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 1, FOR AN ORDER REQUIRING THE ESTATE OF GP SIMS TO BRING FOUR WELLS 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 WELLS AND ORDERING A FORFEITURE OF THE APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO

CASE NO. /3576

APPLICATION FOR COMPLIANCE ORDER

1. The "Estate of GP Sims" (hereinafter, "G.P. Sims") is the operator of record

under OGRID 197936 for the following wells:

- A. Gulf State #1 well, API # 30-025-03533, located at Unit Letter K, Section 33, Township 21 South, Range 35 East, in Lea County, New Mexico ("subject well A");
- B. Gulf State #2 well, API # 30-025-03534, located at Unit Letter L, Section 33, Township 21 South, Range 35 East, in Lea County, New Mexico ("subject well B");
- C. Vivian Gulf #1 well, API # 30-025-22617, located at Unit Letter D, Section 30, Township 22 South, Range 38 East, in Lea County, New Mexico ("subject well C"); and
- D. Vivian Gulf # 2 well, API # 30-025-22897, located at Unit Letter C, Section 30, Township 22 South, Range 38 East, in Lea County, New Mexico ("subject well D").

See Exhibit 1, Well List; and Exhibit 2, Owner/Operator and History of Wells.

2. The Hartford Accident & Indemnity Company (hereinafter, "Surety")

issued and is the surety on a blanket plugging well bond, number 4375237, posted by the

Operator, G. P. Sims, pursuant to Section 70-2-14, NMSA 1978. Exhibit 3, Blanket

Plugging Bond. The bond identifies the principal as the "Estate of G. P. Sims" and is in

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the amount of \$50,000.00 to secure the G.P. Sims' obligation to plug and abandon the subject wells in compliance with the rules of the Oil Conservation Division (hereinafter, "Division"). *Exhibit 4, Affidavit of Dorothy Phillips.*

3. 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.

4. The subject wells have each been inactive for a continuous period exceeding one year plus 90 days, and have neither been plugged and abandoned pursuant to Rule 19.15.4.202 NMAC nor temporarily abandoned pursuant to Rule 19.15.4.203 NMAC. *Exhibit 5, Jane Prouty Affidavit.*

5. Division Rule 19.15.101(M) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC by a date certain, and to direct the Division to forfeit the bond and cause such well(s) to be plugged in accordance with a Division-approved plugging program if, after the time provided in such order, the operator has failed to plug the well. For each of the above listed wells A – D, the Division has a proposed plugging procedure. *Exhibit 6, Plugging Procedures; see Exhibit 7, Certificate of Notice.*

WHEREFORE, Chris Williams, Supervisor of District I of the Division, hereby applies to the Director to enter an order:

A. Determining that the subject wells are not in compliance with 19.15.4.201 NMAC;

B. Requiring the Operator G. P. Sims bring the subject wells into compliance with 19.15.4.201 NMAC within six (6) months of the date of the order by plugging and

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abandoning the well in accordance with 19.15.4.202 NMAC, securing temporary abandonment status for the subject wells in accordance with 19.15.4.203 NMAC, or returning the subject wells to a Division-approved beneficial use; and

C. Further, if the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set by the order:

i. Assessing a penalty of not less than \$1000.00 per well against the Operator;

ii. Authorizing the Division to plug the subject wells in accordance with a Division-approved plugging program; and

iii. Authorizing the Division to declare forfeit the security furnished by the Operator; and

D. For such other and further relief as the Director deems just and proper under the circumstances.

Respectfully submitted, this 20th day of September 2005, by

Cheryl O'Connor Assistant General Counsel Energy, Minerals and Natural Resources Department of the State of New Mexico 1220 So. St. Francis Drive Santa Fe, New Mexico 87505 (505) 476-3480

Attorney for the New Mexico Oil Conservation Division Case No. <u>13576</u>: Application of the New Mexico Oil Conservation Division for a Compliance Order. The Applicant seeks an order requiring operator Estate of G. P. Sims to bring four wells into compliance with 19.15.4.201 NMAC by a date certain and, in the event of non-compliance, assessing a civil penalty against the operator, authorizing the Division to plug said well, forfeiting the operator's plugging security, and for such other relief as the Director deems appropriate. The affected wells are: (A) Gulf State #1 well, API # 30-025-03533, located at Unit Letter K, Section 33, Township 21 South, Range 35 East, in Lea County, New Mexico; (B) Gulf State #2 well, API # 30-025-03534, located at Unit Letter L, Section 33, Township 21 South, Range 35 East, in Lea County, New Mexico; (C) Vivian Gulf #1 well, API # 30-025-22617, located at Unit Letter D, Section 30, Township 22 South, Range 38 East, in Lea County, New Mexico; and (D) Vivian Gulf #2 well, API # 30-025-22897, located at Unit Letter C, Section 30, Township 22 South, Range 38 East, in Lea County, New Mexico.

