- Artesia Metex Unit No. 014; 30-015-01947; J-19-18S-28E
- Artesia Metex Unit No. 016; 30-015-00942; M-24-18S-27E

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• Artesia Metex Unit No. 020;	30-015-01196;	P-24-18S-27E
• Artesia Metex Unit No. 021;	30-015-01942;	4-19-18S-28E
• Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
• Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
• Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E
• Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
• Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
• Artesia Metex Unit No. 029;	30-015-01194;	B-25-18S-27E
• Artesia Metex Unit No. 031;	30-015-02139;	1-30-18S-28E
• Artesia Metex Unit No. 032;	30-015-02140;	C-30-18S-28E
• Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
• Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
• Artesia Metex Unit No. 039;	30-015-00948;	G-25-18S-27E
• Artesia Metex Unit No. 040;	30-015-00954;	H-25-18S-27E
• Artesia Metex Unit No. 041;	30-015-02136;	2-30-18S-28E
• Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
• Artesia Metex Unit No. 044;	30-015-01190;	I-26-18S-27E
• Artesia Metex Unit No. 045;	30-015-00959;	L-25-18S-27E
• Artesia Metex Unit No. 049;	30-015-02141;	K-30-18S-28E
• Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E
• Artesia Metex Unit No. 052;	30-015-00960;	M-25-18S-27E
• Artesia Metex Unit No. 054;	30-015-00956;	O-25-18S-27E
• Artesia Metex Unit No. 056;	30-015-00987;	A-35-18S-27E
• Artesia Metex Unit No. 058;	30-015-00991;	C-36-18S-27E

4. OCD's electronic permitting database, "E-Permitting," identifies the wells associated with a particular operator that have not been plugged and abandoned. Attachment "A" to this affidavit is a printout of the E-Permitting screen showing ERS Resources, LLC as the operator of the subject wells.

5. ONGARD (oil and natural gas administration and revenue data base) maintains data on the financial assurances posted by operators. Attachment "B" to this affidavit consists of a printout of the ONGARD screen showing that ERS Resources, LLC posted \$50,000 blanket plugging bond number B000692 through U.S. Specialty Insurance Company; 13403 NW Freeway, Houston, Texas 77040. Attachment C to this affidavit is a copy of blanket plugging bond number B000692.

6. ERS Resources, LLC has also posted \$5,000 single well bonds through U.S. Specialty Insurance Company for the following wells:

• Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E	#B000683	\$5,000
• Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E	#B000690	\$5,000
• Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E	#B001136	\$5,000
• Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E	#B000684	\$5,000
• Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E	#B000685	\$5,000
• Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E	#B000682	\$5,000

- Artesia Metex Unit No. 023; 30-015-01941; N-19-18S-28E #B000681 \$5,000
- Artesia Metex Unit No. 024; 30-015-01949; O-19-18S-28E #B001136 \$5,000
- Artesia Metex Unit No. 026; 30-015-00962; A-26-18S-27E #B000679 \$5,000
- Artesia Metex Unit No. 027; 30-015-00951; D-25-18S-27E #B001134 \$5,000
- Artesia Metex Unit No. 035; 30-015-00963; H-26-18S-27E #B0001196 \$5,000
- Artesia Metex Unit No. 036; 30-015-00952; E-25-18S-27E #B000688 \$5,000
- Artesia Metex Unit No. 042; 30-015-02138; F-30-18S-28E #B000680 \$5,000
- Artesia Metex Unit No. 051; 30-015-00966; P-26-18S-27E #B000689 \$5,000

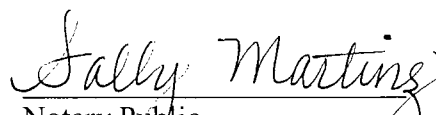
Attachment D to this affidavit consists of copies of the single well bonds.

7. According to OCD records blanket plugging bond B000692 and the single well bonds listed above remain in effect.

THIS CONCLUDES MY AFFIDAVIT.


Dorothy Phillips

SUBSCRIBED AND SWORN before me this 24 day of June 2008.


Notary Public

My Commission Expires:

3-24-2010