

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

RECEIVED
2008 NOV 28 PM 3:25

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION DIVISION FOR THE PURPOSES
OF CONSIDERING:

CASE NO. 14106

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION FOR A
COMPLIANCE ORDER AGAINST XERIC OIL & GAS CORPORATION ("XERIC").

RESPONDENT'S ENTRY OF APPEARANCE AND PRE-HEARING STATEMENT

This Pre-Hearing Statement is submitted by Holland & Hart LLP, as required by the Oil
Conservation Division.

APPEARANCES OF PARTIES

APPLICANT

Oil Conservation Division

Ronald St. John
Xeric Oil & Gas Corp.
14781 Memorial Drive Ste 1754
Houston, Texas 77079

ATTORNEY

Mikal Altomare, Esq.
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3480

Ocean Munds-Dry
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, New Mexico 87504
(505) 988-4421

*H-700, 600
10 years
\$2816
agreed
same day
they were*

STATEMENT OF CASE

APPLICANT

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 wells into full compliance with OCD Rules by a date certain. The Division further seeks 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 the East Pearl Queen Units are located between 12 and 20 miles Northwest of Eunice and 10 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 #002	30-025-24287	South Pearl Queen Unit #006	30-025-03315
Crosby Deep #004	30-025-25985	South Pearl Queen Unit #007	30-025-03316
East Pearl Queen Unit #001	30-025-03189	West Pearl Queen Unit #103	30-025-03247
East Pearl Queen Unit #004	30-025-03186	West Pearl Queen Unit #107	30-025-03231
East Pearl Queen Unit #007	30-025-03183	West Pearl Queen Unit #108	30-025-03234
East Pearl Queen Unit #008	30-025-03182	West Pearl Queen Unit #110	30-025-03254
East Pearl Queen Unit #009	30-025-03185	West Pearl Queen Unit #112	30-025-03244
East Pearl Queen Unit #011	30-025-03175	West Pearl Queen Unit #117	30-025-03241
East Pearl Queen Unit #012	30-025-03174	West Pearl Queen Unit #118	30-025-03248
East Pearl Queen Unit #014	30-025-03184	West Pearl Queen Unit #119	30-025-03240
East Pearl Queen Unit #015	30-025-03181	West Pearl Queen Unit #120	30-025-03224
East Pearl Queen Unit #016	30-025-03180	West Pearl Queen Unit #121	30-025-03225
East Pearl Queen Unit #018	30-025-03216	West Pearl Queen Unit #122	30-025-03228
East Pearl Queen Unit #021	30-025-03237	West Pearl Queen Unit #124	30-025-03229
East Pearl Queen Unit #022	30-025-03235	West Pearl Queen Unit #125	30-025-03227
East Pearl Queen Unit #023	30-025-03236	West Pearl Queen Unit #126	30-025-03226
East Pearl Queen Unit #026	30-025-03222	West Pearl Queen Unit #127	30-025-03242
East Pearl Queen Unit #028	30-025-03215	West Pearl Queen Unit #128	30-025-03249
East Pearl Queen Unit #029	30-025-03208	West Pearl Queen Unit #129	30-025-03243
East Pearl Queen Unit #030	30-025-03213	West Pearl Queen Unit #130	30-025-03250
East Pearl Queen Unit #036	30-025-03221	West Pearl Queen Unit #134	30-025-03262
East Pearl Queen Unit #037	30-025-03219	West Pearl Queen Unit #135	30-025-03261
East Pearl Queen Unit #039	30-025-03295	West Pearl Queen Unit #140	30-025-03283
East Pearl Queen Unit #042	30-025-03298	West Pearl Queen Unit #143	30-025-03286
East Pearl Queen Unit #046	30-025-03302	West Pearl Queen Unit #153	30-025-03265
East Pearl Queen Unit #056	30-025-23302	West Pearl Queen Unit #154	30-025-03266
East Pearl Queen Unit #057	30-025-23409	West Pearl Queen Unit #163	30-025-22870
East Pearl Queen Unit #059	30-025-23427	West Pearl Queen Unit #164	30-025-23083
East Pearl Queen Unit #077	30-025-31106	West Pearl Queen Unit #169	30-025-25365
Mesa Queen Unit #010	30-025-20340	West Pearl Queen Unit #191	30-025-30861
Mesa Queen Unit #011	30-025-20230	West Pearl Queen Unit #192	30-025-30867
Mesa Queen Unit #018	30-025-20313	West Pearl Queen Unit #195	30-025-31021
Mesa Queen Unit #020	30-025-20269	West Pearl Queen Unit #202	30-025-31125
Mexico U #001	30-025-12512	30-025-23891 Crosby Deep #001	
Mexico U #003	30-025-30954	30-025-24287 Crosby Deep #002	
South Pearl Queen Unit #003	30-025-21772	30-025-11870 Crosby Deep #003	
		30-025-25985 Crosby Deep #004	