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Wells Operated By G P SIMS, ESTATE OF, 197936 September 7, 2005

Property	y Well Name	Lease Type	DESTR	OCD Unit	AP1	Well Type	Pool ID	Pool Name	Last Prod/Inj	Oil POD Gas POD
28805	GULF STATE #001	s	K-33-21S-35E	к	30-025-03533	0	53790	SAN SIMON;YATES, NORTH (ASSOC)	04/87	2274710 2274730
	GULF STATE #002	s	L-33-21S-35E	L	30-025-03534	0	537 9 0	SAN SIMON;YATES, NORTH (ASSOC)	04/87	2274710 2274730
28806	VIVIAN GULF #001	Р	D-30-22S-38E	D	30-025-22617	G	92423	LEA UNDESIGNATED;SANTA ROSA (GAS)	. 12/92	2274930
	VIVIAN GULF #002	P	C-30-22S-38E	с	30-025-22897	G	92423	LEA UNDESIGNATED;SANTA ROSA (GAS)	12/92	2274830

http://www.emnrd.state.nm.us/ocdpermitting/WellList.aspx?OGRID=197936

Exhibit 1

9/7/2005

Office		New Mexico		Form C-
District	Energy, Minerals a	and Natural Resou	rces	Revised March 25,
1625 N. French Dr., Hobbs, NM 88240			WELL A	-025-03533
District II 811 South First, Artesia, NM 88210	OIL CONSERV			ate Type of Lease
District III 1000 Rio Brazos Rd., Aztec, NM 87410		St. Francis Dr.		
District IV	Santa Fe.	, NM 87505		e Oil & Gas Lease No.
1220 S. St. Francis Dr., Santa Fe, NM 87505	· · · · · · · · · · · · · · · · · · ·			<u> 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 1892 - 189</u>
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PROPOSALS.) 1. Type of Well:			Gul	f State
Oil Well 😨 Gas Well]Other	·		
2. Name of Operator Estate of G. P. Sim:	3		8. Well	l No.
3. Address of Operator	·····	<u> </u>	9. Pool	name or Wildcat
Box 1046, Eunice, NM 4 4. Well Location	38231		San	Simon Yates North
Unit Letter_K Section 33	1980 feet from the Township 2 10. Elevation (Show w	IS Range 35		_feet from the County Lea
			, ON, CR.,	
	propriate Box to Ind	icate Nature of N	lotice, Report or	Other Data
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PERFORM REMEDIAL WORK	PLUG AND ABANDON	REMEDI.	AL WORK	
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	eu operations. (Clearly	state all pertinent de	caus, and pive perti	nent dates including estimate
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FILE	SANTA FE, NEW MEXICO 87501	Sa. Indicate Type of Lease
LAND OFFICE	· · · · ·	State X Fee
DPERATOR		5; State Oil 6 Gas Lease No. ES-892
SUNDRY NOTICE	SAND REPORTS ON WELLS	
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Submit 3 Copies To Appropriate District Office	State of New Me		Form C-103 Revised March 25, 1999
District I	Energy, Minerals and Natu	Iral Resources	WELL API NO.
1625 N. French Dr., Hobbs, NM 88240 District II	OIL CONSERVATION		30-025-03534
811 South First, Artesia, NM 88210 District III	1220 South St. Fra		5. Indicate Type of Lease
1000 Rio Brazos Rd., Aztec, NM 87410 District IV	Santa Fe, NM 8		STATE VY FEE
1220 S. St. Francis Dr., Santa Fe, NM 87505	· , ·		6. State Oil & Gas Lease No. ES-892
SUNDRY NOTIC (DO NOT USE THIS FORM FOR PROPOSA DIFFERENT RESERVOIR. USE "APPLICA PROPOSALS.) 1. Type of Well:		UG BACK TO A	7. Lease Name or Unit Agreement Name: Gulf State
Oil Well XX Gas Well	Other		
2. Name of Operator			8. Well No.
Estate of G. P. Sim 3. Address of Operator	15		9. Pool name or Wildcat
Box 1046, Eunice, N	lew Mexico 88231		San Simon Yates North A550C
4. Well Location			
Unit LetterL_:	1980 feet from the <u>South</u>	line and <u>6</u>	60 feet from the <u>West</u> line
Section 33		ange 35E	NMPM County Lea
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APPPROVED BY	TITLE	ORIGINAL SIGI	NED RY DATE NOV 0 6 20
Conditions of approval, if any:		GARY W. U	/INK
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Exhibit 2-B

STATE OF NEW MEXICO NERGY 4410 MINERALS DEPARTMENT	-		
DISTRIBUTION	C CONSER	VATION DIVISION	Form C-103 - Revised 10-1-7
FILE U.S.O.S. LAND OFFICE	SANIA FE, N	IEW MEXICO 87501	Sa. Indicate Type of Lease State X Fee
OPERATOR			5. State Oil & Cuey Seriso No. ES-892
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OIL X SAB WELL	D7HER-		7. Unit Agreement Name
tate G. P. Sims Estate			8. Form or Lease Name Gulf State
Addroff of Operator Box 1046, Eunice, N	lew Mexico 88231		9. Well No. 2
Location of Well UNIT LETTER	30 FEET FROM THE SOU	th LINE AND 660	San Simon Yates North
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APPROVED BY	ORIGINAL SIGNED BY JERRY SEXTON DISTRICT SUPERVISOR	¥ T L E		· · ·	.AUI	G 1 2 1987
CONDITIONS	OF APPROVAL, IF ANY:	•		TA		8/1.

