

# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

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Mark Fesmire  
Division Director  
Oil Conservation Division



July 8, 2008

Mr. Terry Warnell, Hearing Examiner  
Oil Conservation Division  
1220 S. St. Francis Drive  
Santa Fe, NM 87505

Re: Case No. 14137, Application for a Compliance Order Against Calvin F. Tennison

Dear Mr. Warnell,

The Oil Conservation Division (OCD) respectfully requests that Case No. 14137, currently scheduled for July 10, 2008, be re-set for the August 21, 2008 docket.

This matter was originally heard on June 12, 2008. At the hearing, the OCD presented evidence of its unsuccessful attempts to contact the operator of record for the wells at issue: Mr. Calvin F. Tennison. The OCD believes Mr. Tennison is deceased.

The examiner hearing the case requested that notice also be sent to Bill and Patsy Rich, whose names appeared in the well file, to determine if they wanted to assert an interest in the wells. The case was continued until July 10, 2008 to give the OCD time to notify Bill and Patsy Rich.

The OCD sent notices to Bill and Patsy Rich and to "Sisters LLC," an entity whose name also appears in the well files. The notice sent to Patsy Rich was returned, marked "refused." The OCD received green return receipt cards for the notices sent to Bill Rich and Patsy Rich. A copy of the notice is attached, with copies of the returned envelope and the two green return receipt cards.

Sisters LLC responded to the notice with a letter explaining the history of the well transfers after Mr. Tennison's death, and stating that the current interest owner is Master Energy Resources Inc. A copy of the letter is attached.

Undersigned counsel contacted Master Energy Resources Inc., and they have confirmed that they are in the process of becoming the operator of record for the wells, under the name "Master Energy Resources, LLC."

**Case 14137**  
**Calvin F. Tennison**  
**OCD Exhibit No. 10**

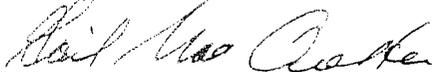
Oil Conservation Division \* 1220 South St. Francis Drive  
\* Santa Fe, New Mexico 87505

\* Phone: (505) 476-3440 \* Fax: (505) 476-3462 \* <http://www.emnrd.state.nm.us>



The OCD requests that the hearing in this matter be continued until August 21, 2008 to give Master Energy Resources, LLC time to become the operator of record for the wells. If the wells are transferred to Master Energy Resources, LLC, the plugging case against Calvin F. Tennison will be dismissed.

Very truly yours,



Gail MacQuesten  
Assistant General Counsel

Encl: Notice of Hearing, dated June 13, 2008  
Returned envelope and green cards  
Letter from Sisters, LLC dated June 19, 2008

Cc w/encl: Sisters, LLC  
Master Energy Resources  
Bill Rich

Ec w/o encl: Daniel Sanchez, Compliance and Enforcement Manager  
Tim Gum, Artesia District Office  
Gerry Guye, Artesia District Office

# New Mexico Energy, Minerals and Natural Resources Department

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Division Director  
Oil Conservation Division



June 13, 2008

## NOTICE OF HEARING

Patsy Rich  
2401 Martin Lane  
Carlsbad, NM 88220  
Certified Mail No. 7099 3220 0009 7873 2077

Bill Rich  
2401 Martin Lane  
Carlsbad, NM 88220  
Certified Mail No. 7099 3220 0009 7873 2084

Sisters, LLC  
2401 Martin Lane  
Carlsbad, NM 88220  
Certified Mail No. 7099 3220 0009 7873 2091

**CASE No. 14137: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST CALVIN F. TENNISON PURSUANT TO NMSA 1978, SECTION 70-2-14(B) ORDERING CALVIN F. TENNISON TO RETURN TO COMPLIANCE OR PLUG AND ABANDON ALL WELLS IT OPERATES IN NEW MEXICO BY A DATE CERTAIN AND AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.**

Ladies and Gentlemen,

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

A hearing on this application will take place before a Division hearing officer on Thursday, July 10, 2008, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. You are being notified of the hearing because your name appears in the well file for the well that is the subject of the hearing, and it appears that you may have an interest in the well. At that hearing you 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.

Oil Conservation Division • 1220 South St. Francis Drive  
• Santa Fe, New Mexico 87505

Phone: (505) 476-3440 • Fax (505) 476-3462 • <http://www.emnrd.state.nm.us>

Case No. 14137

June 13, 2008

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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 No. 14137  
Rule 1211 [19.15.14.1211 NMAC]  
Rule 1212 [19.15.14.1212 NMAC]

cc: Daniel Sanchez, Compliance and Enforcement Manager  
Tim Gum, Artesia District Office  
Gerry Guye, Artesia District Office

**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.

Article Addressed to:

Bill Rich  
2401 Martin Lane  
Carlsbad, NM 88220

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*Bill Rich*  
B. Received by (Printed Name)  
*Bill Rich*  
C. Date of Delivery  
*6-6*

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

**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.

Article Addressed to:

Sisters, LLC  
2401 Martin Lane  
Carlsbad, NM 88220

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*Bill Rich*  
B. Received by (Printed Name)  
*Bill Rich*  
C. Date of Delivery  
*6-6*

