

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

2006 JUN 15 PM 12:34

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR AN
ORDER REQUIRING CBS OPERATING CORP. TO BRING INACTIVE WELLS
INTO COMPLIANCE WITH 19.15.4.201 NMAC; AUTHORIZING THE
DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE
SECURITY IN THE EVENT THE OPERATOR FAILS TO COMPLY; AND
ASSESSING AN APPROPRIATE CIVIL PENALTY; EDDY COUNTY, NEW
MEXICO.**

CASE NO. 13721

**ENTRY OF APPEARANCE AND
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
FAX: 476-3462

STATEMENT OF THE CASE

The Oil Conservation Division (OCD) moves for an order requiring CBS Operating Corp. to bring 34 inactive wells into compliance with Rule 201 by a date certain and, if the operator fails to comply, assessing a civil penalty and authorizing the Division to plug the wells and forfeit the applicable security.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:

1. Daniel Sanchez, Enforcement and Compliance Manager

ESTIMATED TIME:

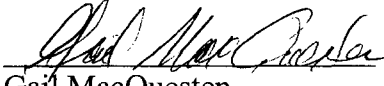
20 min.

- | | |
|--|----------------|
| 2. Dorothy Phillips, Financial Assurance Administrator | (by affidavit) |
| 3. Van Barton, OCD District 2 | 10 minutes |
| 4. Tim Gum, OCD District 2 | 10 minutes |
| 5. Gerry Guye, OCD District 2 | 45 minutes |

PROCEDURAL MATTERS

The OCD has one other compliance case pending against CBS Operating Corp.: Case No. 13720. The OCD respectfully suggests that the cases be heard concurrently, as the evidence in both cases will overlap. The time estimates given above assume the cases are heard together.

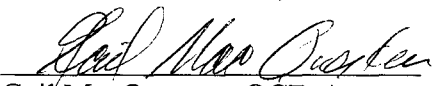
Respectfully submitted
this 15th day of June 2006 by


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

Certificate of Service

I hereby certify that on June 15, 2006, I served a copy of this pre-hearing statement on Mr. William F. Carr, attorney for CBS Operating Corp, by electronic mail (wcarr@hollandhart.com), and on Trinity Universal Insurance Co. by first class mail to the following address:

Trinity Universal Insurance Co.
P.O. Box 655028
Dallas, TX 75265


Gail MacQuesten, OCD Attorney