Submit 3 Copies To Appropriate District Office	State of Ne			Form C-103	
District I	Energy, Minerals and	l Natural Resources	WELL API NO.	Revised March 25, 1999	
1625 N. French Dr., Hobbs, NM 88240 District II	OIL CONSERVA	TION DIVISION		5-22617	
811 South First, Artesia, NM 88210 District III		t. Francis Dr.	5. Indicate Type		
1000 Rio Brazos Rd., Aztec, NM 87410	Santa Fe, N		STATE FEE		
District IV 1220 S. St. Francis Dr., Santa Fe, NM 87505		141 07 505	6. State Oil & Gas Lease No.		
SUNDRY NOTIO	CES AND REPORTS ON W	/ELLS	7. Lease Name o	r Unit Agreement Name:	
(DO NOT USE THIS FORM FOR PROPOS DIFFERENT RESERVOIR. USE "APPLIC.					
PROPOSALS.)	ATION FOR FERMIT (FORM C	-IUI) FOR SUCH	374	0.16	
1. Type of Well:	7		Viviar	GULL	
Oil Well Gas Well 2. Name of Operator			8. Well No.		
Esta	ate of G. P. Sims		5. Weil 140.	1	
3. Address of Operator Box 10	046, Eunice, NM 88	231	9. Pool name o Sar	r Wildcat hta Rosa	
4. Well Location					
Unit LetterD:	720 feet from the	rth line and	feet from	west line	
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Section 30	Township 22 10. Elevation (Show whe	Kange	NMPM tc.)	County Lea	
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Conditions of approval, if any:		GARYW	WINK		

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GARY W. WINK NATUFAL SCIENCE MANAGER - 2

Exhibit 2-C



NEW MEXICO ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION 2040 South Pachece Street Santa Fe, New Maxico 81505 (305) 827-7133

MEMORANDUM

TO: OPERATORS OF GAS WELLS - SOUTHEAST NEW MEXICO

FROM: LORI WROTENBERY, DIRECTOR LU

SUBJECT: ANNUAL GAS WELL SHUT-IN PRESSURE TESTS, 1999

DATE: June 10, 1999

Enclosed with this memorandum are two copies of a computer prepared Form C-125 "Gas Well Shut-In Pressure Report" for well(s) which you operate in Southeast New Mexico.

Pursuant to Division Rule No. 402 (see back), shut-in pressure tests on gas wells are required to be performed annually during the months of July, August or September. Please use this listing to schedule such tests, and please submit <u>one copy of the enclosed Form C-125 to the Santa Fe</u> office of the Division at the following described address no later than October 15, 1999.

OIL CONSERVATION DIVISION 2040 SOUTH PACHECO SANTA FE, NEW MEXICO 87505

Wells currently classified as exempt from testing need not be tested unless they should be shut-in for any other reason. Exemptions for other wells may be obtained through the appropriate Division district office.

Form C-125 must be returned even for wells exempt from testing. Failure to file Form C-125 may result in cancellation of the effected well's authorization to transport (sell) natural gas. Please do not use any reporting form other than this computer prepared form except in the case of new wells or wells not listed by the Division.

Questions concerning this memorandum or wells listed should be referred to the appropriate Division district office or to Mr. David Catanach in Santa Fe at (505) 827-8184.

Enclosure

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

September 14, 1982

P.O. BOX 1980 HOBBS, NEW MEXICO 88240 (505) 393-6161

BRUCE KING GOVERNOR

LARRY KEHOE SECRETARY

> G. P. Sims Estate P. O. Box 1046 Eunice, New Mexico 88231

Gentlemen:

Attached are copies of Forms C-103 indicating the shut in status of the Vivian Gulf Wells Nos.1 in Unit D and 2 in Unit C of Section 30, T-22-S, R-38-E.

Since these wells have been shut in since 1969, and since Division Rule 202 only permits the District office of the OCD to approve temporary abandonment for a period not to exceed two years, we are unable to approve the forms and they have been marked "For Record Only."

The Division is making a study or temporarily abandoned wells and you will be notified if and when it is necessary for you to make a further filing on these wells.

Yours very truly,

OIL CONSERVATION DIVISION

Jerry Sexton Supervisor, District 1

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	ENERGY AND MINERALS DEPARTMI			Form C-103 Revised 10-1-78
	PILE	4		Sa. Indicate Type of Lease
	LAND OFFICE	1		
	OPERATOR]		5, State Oli 6 Gan Lease No.
		RY NOTICES AND REPORTS ON		
1.		OTHER-		7, Unit Agreement Name
2.	Name of Operator			8. Farm of Lease Hame
	G.P. Sims, Estate of			Vivian Gulf
3.	Address of Operator			9, Well No.
	Box 1046, Eunice, NM	88231		1
٩.	Location of Welt	······································		10. Field and Pool, or Wildcat
	UNIT LETTER & D 7	20 North	LINE AND 810 PECT PA	Santa Rosa
	THE West LINE, SECTI	30 <u>22</u>	BANGE 38E NM	-
7		15. Elevation (Show whether	DF, RT, GR, etc.)	12. County
2		3336	GR	Lea ())))))
T	. Check	Appropriate Box To Indicate N		ther Data
		NTENTION TO:	•	NT REPORT OF:
			· · · · ·	
	ERFORM REMEDIAL WORK	PLUS AND ABANDON	REMEDIAL WORK	ALTERING CASING
,			COMMENCE DRILLING OPHS.	PLUG AND ABANDONMENT
	EMPORARILY ABANDON			
	EMPORARILY ABANDON	CHANGE PLANS	CASING TEST AND CEMENT JOB	KX

17. Describe Proposed or Completed Operations (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work) SEE RULE 1903.

Reclassify well to Shut In - Held for Waterflood purposes.

