

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

2008 APR 25 PM 1 35

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

APPLICATION FOR COMPLIANCE ORDER
AGAINST GENERAL OPERATING CO., GENE A. SNOW AND/OR SNOW OIL
& GAS, INC.

1. Gene A. Snow, a sole proprietor, became operator of record of the following well in 1976 under OGRID 201896:

Kleeman #001, P-27-18S-26E, 30-015-00250

2. The Kleeman #001 last reported activity in May 1977, and is neither plugged and abandoned nor on approved temporary abandonment status.

3. A hand-written notation on the well file copy of a 1978 "Supplement to the Oil Proration Schedule" sent to Mr. Snow states:

"5/9/91 Called, said this well was sold. Didn't know who it was sold to. CR"

4. Documents in the well file for the Kleeman #001 after 1991 identify the operator to be "Snow Oil and Gas," "Snow Oil & Gas, Inc." or "General Operating

Company.” There are no documents in the well file showing a change of operator from Gene A. Snow to any one of these companies.

5. “Snow Oil and Gas” is not listed as an operator in New Mexico. A letter sent by the Artesia District Office to “Snow Oil and Gas” inquiring about the Kleeman #001 received a response from “Snow Oil & Gas, Inc.,” an active operator in New Mexico under OGRID 21013. 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. Lee 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 Regulator Commission web site is the same address listed for Gene A. Lee in the Lovington telephone book: 606 S. 13th St., Lovington, NM 88260.

6. 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 the records of the Oil Conservation Division (OCD) as the operator of record for the Kleeman #001 under OGRID 8683.

7. The Kleeman #001 is the only well listed on the well list for General Operating Company.

8. Neither Gene A. Snow nor “General Operating Company” has a financial assurance posted with the OCD to secure the plugging of wells. “Snow Oil & Gas, Inc.” posted a \$50,000 blanket cash plugging bond, Number OCD-224, to secure the plugging of its wells.

9. Division rule 19.15.1.7.O(5) defines "operator" as "a person who, duly authorized is in charge of the development of a lease or the operation of a producing property, or who is in charge of a facility's operation or management."

10. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.

11. Division rule 19.15.3.101(H) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain.

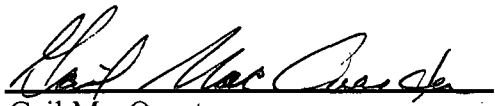
12. NMSA 1978, Section 70-2-12(B)(18) and NMSA 1978, Section 70-2-38 authorize the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

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

- A. Determining the operator or operators of the Kleeman #001;
- B. Requiring the operator or operators to plug and abandon the Kleeman #001 by a date certain;
- C. If the Kleeman #001 is not brought into compliance with 19.15.4.201 NMAC by the date set in the order, declaring the well abandoned and authorizing the Division to plug the subject well in accordance with a Division-approved plugging program and restore and remediate the location;

- D. If the order finds "Snow Oil & Gas, Inc." to be the operator of the Kleeman #001, and the Division plugs the well, authorizing the Division to forfeit the financial assurance posted by Snow Oil & Gas, Inc."; and
- E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 25th day of April 2008 by


Gail MacQuesten
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Energy, Minerals and Natural
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Case No. 14129. Application of the New Mexico Oil Conservation Division for a Compliance Order against General Operating Company, Gene A. Snow and/or Snow Oil & Gas, Inc. The Applicant seeks an order determining the operator or operators of the Kleeman #001, 30-015-00250, Section 27, Township 18S, Range 26E; finding the operator(s) in violation of 19.15.4.201 NMAC as to said well; requiring operator(s) to bring the well into compliance with 19.15.4.201 NMAC by a date certain and authorizing the division to plug the well and forfeit the applicable financial assurance in the event of non-compliance. The well is located approximately 10 miles southeast of Artesia in Eddy County, New Mexico.