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

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE SUPERVISOR OF DISTRICT I, FOR AN ORDER REQUIRING VERDE GRANDE INC. TO BRING ONE WELL INTO COMPLIANCE WITH 19.15.4.201 NMAC, ASSESSING AN APPROPRIATE CIVIL PENALTY IN THE EVENT OF NON-COMPLIANCE, AUTHORIZING THE DIVISION TO PLUG SAID WELL AND ORDERING A FORFEITURE OF THE APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO.

CASE NO. 13257

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

with
6/9/04

OPPONENTS

Verde Grande Inc.

Ohio Casualty Insurance Company

OPPONENTS' ATTORNEY

No appearance has been entered

No appearance has been entered.

STATEMENT OF THE CASE

APPLICANT

Verde Grande Inc. (Verde Grande) is the operator of record for the Aztec State #1 well, located in Lea County, New Mexico. The well has been inactive for over ten years, and has not been plugged or put on temporary abandonment status.

The Division filed this application pursuant to 19.15.3.101.M NMAC, seeking an order requiring Verde Grande Inc. to bring the well into compliance with rule 201 by plugging the well, placing it on temporary abandonment status, or returning it to a Division-approved beneficial use by a date certain, authorizing the Division to plug the well if Verde Grande fails to comply, and authorizing the Division to forfeit the financial assurance Verde Grande posted for the well.

OPPONENTS

Neither Verde Grande Inc. nor the Ohio Casualty Insurance Company has entered an appearance in this case. The OCD was contacted by Clarke Coll, attorney for Roland Caudill the former president of Verde

Grande Inc. Mr. Coll informed the OCD that Verde Grande Inc. has received a discharge in bankruptcy. It is unknown whether either Mr. Caudill or Mr. Coll intends to appear at the hearing.

PROPOSED EVIDENCE

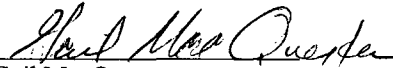
APPLICANT

WITNESS:	ESTIMATED TIME:
Chris Williams or Billy Prichard	5 min.
Dorothy Phillips	by affidavit
Jane Prouty	by affidavit

PROCEDURAL MATTERS

None.

Respectfully submitted,
This 4th day of June, 2004 by

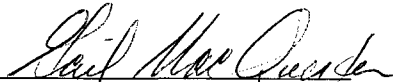


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Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon Clarke Coll, Attorney for Roland Caudill, former president of Verde Grande Inc., by facsimile (505-622-5853) this 4th day of June, 2004.


Gail MacQuesten