Well has not produced since 1969 and was shut in at that time. Request the well be held for future waterflood operations.

= 18. I hereby certify that the information above is true and complete to the best of my knowledge and belief. events <u>Jilles S. P. Kume</u> TITLE <u>events and Repr.</u> BATE <u>\$131</u>[82]

ONLY FOR ت ا 11.1

SEP 1 4 1382

CONDITIONS OF APPROVAL, IF ANY

Form O & G B-B Adopted 6-17-77

STATE OF NEW MEXICO

\$50,000.00 BLANKET PLUGGING BOND

BOND NO.

4375237 (For Use of Surety Company

(An individual) (& Kaktherski)

Note: File with Oil Conservation Commission, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

That

Estate of G. P. Sims

The conditions of this obligation are such that:

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO_2) gas leases, or helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of wells to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such well, or such wells started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being expressly waived by both principal and surety hereto.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug all of said wells when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Commission of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Commission of New Mexico of written notice of cancellation from the surety, the obligation of the surety hereunder shall terminate as to property or wells acquired, drilled, or started after said thirty (30) day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled or started.

Estate of G. P. Sims	Hantford Accident & Indomnia
PRINCIPAL	<u>Hartford Accident & Indemni</u> SURETY
P.O. Box 1046, Eunice, New Mexico	P.O. Box 1258, Hobbs, New M
Address	Address
By Mane Sams	By fat argul
Signature	Pat Cargi Agorney-in Fact
Personal Representative Title	
(Note: Principal, if corporation, affix corporate seal here.)	(Note: Corporate surety affix corporate seal here.)
	. · · · ·
ACKNOWLEDGEMENT FORM	FOR NATURAL PERSONS
STATE OF <u>New Menice</u>)	SS
COUNTY OF)	A
On this day of day of	MCK, 19.28, before me personally ap
described in and who executed the foregoing instrument and acknowledg	
	and the day (Provide the second se
IN WITNESS WHEREOF, I have hereunto set my hand and seal	(an Stader)
October 29 1979	Notary Public
My Commission expires	
STATE OF) COUNTY OF)	SS.
	, to me personally known who, being
duly sworn, did say that he is	, to me personally known who, bein
duly sworn, did say that he is	, to me personally known who, being and that the foregoing instrument was signed and se
duly sworn, did say that he is behalf of said corporation by authority of its board of directors	and that the foregoing instrument was signed and see, and acknowledged said instrument to be the free a
duly sworn, did say that he is behalf of said corporation by authority of its board of directors deed of said corporation.	and that the foregoing instrument was signed and see, and acknowledged said instrument to be the free a
duly sworn, did say that he is	, to me personally known who, being and that the foregoing instrument was signed and se and acknowledged said instrument to be the free a l on the day and year in this certificate first above written.
duly sworn, did say that he is	, to me personally known who, being and that the foregoing instrument was signed and se and acknowledged said instrument to be the free a l on the day and year in this certificate first above written.
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HARTFORD ACCIDENT AND INDEMNITY COMPANY 000274

Hartford, Connecticut

POWER OF ATTORNEY

Know all men by these Presents, That the HARTFORD ACCIDENT AND INDEMNITY COM-PANY, a corporation duly organized under the laws of the State of Connecticut, and having its principal office in the City of Hartford, County of Hartford, State of Connecticut, does hereby make, constitute and appoint

MIKE TINLEY and PAT CARGILE JACK DANIELS, of HOBBS, NEW MEXICO

its true and lawful Attorney(s)-in-Fact, with full power and authority to each of said Attorney(s)-in-Fact, in their separate capacity if more than one is named above, to sign, execute and acknowledge any and all bonds and undertakings and other writings obligatory in the nature thereof on behalf of the company in its business of guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance poli-cies; guaranteeing the performance of insurance contracts where surety bonds are accepted by states and municipal-ities, and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed,

in penalties not exceeding the sum of FIVE HUNDRED THOUSAND DOLLARS

(\$500,000.00) each, -

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AN DER PROVINCE

and to bind the HARTFORD ACCIDENT AND INDEMNITY COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the HARTFORD ACCIDENT AND INDEMNITY COMPANY and sealed and attested by one other of such Officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This power of attorney is granted by and under authority of the following provisions:

(1) By-Laws adopted by the Stockholders of the HARTFORD ACCIDENT AND INDEMNITY COMPANY at a meet-ing duly called and held on the 10th day of February, 1943.

ARTICLE IV

ARTICLE IV SECTION 8. The President or any Vice-President, acting with any Secretary or Assistant Secretary, shall have power and authority to appoint, for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more Resident Vice-Presidents, Resident Assistant Secretaries and Attorneys-in-Fact and at any time to remove any such Resident Vice-President, Resident Assis-tant Secretary, or Attorney-in-Fact, and revoke the power and authority given to him. SECTION 11. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company thereto any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested by one other of such Officers.