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

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  
*Bill Rich*  
B. Received by (Printed Name)  
*Bill Rich*  
C. Date of Delivery  
*6-6*

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

Article Number  
(Transfer from service label)  
7099 3220 0009 7873 2084

Domestic Return Receipt  
Form 3811, August 2001

Article Number  
(Transfer from service label)  
7099 3220 0009 7873 2084

Domestic Return Receipt  
Form 3811, August 2001

Article Number  
(Transfer from service label)  
7099 3220 0009 7873 2084

Domestic Return Receipt  
Form 3811, August 2001

Article Number  
(Transfer from service label)  
7099 3220 0009 7873 2091

Domestic Return Receipt  
Form 3811, August 2001

**CERTIFIED MAIL**

STATE OF NEW MEXICO  
ENERGY MINERALS AND  
NATURAL RESOURCES DEPARTMENT  
1220 SOUTH SAINT FRANCIS DRIVE  
SANTA FE, NEW MEXICO 87505

7099 3220 0009 7873 2077

7099 3220 0009 7873 2077

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7099 3220 0009 7873 2077

016716502107  
\$05.490  
06/03/2008  
POSTAGE  
PAID

871 4E 1 70 06/40/08  
NIXIE

Patsy Rich  
2401 Martin Lane  
Carlsbad, NM

RETURN TO SENDER  
REFUSED  
UNABLE TO FORWARD

BC: 87505422599 \*1055-01096-13-42

RECEIVED

2008 JUN 23 PM 2 59

*Thelbert D. Rice*

*Mary L. Rice*

*2107 La Tierra Dr  
Roswell, N.M. 88201  
Home 575 627-0845  
Law Office 575 626-2848  
Dulce, CO 575 841-9476  
D.alcandora\_rice@yahoo.com*

*June 19, 2008*

*New Mexico Energy, Minerals and Natural Resources Department*

*Dear Sirs,*

In response to your NOTICE OF HEARING dated June 13, 2008

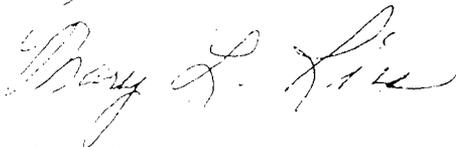
Case No. 14137. Calvin F. Tennison past away on November 29,1999, Alma Tennison, his spouse and heir passed away on April 19, 2000. At this time the heirs formed the LLC, Sisters. The two sisters, Mary L. Rice and Patsy Rich were the majority owners, with the children or in case of a death of a child the grand child or children received shares. Attached is a list of the names and known addresses of all the members. The lawyer that helped the sisters form the LLC Was Tom Martin of Carlsbad, NM 88220. He was supposed to have in formed every party at That time of the passing of Calvin and Alma.

Bill Rich was the operator of the business, and unbeknownst to the other members subsequently Ran the business into a greater debt than the partners could pay. Also Patsy Rich passed away on January 29 2008. At this time Bill Rich said that he had nothing more to do with Sisters LLC. And had all correspondence forwarded to Mary Rice in Roswell although he did inherit his spouses share.

Master Energy Resources Inc. of 10556 Westland Dr. Odessa, TX 79764, offered to purchase all Of Sisters LLC interest. A copy of this assignment is enclosed. Master Energy has assured us that a plugging bond has been acquired. And at this time they are working to bring the wells into compliance. A contact for Master energy is Steve Davis 1-432-349-3297.

If There is any other information required please let us know.

*Sincerely*



*Mary L. Rice  
Majority share holder  
Sisters LLC*

Members of Sisters, LLC

Mary Lou Rice  
3107 La Tierra  
Roswell, NM 88201

Lisa Rueffer  
825 E. Berrendo Rd.  
Roswell, NM 88201

Josh Sherwood  
3107 La Tierra  
Roswell, NM 88201

The Rich Family Trust  
2401 Martin Lane  
Carlsbad, NM 88220

Diana Yeager  
5103 Old Cavern Hwy  
Carlsbad, NM 88220

Melissa Swagerty  
HCR 63, Box 324  
Raton, NM 87740

Shane McLeod  
1282 Bedrock, NE  
Palm Bay, FL 32907

Shawna Yates  
3201 W. Loop 289, Apt 180  
Lubbock, TX 79407

## ASSIGNMENT OF OIL AND GAS LEASES AND INTEREST

KNOW ALL MEN BY THESE PRESENTS:

THAT Sisters L.L.C. 2401 Martin Lane, Carlsbad, New Mexico 88220 hereafter called Assignor, for and in consideration of the sum of Ten Dollars (\$10.00) and other goods and services the Receipt and sufficiency of which is hereby acknowledged, does hereby assign, transfer, sell and convey unto Master Energy Resources Inc. of 10556 Westland Dr. Odessa, Texas 79764 as Assignee 100% of it's ownership and working Interests and all plugging liability and operatorship of any and all of it's leases, overriding royalty interests, and any and all of it's related records, data, and information wherever located, in the Oil and Gas Leases, lands, wells, and interests therein, as set out in Exhibit "A" hereby attached to, and by referenced a part of this Assignment, said leases, lands, wells and interest therein being located in Eddy and Lea Counties, State of New México, together with the rights incident thereto, the personal property thereon, appurtenant thereto, or used or obtained in connection with said Oil and Gas Leases, said Leases and Assignments being free of all debts, liens, encumbrances, and obligations, etc, Whatsoever and Assignor hereby indemnifies the Assignee, its heirs, successors and assigns, from any and All such obligations of Assignor or from any and all such claims or other claims to any interests in said Oil And gas leases or assignments as a result of Assignor's actions or omissions as regarding any such claims or to said leases and or assignments.

