

RECEIVED
OCT 9 44

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 GENERAL OPERATING CO., GENE A. SNOW AND/OR SNOW OIL & GAS, INC. TO DETERMINE THE CORRECT OPERATOR(S) OF ONE WELL, FINDING THE OPERATOR(S) IN VIOLATION OF 19.15.4.201 NMAC AS TO THE WELL, REQUIRING OPERATOR(S) TO BRING THE WELL INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE DECLARING THE WELL ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELL AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, EDDY COUNTY, NEW MEXICO.

CASE NO. 14129

**ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT**

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 1211 [19.15.14.1211 NMAC].

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505

(505) 476-3451
FAX: 476-3462
Gail.macquesten@state.nm.us

RESPONDENTS

General Operating Company
8495 Jacksboro Highway
Wichita Falls, Texas 76301

No entry of appearance at this time

Snow Oil & Gas, Inc.
Gene A. Snow heirs

Lisa Curry Gray Law Offices, P.C.
227 East Palace Avenue, Suite E
Santa Fe, NM 87501
(505) 982-8711

STATEMENT OF THE CASE

The Oil Conservation Division (OCD) seeks a compliance order against General Operating Co., Gene A. Snow and/or Snow Oil & Gas, Inc. regarding the Kleeman #001 well, 30-015-00250.

The Kleeman #001 well has not reported activity for over 30 years, and is not plugged and abandoned or on approved temporary abandonment status. It is therefore in violation of Rule 19.15.4.201 NMAC. The OCD seeks an order requiring the operator to plug the well by a date certain, and allowing the OCD to plug the well and forfeit any applicable financial assurance in the event the operator fails to meet the deadline set in the order. The order is sought pursuant to Rule 19.15.3.101(H) NMAC, and NMSA 1978, Sections 70-2-12(B)(18) and 70-2-38.

It is not clear from the well file who the operator is. The OCD has named as parties the last clear operator of record according to the well file, and each entity whose name appears in the well file since that last clear operator of record, in order to give appropriate notice, and to give the hearing examiner the opportunity to determine who the operator of record should be.

Mr. Gene A Snow filed a change of operator in 1976, becoming operator of record for the well as a sole proprietor. A handwritten notation dated 1991 in the well file indicates the well was sold, but does not indicate the new operator. Documents in the well file after 1991 identify the operator to be "Snow Oil and Gas," "Snow Oil & Gas, Inc." or "General Operating Co." There are no documents in the well file showing a change of operator from Mr. Snow to any other operator.

"Snow Oil & Gas" is not listed as an operator in New Mexico. A letter sent by the Artesia District Office to "Snow Oil & Gas" inquiring about the Kleeman #001 received a response from "Snow Oil & Gas, Inc.," an active operator in New Mexico. In a letter dated March 17, 2006, Snow Oil & Gas, Inc. stated that it does not operate or have any interest in the Kleeman #001. "Snow Oil & Gas, Inc." is a corporation; Gene A. Snow is not listed as an officer or director of the corporation. The principal address listed for "Snow Oil & Gas, Inc." on the Corporate Inquiry Screen for the company on the Public Regulatory Commission web site is the same address listed for Gene A Snow in the Lovington telephone book: 606 S. 13th St., Lovington, NM 88260.

Despite the fact that there are no documents showing a change of operator from Gene A Snow to "General Operating Company," "General Operating Company" appears in OCD records as the current operator of record for the Kleeman #001. No other wells appear on the well list for "General Operating Company."

Neither Gene A Snow nor "General Operating Company" has a financial assurance posted to secure the plugging of wells. "Snow Oil & Gas, Inc." posted a \$50,000 blanket cash bond.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

Jane Prouty, Automation and Records Bureau

20 minutes

Or

Daniel Sanchez, Enforcement and Compliance
Manager

Dorothy Phillips, Financial Assurance Administrator

by affidavit

PROCEDURAL MATTERS

None.

Respectfully submitted
this 26th day of August 2008 by



Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was mailed to General Operating Company at the address indicated above, and faxed to Ms. Lisa Curry Gray at the fax number indicated above, this 26th day of August 2008.



Gail MacQuesten