(2) Excerpt from the Minutes of a meeting of the Board of Directors of the HARTFORD ACCIDENT AND INDEM-NITY COMPANY duly called and held on the 11th day of June, 1976: RESOLVED: Robert N. H. Sener, Assistant Vice-President and Thomas F. Delaney, Assistant Vice-President, shall each have as long as he holds such office the same power as any Vice-President under Sections 6, 7 and 8 of Article IV of the By-Laws of the Company.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Directors of the HARTFORD ACCIDENT AND INDEMNITY COMPANY at a meeting duly called and held on the 6th day of August, 1976.

RESOLVED, That, whereas Robert N. H. Sener, Assistant Vice-President and Thomas F. Delaney, Assistant Vice-President, acting with any Secretary or Assistant Secretary, each have the power and authority, as long as he holds such office, to appoint by a power of attorney, for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more Resident Vice-Presidents, Assistant Secretaries and Attorneys-in-Fact;

Now, therefore, the signatures of such Officers and the seal of the Company may be affixed to any such power of attorney or to any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upor the Company in the future with respect to any bond or undertaking to which it is attached.

In Witness Whereof, the HARTFORD ACCIDENT AND INDEMNITY COMPANY has caused these presents to be signed by its Assistant Vice-President, and its corporate seal to be hereto affixed, duly attested by its Secretary, this 9th day of August, 1976. HARTFORD ACCIDENT AND INDEMNITY COMPANY

2 H. Son

Douglas H. Geer, Secretar



Chomes F.

Thomas F. Delanev Assistant Vice-President

STATE OF CONNECTICUT,) SS. COUNTY OF HARTFORD,

Attest:

1999 - 1998 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 - 1997 -

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On this 9th day of August, A.D. 1976, before me personally came Thomas F. Delaney, to me known, who being I me duly sworn, did depose and say: that he resides in the County of Hartford, State of Connecticut; that he is the Assistant Vice-President of the HARTFORD ACCIDENT AND INDEMNITY COMPANY, the corporation described in au which executed the above instrument; that he knows the seal of the said corporation; that the seal affixed to the sain instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and the signed his name thereto by like order. he signed his name thereto by like order.

STATE OF CONNECTICUT,

COUNTY OF HARTFORD,



CERTIFICATE

loria Mazotas Gloria Mazotas, Notary Public My Commission Expires March 31, 1978

I, the undersigned, Assistant Secretary of the HARTFORD ACCIDENT AND INDEMNITY COMPANY, a Conne cut Corporation, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full fo and has not been revoked; and furthermore, that Article IV, Sections 8 and 11, of the By-Laws of the Company, and Resolutions of the Board of Directors, set forth in the Power of Attorney, are now in force. 16th day of March 78 19

Signed and sealed at the City of Hartford. Dated the

SS.



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 THE ESTATE OF G.P. SIMS TO BRING FOUR WELLS 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 WELLS AND ORDERING A FORFEITURE OF THE APPLICABLE PLUGGING BOND; LEA COUNTY, NEW MEXICO.

CASE NO. _____

Affidavit of Dorothy Phillips

STATE OF NEW MEXICO)) ss.

COUNTY OF SANTA FE)

Dorothy Phillips, being first duly sworn on oath, states as follows:

1. I have been employed as the bond administrator at the Santa Fe, New Mexico office of the Oil Conservation Division ("OCD") for the past four years.

2. My duties include maintaining records of financial assurance documents filed by operators pursuant to NMSA 1978, Section 70-2-14.

3. I have reviewed OCD's financial assurance records to determine if financial assurance documents were filed for the wells at issue in the above-captioned case: (A) Gulf State #1, API # 30-025-03533, located at Unit Letter K, Section 33, Township 21 South, Range 35 East, in Lea County, New Mexico; (B) Gulf State #2, API # 30-025-03534, located at Unit Letter L, Section 33, Township 21 South, Range 35 East, in Lea County, New Mexico; (C) Vivian Gulf #1, API # 30-025-22617, located at Unit Letter D, Section 30, Township 22 South, Range 38 East, in Lea County, New Mexico; and (D) Vivian Gulf #2, API # 30-025-22897, located at Unit Letter C, Section 30, Township 22 South, Range 38 East, in Lea County, New Mexico.

4. OCD's electronic permitting database, "E-Permitting" identifies the wells associated with a particular operator that have not been plugged. Attachment "A" to this affidavit is a printout of the E-Permitting screen showing the Estate of G.P. Sims as operator of the Gulf State #s 1 and 2 and the Vivian Gulf #s 1 and 2.

5. ONGARD (oil and natural gas administration and revenue data base) maintains data on the financial assurances posted by operators. Attachment "B" to this

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affidavit is a printout of the ONGARD screen showing that the Estate of G.P. Sims posted a \$50,000 blanket bond, No. 4375237, issued by the Hartford Accident & Indemnity Company.

6. A copy of bond 4375237 is Attachment "C" to this affidavit. The bond was executed march 16, 1978. The principal on the bond is "Estate of G.P. Sims." Ms. Aline Sims signed the bond as "Personal Representative" of the Estate of G.P. Sims.

7. OCD records show no amendments or riders to bond number 4375237, and according to OCD records, that bond remains in effect.

Further Affiant Sayeth Not.

Dorothy Phillips

CERTIFICATION

SUBSCRIBED AND SWORN before me this ____ day of _____, 2005 by Dorthy

Phillips.

