

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING GREKA AM, INC. TO BRING SIX WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC, ASSESSING APPROPRIATE CIVIL PENALTIES, AND AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE SECURITY IN DEFAULT OF COMPLIANCE BY THE OPERATOR; LEA COUNTY, NEW MEXICO.

CASE NO. 13363

2004 NOV 22 AM 10:47

PRE-HEARING STATEMENT

This entry of appearance and pre-hearing statement is submitted by the applicant, the Oil Conservation Division.

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

OPPONENTS

Greka AM, Inc.
Fidelity and Deposit Company of Maryland

OPPONENTS' ATTORNEY

No appearance has been entered
No appearance has been entered

STATEMENT OF THE CASE

APPLICANT

Greka AM, Inc. ("Greka") is the operator in fact of 6 inactive wells in Lea County, New Mexico, and has filed a \$50,000 blanket bond to secure its obligation to plug those wells.

In a previous case, No. 13163, the Oil Conservation Commission found that the wells were in violation of rule 201, ordered the operator of record, Saba Energy of Texas, Inc., to bring the wells into compliance by certain deadlines, and to pay a \$270,000 penalty. The order authorizes the Division to plug the wells and forfeit Saba's \$50,000 bond if Saba fails to comply.

According to testimony at the hearing in Case 13163, if the Division has to plug the wells, Saba's \$50,000 bond will not be adequate to cover the costs. The Division has filed this action against Greka to give Greka, as the operator in fact of the wells, the opportunity to bring the wells into compliance, and to obtain authority to forfeit Greka's bond if it fails to comply. In addition, the Division seeks penalties against Greka for failing to comply with rule 201.

OPPONENTS

Neither Greka AM, Inc. nor Fidelity and Deposit Company of Maryland has entered an appearance in this case.

WITNESSES

APPLICANT

WITNESS:

ESTIMATED TIME:

Chris Williams or Billy Prichard

10 min.

Dorothy Phillips

10 min.

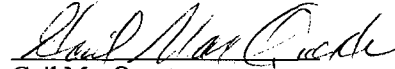
Jane Prouty

by affidavit

PROCEDURAL MATTERS

None.

Respectfully submitted,
This 12th day of November, 2004 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