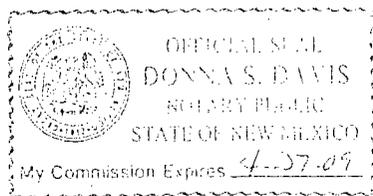
The Assignor herein states that it does not, is not, and shall not reserve unto itself, its heirs, successors or assigns any interests in any or all present wells or subsequent wells in and of the Oil and Gas leases described in Exhibit "A".

Assignor hereby agrees that the Assignee, its heirs, successors and assigns, have no duty or obligation whatsoever to develop or operate the leased premises for oil, gas or other hydrocarbons not otherwise imposed by the provisions of the original Oil and Gas Leases.

It is understood by Assignor and Assignee that the intent of this assignment is to assign one hundred percent (100%) of all of Sisters L.L.C. leases and original interests in the Leases described in Exhibit "A" except for 2.65% of the Gulf Federal #3

for the same consideration, the Assignor covenants with the Assignee its heirs successors and assigns  
That the Assignor is the lawful owner of and has good title to the interests above assigned in and to  
said Oil and Gas leases, estates, rights, and property; that such interests are free and clear from all liens,  
encumbrances or adverse claims; that Assignor shall indemnify, its heirs, successors and assigns,  
from any and all claims or other adverse claims as a result of Assignor's past, present, or future actions  
pertaining to said leases that said Leases are valid and subsisting leases in the lands covered thereby; that  
all rentals and royalties, fees and taxes due under or due to said Oil and Gas or Assignor's actions up to  
the time of this assignment have been paid or shall be paid in full by Assignor; and all conditions  
necessary to keep the leases in full force and effect have been duly performed.

Executed this 15th of May, 2008



Notary Donna S. Davis

Mary L. Rice  
Mary Lou Rice a duly authorized Agent  
for and an officer of, as, and for Assignor,  
Sisters L.L.C.

## EXHIBIT "A"

Page 1 of 1

Attached to and made part of that  
Assignment of Oil and Gas Interests

Sisters L.L.C. 2401 Martin Lane, Carlsbad, New Mexico 88220

And

Master Energy Resources Inc. 10556 Westland Dr. Odessa, Texas 79764

Dated 12<sup>th</sup> day of May, 2008

### Assignment Oil and Gas Leases, Wells, Data, Records, and Information:

Assignment of Oil and Gas Interests being all such interests of Assignor in the following described wells recorded in Eddy County and Lea County New Mexico.

Well #1---R&B Federal #1	Sec 17. T25S. R30E API #30-015-04753	Eddy County
Well #2---Superior State #1	Sec 8. T25S. R30E API #30-015-04745	Eddy County
Well #3---Superior State #2	Sec 8. T30S. R26E API #30-015-10181	Eddy County
Well #4---Hanagan State #1	Sec 8. T25S.R30E API #30-015-04746	Eddy County
Well #5-- Gulf Federal #3	Sec 13. T26S.R29E API #30-015-25265	Eddy County
Well #6---Malaga Unit #1	Sec 7. T24S.R29E API #30-015-03701	Lea County
Well #7---Malaga Unit #2	Sec.7. T24S.R29E API #30-015-03699	Lea County
Well #8---Malaga Unit #3	Sec7. T24S.R29E API# 30-015-03695	Lea County
Well #9---Malaga #2 SWD	Sec7. T24S.R29E API# 30-015-03702	Lea County

This Assignment includes all of Sisters L.L.C. and its associates, affiliates, and interests owner's interests in and 100% of its and their working interests and any and all of its retained royalty and minerals interests in any and all of the royalty and minerals interests and any and all of the oil and gas leases in Section 17, Section 8, Section 13, Section 7 and all of Sisters L.L.C. and its associates, affiliates, and interests owner's interests whatsoever in any and all wells upon such section, and any and all of any of its or their working interests, revenue interests, and royalty interests in and of the leases as described and in and of all of its or their rights to any wells thereof and all the wells described as, R & B Federal #1, Superior State #1, Superior State #2, Hanagan State #1, Gulf Federal #3, Malaga Unit #1, Malaga Unit #2, Malaga Unit #3 Malaga Unit #2 SWD (injection Well), all described sections being of Eddy and Lea Counties, New Mexico, and all relevant data, records or information may be located, and all such interests being free of all debts, liens, encumbrances, and obligations, ect. whatsoever.