Notary Public

My Commission Expires:

Wells Operated By G P SIMS, ESTATE OF, 197936 September 7, 2005

OCD Unit Well Pool Last Prod/Inj Oil POD Gas POD Lease Well Name ULSTR API **Pool Name** Property D Туре Туре GULF STATE SAN SIMON; YATES, NORTH К 30-025-03533 S 53790 04/87 2274710 2274730 K-33-21S-35E 0 28805 (ASSOC) #001 SAN SIMON; YATES, NORTH **GULF STATE** S L-33-21S-35E L 30-025-03534 0 53790 04/87 2274710 2274730 #002 (ASSOC) LEA UNDESIGNATED;SANTA VIVIAN GULF G 92423 12/92 28806 P D-30-22S-38E D 30-025-22617 2274930 ROSA (GAS) #001 LEA UNDESIGNATED;SANTA VIVIAN GULF 12/92 2274830 P C-30-22S-38E С 30-025-22897 G 92423 ROSA (GAS) #002

http://www.emnrd.state.nm.us/ocdpermitting/WellList.aspx?OGRID=197936

9/7/2005

Ashal A

CMD .			
OG6CBBD	CAPTURE BL	ANKET BONDS	OGODLP -TPMD
OGRID Identifier Operator Name, A	: 197936 Bond Address : G P SIMS, ES PO DRAWER 30 HOBBS,NM BAD	9	us : A
	· · · ·		
Co	pe (Cash/Surety - C/S) ompany OGRID Identifier ompany Name, Address	26095	
Limited as to fu	ture Liability (Y/N)	: Y If Limited, End I	Date : 04-20-1987
Effective Date :	01-01-1900	Cancellation Date	e : 12-31-9999
Issuer Bond No :	4375237		
BOOOF B			

	E0005: Enter data	, to modify or	PF keys to se	croll	
PF01 HE	P PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 PRINT	PF10 NXTBOND	PF11	PF12

Form O & G B-B Adopted 6-17-77

STATE OF NEW MEXICO

\$50,000.00 BLANKET PLUGGING BOND

BOND NO.

4375237 (For Use of Surety Company)

Note: File with Oil Conservation Commission, P. O. Box 2088, Santa Fe 87501

KNOW ALL MEN BY THESE PRESENTS:

The conditions of this obligation are such that :

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases with the State of New Mexico; and

WHEREAS, The above principal has heretofore or may hereafter enter into oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases on lands patented by the United States of America to private individuals, and on lands otherwise owned by private individuals; and

WHEREAS, The above principal, individually, or in association with one or more other parties, has commenced or may commence the drilling of wells to prospect for and produce oil or gas, or carbon dioxide (CO₂) gas or helium gas, or does own or may acquire, own or operate such well, or such wells started by others on land embraced in said State oil and gas leases, or carbon dioxide (CO₂) gas leases, or helium gas leases, and on land patented by the United States of America to private individuals, and on land otherwise owned by private individuals, the identification and location of said well being expressly waived by both principal and surety hereto.

NOW, THEREFORE, If the above bounden principal and surety or either of them or their successors or assigns, or any of them, shall plug all of said wells when dry or when abandoned in accordance with the rules, regulations, and orders of the Oil Conservation Commission of New Mexico in such way as to confine the oil, gas, and water in the strata in which they are found, and to prevent them from escaping into other strata;

THEN, THEREFORE, This obligation shall be null and void; otherwise and in default of complete compliance with any and all of said obligations, the same shall remain in full force and effect.

PROVIDED, HOWEVER, That thirty (30) days after receipt by the Oil Conservation Commission of New Mexico of written notice of cancellation from the surety, the obligation of the surety hereunder shall terminate as to property or wells acquired, drilled, or started after said thirty (30) day period but shall continue in effect, notwithstanding said notice, as to property or wells theretofore acquired, drilled or started.

Estate of G. P. Sims	<u>Hartford Accident & Indemnity</u> Cu SURETY
PRINCIPAL P.O. Box 1046, Eunice, New Mexico	<u>P.O. Bøx 1258, Hobbs, New Mexi</u> co
Address	Address
Signature	By <u>fat</u> <u>Augult</u> Pat Cargi Agorney-in Fact
Personal Representative	
ote: Principal, if corporation, affix corporate seal here.)	(Note: Corporate surety affix corporate seal here.)
	(
	· ·
ACKNOWLEDGEMENT FORM	A FOR NATURAL PERSONS
ATE OF Main Menico	
DUNTY OF	SS.
On this day of day of <i>Aline Sime</i> scribed in and who executed the foregoing instrument and acknowled	, to me known to be the person (persons)
IN WITNESS WHEREOF, I have hereunto set my hand and sea	
- 11	(and states)
October 29 1979 ly Commission expires	Notary Public
ehalf of said corporation by authority of its board of director eed of said corporation.	and that the foregoing instrument was signed and sealed on rs, and acknowledged said instrument to be the free act and
IN WITNESS WHEREOF, I have hereunto set my hand and se	
My Commission expires	Notary Public
ACKNOWLEDGEMENT FORM STATE OFNew Mexico) COUNTY OFLea)	M FOR CORPORATE SURETY
	day ofMarch, 1978_, before
ne appeared <u>Pat Cargine</u> being by me duly sworn, did say thabhe is <u>Attorney-In-Fac</u>	, to me personally known, who, ct
Hartford Accident & Indemnity Company behalf of said corporation by authority of its board of directo deed of said corporation.	and that the foregoing instrument was signed and sealed on ors, and acknowledged said instrument to be the free act and
IN WITNESS WHEREOF, I have hereunto set my hand and s	ZXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
My Commission expires	OFFICIAL SEAL eal of this condicate first above written.
My Commission expires	PAT NOTARY BURNIE WITH SUGRETARY OF STATE
My Commission expires	Commission Expires 8/17/8/
My Commission expires (Note: Corporate surety attach power of attorney.)	APPROVED BY:
IN WITNESS WHEREOF, I have hereunto set my hand and s My Commission expires (Note: Corporate surety attach power of attorney.)	APPROVED BY:

DAKIFORD ACCIDENT AND INDEMNITY COMPA UUU

Hartford, Connecticut

POWER OF ATTORNEY

Know all men by these Presents, That the HARTFORD ACCIDENT AND INDEMNITY COM PANY, a corporation duly organized under the laws of the State of Connecticut, and having its principal office in the Cil of Hartford, County of Hartford, State of Connecticut, does hereby make, constitute and appoint

MIKE TINLEY and PAT CARGILE JACK DANIELS. HÓBBS. NEW MEXICO **of**

its true and lawful Attorney(s)-in-Fact, with full power and authority to each of said Attorney(s)-in-Fact, in their separate capacity if more than one is named above, to sign, execute and acknowledge any and all bonds and undertakings and other writings obligatory in the nature thereof on behalf of the company in its business of guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; guaranteeing the performance of insurance contracts where surety bonds are accepted by states and municipal-ities, and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed.

in penalties not exceeding the sum of FIVE HUNDRED THOUSAND DOLLARS

(\$500.000.00) each,

and to bind the HARTFORD ACCIDENT AND INDEMNITY COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the HARTFORD ACCIDENT AND INDEMNITY COMPANY and sealed and attested by one other of such Officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This power of attorney is granted by and under authority of the following provisions:

(1) By-Laws adopted by the Stockholders of the HARTFORD ACCIDENT AND INDEMNITY COMPANY at a meeting duly called and held on the 10th day of February, 1943.

ARTICLE IV

SECTION 8. The President or any Vice-President, acting with any Secretary or Assistant Secretary, shall have power and authority to appoint, for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more Resident Vice-President, Resident Assistant Secretary, or Attorney-in-Fact, and revoke the power and authority given to him. SECTION 11. Attorneys-in-Fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company thereto any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested by one other of such Officers.

(2) Excerpt from the Minutes of a meeting of the Board of Directors of the HARTFORD ACCIDENT AND INDEM-NITY COMPANY duly called and held on the 11th day of June, 1976:

RESOLVED: Robert N. H. Sener, Assistant Vice-President and Thomas F. Delaney, Assistant Vice-President, shall each have as long as he holds such office the same power as any Vice-President under Sections 6, 7 and 8 of Article IV of the By-Laws of the Company.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Directors of the HARTFORD ACCIDENT AND INDEMNITY COMPANY at a meeting duly called and held on the 6th day of August, 1976.

RESOLVED, That, whereas Robert N. H. Sener, Assistant Vice-President and Thomas F. Delaney, Assistant Vice-President, acting with any Secretary or Assistant Secretary, each have the power and authority, as long as he holds such office, to appoint by a power of attorney, for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more Resident Vice-Presidents, Assistant Secretaries and Attorneys-in-Fact;

Now, therefore, the signatures of such Officers and the seal of the Company may be affixed to any such power of attorney or to any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

In Witness Whereof, the HARTFORD ACCIDENT AND INDEMNITY COMPANY has caused these presents to be signed by its Assistant Vice-President, and its corporate seal to be hereto affixed, duly attested by its Secretary, this 9th day of August, 1976.

Attest:

Douglas H. Geer, Secretary

HARTFORD ACCIDENT AND INDEMNITY COMPANY

Komes

Thomas F Delan-

OF CONNECTICUT

ESTATE OF GP SIMS OGRID(197936) GULF STATE # 1 API # 30-025-03533 UL K, SECTION 33, T21S, R35E DATE LAST PROD/ 1987 PLUGGING PROCEDURE

8 5/8" CASING SET AT 321FT, CMT CIRC 4 1/2"CASING SET 3914FT, CMT WITH 100SX. TOC 3566 BY CALC PERFS 3805-3893FT TOP ANHY 1840FT BASE OF SALT 3500FT

