

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 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.

CASE NO. 14137

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 June 12, 2008 hearing in the above-captioned case was mailed to the address of record for Calvin F. Tennison by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

Calvin F. Tennison
2401 Martin Lane
Carlsbad, NM 88220

OGRID = 3604

(13 wells To DPL)

The letter was returned marked "Deceased." A copy of the returned envelop is attached as Exhibit A.

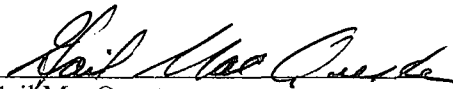
2. Notice of the June 12, 2008 hearing in the above-captioned case was mailed to the last available address for Far West Insurance Company by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

Far West Insurance Company
P.O. Box 4500
Woodland Hills, CA 91365

To date, the Oil Conservation Division has not received a return receipt card from the mailing.

3. A copy of the notice sent to Mr. Tennison and to Far West Insurance Company is attached as Exhibit B.

4. Notice of the June 12, 2008 hearing was published on May 15, 2008 in The Artesia Daily Press, a newspaper of general circulation in Eddy County. The affidavit of publication from The Artesia Daily Press is attached as Exhibit C.


Gail MacQuesten

SUBSCRIBED AND SWORN to before me this 06 day of June 2008.


Notary Public

My Commission Expires:
01-09-2012

CERTIFIED MAIL

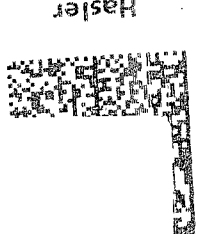
BC: 97505422399 *1055-06495-23-16

RETURN TO SENDER
UNCLAIMED
UNABLE TO FORWARD

60/02/50 07 70 05/23/09

19 7873 1719

016H16502007
\$05.490
05/14/2008
Mailed From 87505
US POSTAGE



Delivered

Calvin F. Tennison
2401 Martin Lane
Carlsbad, NM 88220

8822033551 0012

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



May 14, 2008

NOTICE OF HEARING

Calvin F. Tennison
P.O. Box 4500
Woodland Hills, CA 91365
Certified Mail No. 7099 3220 0009 7873 1902

Far West Insurance Company
P.O. Box 4500
Woodland Hills, CA 91365
Certified Mail No. 7099 3220 0009 7873 1926

Calvin F. Tennison
2401 Martin Lane
Carlsbad, NM 88220
Certified Mail No. 7099 3220 0009 7873 1919

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.

Dear Mr. Tennison,

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, June 12, 2008, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. 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.

Case 14137
Calvin F. Tennison
OCD Exhibit 1-B

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

May 13, 2008

Page 2

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]

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

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

RECEIVED
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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.

CASE NO. 14137

APPLICATION FOR COMPLIANCE ORDER
AGAINST CALVIN F. TENNISON

1. Calvin F. Tennison ("Tennison") is a sole proprietor operating the following wells under OGRID 3604 in Eddy County, New Mexico:

• Gulf Federal #003	C-13-26S-29E	30-015-25265
• Hanagan State #001	G-8-25S-30E	30-015-04746
• Malaga Unit #001	F-7-24S-29E	30-015-03701
• Malaga Unit #002	4-7-24S-29E	30-015-03702
• Malaga Unit #002	G-7-24S-29E	30-015-03699
• Malaga Unit #003	K-7-24S-29E	30-015-03695
• R and B Fed #001Y	D-17-25S-30E	30-015-04753
• Superior State #001	H-8-25S-30E	30-015-04745
• Superior State #002	I-8-25S-30E	30-015-10181

2. Calvin F. Tennison and Alma F. Tennison posted a \$50,000 surety bond number 9009238 through Far West Insurance Company to secure Tennison's obligation to plug and abandon wells on privately owned or state-owned lands in New Mexico in compliance with the rules of the Oil Conservation Division ("OCD").

3. The OCD was advised that Far West Insurance Company was placed under receivership and that all outstanding bonds were cancelled effective December 9, 2001. The OCD notified Tennison that he needed to replace bond number 9009238 with an acceptable financial assurance. Tennison did not replace bond number 9009238.

4. NMSA 1978, Section 70-2-14(B) provides:

If any of the requirements of the Oil and Gas Act [70-2-1 NMSA 1978] or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

5. Tennison is out of compliance with the following rules promulgated pursuant to the Oil and Gas Act:

A. 19.15.3.101 NMAC. Operators of wells on privately owned or state owned lands within New Mexico must furnish a financial assurance to secure the plugging of the wells. The operator may furnish a blanket financial assurance in the amount of \$50,000 to cover multiple wells, or may provide a single well financial assurance for each state or fee well. Any state or fee well that has been inactive for a period of more than two years must be covered by a single well financial assurance even if the operator has also posted a blanket financial assurance. Because the blanket bond posted by Tennison has been cancelled, Tennison needs to provide financial assurances for the following state or fee wells. The wells marked with an asterisk have been inactive for more than two years, and will also require a single-well financial assurance if Tennison posts a blanket financial assurance:

- Hanagan State #001 G-8-25S-30E 30-015-04746
- Malaga Unit #001 F-7-24S-29E 30-015-03701*

- Malaga Unit #002 4-7-24S-29E 30-015-03702*
- Malaga Unit #003 K-7-24S-29E 30-015-03695*
- Superior State #001 H-8-25S-30E 30-015-04745
- Superior State #002 I-8-25S-30E 30-015-10181

B. 19.15.13.1115 NMAC. Operators are required to file a monthly C-115 report for each non-plugged well completion for which the OCD has approved a C-104 authorization to transport, and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state of New Mexico. Reports are due on or before the 15th day of the second month following the month of production. Tennison has not filed C-115 reports since the report for April 2007 production.