30-025-03189 East Pearl Queen Unit #001
30-025-03186 East Pearl Queen Unit #004
30-025-03183 East Pearl Queen Unit #007
30-025-03182 East Pearl Queen Unit #008
30-025-03185 East Pearl Queen Unit #009
30-025-03175 East Pearl Queen Unit #011
30-025-03174 East Pearl Queen Unit #012
30-025-03184 East Pearl Queen Unit #014
30-025-03181 East Pearl Queen Unit #015
30-025-03180 East Pearl Queen Unit #016
30-025-03216 East Pearl Queen Unit #018
30-025-03237 East Pearl Queen Unit #021
30-025-03235 East Pearl Queen Unit #022
30-025-03236 East Pearl Queen Unit #023
30-025-03222 East Pearl Queen Unit #026
30-025-03215 East Pearl Queen Unit #028
30-025-03208 East Pearl Queen Unit #029
30-025-03213 East Pearl Queen Unit #030
30-025-03221 East Pearl Queen Unit #036
30-025-03219 East Pearl Queen Unit #037
30-025-03295 East Pearl Queen Unit #039
30-025-03298 East Pearl Queen Unit #042
30-025-03302 East Pearl Queen Unit #046
30-025-23302 East Pearl Queen Unit #056
30-025-23409 East Pearl Queen Unit #057
30-025-23427 East Pearl Queen Unit #059
30-025-31106 East Pearl Queen Unit #077
30-025-30869 East Pearl Queen Unit #084
30-025-11884 Gregory A #005
30-025-11867 Gregory A #007
30-025-11865 Gregory C #001
30-025-11871 Gregory El Paso Federal 004
30-025-00396 Mesa Queen Unit #006
30-025-20340 Mesa Queen Unit #010
30-025-20230 Mesa Queen Unit #011
30-025-20347 Mesa Queen Unit #015
30-025-20313 Mesa Queen Unit #018
30-025-20269 Mesa Queen Unit #020
30-025-23483 Mesa Queen Unit #025
30-025-12512 Mexico U #001
30-025-30954 Mexico U #003
30-025-21772 South Pearl Queen Unit #003
30-025-03328 South Pearl Queen Unit #005
30-025-03315 South Pearl Queen Unit #006
30-025-03316 South Pearl Queen Unit #007
30-025-03317 South Pearl Queen Unit #008
30-025-03325 South Pearl Queen Unit #011
30-025-03321 South Pearl Queen Unit #016
30-025-03319 South Pearl Queen Unit #019
30-025-03342 South Pearl Queen Unit #021
30-025-03341 South Pearl Queen Unit #022
30-025-03247 West Pearl Queen Unit #103
30-025-03231 West Pearl Queen Unit #107
30-025-03234 West Pearl Queen Unit #108
30-025-03244 West Pearl Queen Unit #112
30-025-03241 West Pearl Queen Unit #117
30-025-03248 West Pearl Queen Unit #118
30-025-03240 West Pearl Queen Unit #119
30-025-03224 West Pearl Queen Unit #120
30-025-03228 West Pearl Queen Unit #122
30-025-03229 West Pearl Queen Unit #124
30-025-03227 West Pearl Queen Unit #125
30-025-03226 West Pearl Queen Unit #126
30-025-03242 West Pearl Queen Unit #127
30-025-03249 West Pearl Queen Unit #128
30-025-03243 West Pearl Queen Unit #129
30-025-03262 West Pearl Queen Unit #134
30-025-03261 West Pearl Queen Unit #135
30-025-03283 West Pearl Queen Unit #140
30-025-03286 West Pearl Queen Unit #143
30-025-03265 West Pearl Queen Unit #153
30-025-03266 West Pearl Queen Unit #154
30-025-23083 West Pearl Queen Unit #164
30-025-23313 West Pearl Queen Unit #167
30-025-25365 West Pearl Queen Unit #169
30-025-30868 West Pearl Queen Unit #180

RESPONDENT

Xeric was recently purchased by new owners. Since the transfer in ownership, the new owners have been working to bring each non-compliant well into compliance. Xeric's main focus has been to address any environmental issues. Xeric is diligently working on its wells and has kept the Division apprised of its progress and next steps. Xeric requests additional time to bring its wells into compliance and that no civil penalty be assessed at this time.

PROPOSED EVIDENCE

APPLICANT


WITNESSES	ESTIMATED TIME	EXHIBITS
-----------	----------------	----------

RESPONDENT

WITNESSES	ESTIMATED TIME	EXHIBITS
Ronald St. John	30 minutes	Approx. 5
Adam Hirschfeld	30 minutes	Approx. 10

PROCEDURAL MATTERS

Xeric has none at this time.


Ocean Munds-Dry
Attorney for Xeric Oil & Gas Corporation

CERTIFICATE OF SERVICE

I certify that on August 28, 2008 I served a copy of the foregoing document to the following by

- U.S. Mail, postage prepaid
- Hand Delivery
- Fax
- Electronic Service by LexisNexis File & Serve

Mikal Altomare, Esq.
New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3480


Ocean Munds-Dry