1. MOVE IN PLUGGING RIG

2. REMOVE ANY PRODUCTION EQUIPMENT

3. RUN GAUGE RING TO 3750FT

4. RUN AND SET CIBP AT 3750FT

5. CAP CIBP WITH 35FT OF CMT BY DUMP BAILER

6. Test casing

7. WELD ON PULL NIPPLE AND STRETCH CASING

8. CUT AND PULL CASING FROM 3500FT IF FREE

9. RUN TUBING OPEN ENDED TO 3550FT

10. SPOT 40 SX CMT PLUG

11. PULL TBG AND WOC

12. RUN TBG AND TAG PLUG, MAXIMUM DEPTH 3450FT

13. DISPLACE WELL WITH GELLED BRINE WATER

14. PULL TBG TO 1890FT

15. SPOT 40 SX CMT PLUG

16. PULL TBG TO 371FT

17. SPOT 40 SX CMT PLUG

18. PULL TBG AND WOC

19. RUN TBG AND TAG CMT PLUG, MAXIMUM DEPTH 271FT

20. PULL TBG TO 60 FT

21. CIRCULATE CMT TO SURFACE(EST. 10SX)

22. PULL TBG

23. CUT OFF WELLHEAD AND INSTALL PÅ MARKER

24. CUT OF SU ANCHORS AND CLEAN AND LEVEL

LOCATION

25. REMOVE ANY ASSOCIATED SURFACE PRODUCTION EQUIPMENT

ESTATE OF GP SIMS OGRID(197936) GULF STATE # 2 API # 30-025-03534 UL L, SECTION 33, T21S, R35E DATE LAST PROD/1987 PLUGGING PROCEDURE

8 5/8" CASING SET AT 320FT, CMT CIRC 4 ¹/₂"CASING SET 3998FT, CMT WITH 100SX. TOC 3650 BY CALC PERFS 3876-3937FT TOP ANHY 1840FT BASE OF SALT 3500FT

- **1. MOVE IN PLUGGING RIG**
- **2. REMOVE ANY PRODUCTION EQUIPMENT**
- 3. RUN GAUGE RING TO 3800FT

4. RUN AND SET CIBP AT 3800FT

- 5. CAP CIBP WITH 35FT OF CMT BY DUMP BAILER
- 6. TEST CASING

7. WELD ON PULL NIPPLE AND STRETCH CASING

8. CUT AND PULL CASING FROM 3500FT IF FREE

9. RUN TUBING OPEN ENDED TO 3550FT

- 10. SPOT 40 SX CMT PLUG
- 11. PULL TBG AND WOC
- 12. RUN TBG AND TAG PLUG, MAXIMUM DEPTH 3450FT
- 13. DISPLACE WELL WITH GELLED BRINE WATER

14. PULL TBG TO 1890FT

15. SPOT 40 SX CMT PLUG

16. PULL TBG TO 370FT

17. SPOT 40 SX CMT PLUG

- 18. PULL TBG AND WOC
- 19. RUN TBG AND TAG CMT PLUG, MAXIMUM DEPTH 270FT
- 20. PULL TBG TO 60 FT
- 21. CIRCULATE CMT TO SURFACE(EST. 10SX)
- 22. PULL TBG
- 23. CUT OFF WELLHEAD AND INSTALL PÅ MARKER
- 24. CUT OF SU ANCHORS AND CLEAN AND LEVEL LOCATION
- 25. REMOVE ANY ASSOCIATED SURFACE PRODUCTION EQUIPMENT

ESTATE OF GP SIMS OGRID(197936) VIVIAN GULF # 1 API # 30-025-22617 UL D, SECTION 30, T22S, R38E DATE LAST PROD/ 1992 PLUGGING PROCEDURE

5 ¹/₂"CASING SET AT 780FT, CMT CIRCULATED?? PERFS 745-755FT

- **1. MOVE IN PLUGGING RIG**
- 2. REMOVE ANY PRODUCTION EQUIPMENT
- 3. RUN GAUGE RING TO 700FT
- 4. RUN AND SET CIBP AT 700FT
- 5. CAP CIBP WITH 35FT OF CMT BY DUMP BAILER
- 6. RUN TBG OPEN ENDED, DISPLACE WELL WITH GELLED BRINE WATER
- 7. PULL TBG TO 350FT
- 8. CIRCULATE CMT TO SURFACE (EST. 35SX CMT)
- 9. PULL TBG
- 10. CUT OFF WELL HEAD AND INSTALL PA MARKER
- 11. CUT OF SU ANCHORS AND CLEAN AND LEVEL LOCATION
- 12. REMOVE ANY SURFACE PRODUCTION EQUIPMENT AND CLEAN AND LEVEL SITE

ESTATE OF GP SIMS OGRID(197936) VIVIAN GULF #2 API # 30-025-22897 UL C, SECTION 30, T22S, R38E DATE LAST PROD/1992 PLUGGING PROCEDURE

5 ¹/₂"CASING SET AT 753FT, CMT CIRCULATED?? PERFS AND OH 753-762????

- **1. MOVE IN PLUGGING RIG**
- **2. REMOVE ANY PRODUCTION EQUIPMENT**
- 3. RUN GAUGE RING TO 700FT
- 4. RUN AND SET CIBP AT 700FT
- 5. CAP CIBP WITH 35FT OF CMT BY DUMP BAILER
- 6. RUN TBG OPEN ENDED, DISPLACE WELL WITH GELLED BRINE WATER
- 7. PULL TBG TO 350FT
- 8. CIRCULATE CMT TO SURFACE (EST. 35SX CMT)
- 9. PULL TBG
- 10. CUT OFF WELL HEAD AND INSTALL PÅ MARKER
- 11. CUT OF SU ANCHORS AND CLEAN AND LEVEL LOCATION
- 12. REMOVE ANY SURFACE PRODUCTION EQUIPMENT AND CLEAN AND LEVEL SITE