C. 19.15.4.201 NMAC. A well shall be either properly plugged and abandoned or placed on approved temporary abandonment status within 90 days after a period of one year in which a well has been continuously inactive, or within 90 days after a 60 day period following suspension of drilling operations. The following wells operated by Tennison have not reported production or injection for at least one year plus ninety days, and are not properly plugged and abandoned and are not on approved temporary abandonment status:

- Malaga Unit #001 F-7-24S-29E 30-015-03701
- Malaga Unit #002 4-7-24S-29E 30-015-03702
- Malaga Unit #002 G-7-24S-29E 30-015-03699
- Malaga Unit #003 K-7-24S-29E 30-015-03695

D. 19.15.2.50 NMAC. After April 15, 2004, operators must obtain a permit before constructing a pit. Each pit in existence on April 15, 2004 must be closed or permitted for continued use. Pits must be closed within six months after cessation of use.

The Hanagan State No. 001 was re-entered in 19966. The most recent activity reported in the well file was remedial work performed in 2002. An inspection on December 10, 2007 found two open, unregistered pits on location with hydrocarbon contamination.

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

A. Determining that Tennison is in violation of one or more of the following: 19.15.3.101 NMAC; 19.15.13.1115 NMAC; 19.15.4.201 NMAC; and 19.15.2.50 NMAC;

B. Requiring Tennison to come into compliance with 19.15.3.101 NMAC; 19.15.13.1115 NMAC; 19.15.4.201 NMAC; 19.15.2.50 NMAC within thirty days;

C. If Tennison fails to come into compliance with 19.15.3.101 NMAC, 19.15.13.1115 NMAC, 19.15.4.201 NMAC and 19.15.2.50 NMAC within thirty days requiring Tennison to plug and abandon all his wells by a date certain pursuant to NMSA 1978, Section 70-2-14(B), and if the subject wells are not plugged and abandoned by the date set in the order:

- (1) Authorizing the OCD to plug the wells in accordance with a Division-approved plugging program; and
- (2) If any of the non-compliant subject wells is located on privately owned or state owned lands, authorizing the OCD to declare forfeit any financial assurance furnished by the Operator; and

D. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 13th day of May 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

Phone: (505) 476-3451

FAX: (505) 476-3462

e-mail: gail.macquesten@state.nm.us

Attorney for the New Mexico Oil
Conservation Division

- Case No. _____. Application of the New Mexico Oil Conservation Division for a Compliance Order against Calvin F. Tennison. The Applicant seeks an order requiring operator to return its wells to compliance with 19.15.3.101 NMAC, 19.15.13.1115 NMAC, 19.15.4.201 NMAC and 19.15.2.50 NMAC by a date certain; if operator fails to return the wells to compliance the Applicant seeks an order pursuant to NMSA 1978, Section 70-2-14(B) requiring operator to plug and abandon its wells by a date certain and authorizing the Division to plug said wells and forfeit the applicable financial assurance in the event of non-compliance. The wells at issue are: Gulf Federal #003, C-13-26S-29E, 30-015-25265; Hanagan State #001, G-8-25S-30E, 30-015-04746; Malaga Unit #001, F-7-24S-29E, 30-015-03701; Malaga Unit #002 4-7-24S-29E, 30-015-03702; Malaga Unit #002, G-7-24S-29E, 30-015-03699; Malaga Unit #003, K-7-24S-29E, 30-015-03695; R and B Fed #001Y, D-17-25S-30E, 30-015-04753; Superior State #001, H-8-25S-30E, 30-015-04745; Superior State #002, I-8-25S-30E, 30-015-10181. The wells are located approximately 5-20 miles southeast of Loving in Eddy 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]

Affidavit of Publication

NO. 20205

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

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 Consecutiv week/days on the same

day as follows:

First Publication May 15 2008

Second Publication

Third Publication

Fourth Publication

Fifth Publication

Subscribed and sworn to before me this

19th Day May 2008

Kimberly J. Combs

Notary Public, Eddy County, New Mexico

My Commission expires April 5, 2011

Copy of Publication:

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 June 12, 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 June 2, 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 14137: Application of the New Mexico Oil Conservation Division for a Compliance Order against Calvin F. Tennison. The Applicant seeks an order requiring operator to return its wells to compliance with 19.15.3.101 NMAC, 19.15.13.1115 NMAC, 19.15.4.201 NMAC and 19.15.2.50 NMAC by a date certain; if operator fails to return the wells to compliance the Applicant seeks an order pursuant to NMSA 1978, Section 70-2-14(B) requiring operator to plug and abandon its wells by a date certain and authorizing the Division to plug said wells and forfeit the applicable financial assurance in the event of non-compliance. The wells at issue are Gulf Federal #003, C-13-26S-29E, 30-015-25265; Hanagan State #001, G-8-25S-30E, 30-015-04746; Malaga Unit #001, F-7-24S-29E, 30-015-03701; Malaga Unit #002, 4-7-24S-29E, 30-015-03702; Malaga Unit #002, G-7-24S-29E, 30-015-03699; Malaga Unit #003, K-7-24S-29E, 30-015-03695; R and B Fed #001Y, D-17-25S-30E, 30-015-04753; Superior State #001, H-8-25S-30E, 30-015-04745; Superior State #002, I-8-25S-30E, 30-015-10181. The wells are located approximately 5-20 miles southeast of Loving in Eddy County, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico on this 14th day of May 2008.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Mark E. Fesmire, P. E.

Division Director

Published in the Artesia Daily Press, Artesia, N.M. May 15, 2008.
Legal 20205

Case 14137
Calvin F. Tennison
OCD Exhibit 1-C