

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST SOUTHWESTERN, INC. FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.3.100.D NMAC, FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC, 19.15.1.13.B NMAC, 19.15.3.116.D AS TO ONE WELL, DETERMINING THAT THE VIOLATIONS ARE KNOWING AND WILLFUL AND IMPOSING A PENALTY, REQUIRING OPERATOR TO BRING THE WELL INTO COMPLIANCE AND PROVIDE REQUIRED CONTACT INFORMATION BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG THE WELL, REMEDIATE THE LOCATION AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, LEA COUNTY, NEW MEXICO.

CASE NO. 14007

AFFIDAVIT OF NOTICE

In accordance with Division Rule 1227.D [19.15.14.1227.D NMAC] and Rule 1210 [19.15.14.1210 NMAC] I hereby certify:

1. Notice of the October 18, 2007 hearing in the above-captioned case was mailed to the following by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

Southwestern, Inc.
1304 W. Broadway Place
Hobbs, NM 88240
Certified Mail No. 7004 2510 0006 6624 4849

Southwestern, Inc.
P.O. Box 1116
Lovington NM 88260
Certified Mail No. 7004 2510 0006 6624 4856

Southwestern, Inc.
208 E. Washington
Lovington, NM 88260
Certified Mail No. 7004 2510 0006 6624 4863

Southwestern, Inc.
10 West Central
Lovington, NM 88260
Certified Mail No. 7004 2510 0006 6624 4870


Southwestern, Inc.

***Case 14007
OCD Exhibit No. 1***

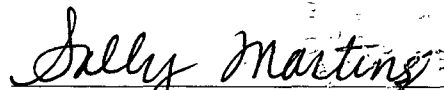
Southwestern Inc.
P.O. Box 658
Dripping Springs, TX 78620
Certified Mail No. 7004 2510 0006 6624 4887

OneBeacon Insurance Company
One Beacon Lane
Canton, MA 02021-1030
Certified Mail No. 7004 2510 0006 6624 4894

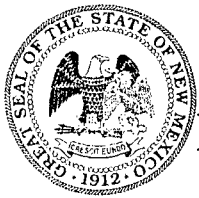
2. Exhibit A to this affidavit is a copy of the notice of hearing with its attachments.
3. Exhibit B to this affidavit shows copies of the certified mail return receipt cards for the notices mailed to Southwestern, Inc. at two of the above addresses, and for the notice mailed to OneBeacon Insurance Company.
4. Exhibit C to this affidavit shows copies of the letters sent to the other available addresses for Southwestern Inc., which were returned.
5. Notice of the October 18, 2007 hearing was published in The Lovington Leader, a newspaper of general circulation in Lea County. The affidavit of publication from The Lovington Leader is attached as Exhibit D.


Gail MacQuesten

SUBSCRIBED AND SWORN to before me this 5th day of October 2007.


Notary Public

My Commission Expires:
3-24-2010



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

File Copy

BILL RICHARDSON

Governor
Joanna Prukop

Mark E. Fesmire, P.E.

Director
Oil Conservation Division

September 19, 2007

NOTICE OF HEARING

Southwestern, Inc.
1304 W. Broadway Place
Hobbs, NM 88240
Certified Mail No. 7004 2510 0006 6624 4849

Southwestern, Inc.
P.O. Box 1116
Lovington, NM 88260
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Southwestern, Inc.
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10 West Central
Lovington, NM 88260
Certified Mail No. 7004 2510 0006 6624 4870

Southwestern, Inc.
P.O. Box 658
Dripping Springs, TX 78620
Certified Mail No. 7004 2510 0006 6624 4887

OneBeacon Insurance Company
One Beacon Lane
Canton, MA 02021-1030
Certified Mail No. 7004 2510 0006 6624 4894

CASE 14007: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST SOUTHWESTERN, INC. FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.3.100.D NMAC, FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC, 19.15.1.13.B NMAC, 19.15.3.116.D AS TO ONE WELL, DETERMINING THAT THE VIOLATIONS ARE KNOWING AND WILLFUL AND IMPOSING A PENALTY, REQUIRING OPERATOR TO BRING THE WELL INTO COMPLIANCE AND PROVIDE REQUIRED CONTACT INFORMATION BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG THE WELL, REMEDIATE THE LOCATION AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, LEA COUNTY, NEW MEXICO.

Ladies and Gentlemen:

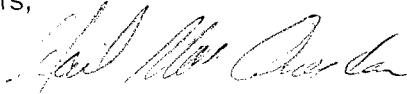
You are hereby notified that the New Mexico Oil Conservation Division (OCD) has filed the above-captioned application for a compliance order against Southwestern, Inc. A copy of the application is enclosed. Notice is hereby being provided to OneBeacon Insurance Company, successor to American Employers' Insurance Company, the company through whom Southwestern Inc. procured a \$7,500 surety bond, bond number A-E-71331-57, to secure its obligation to plug and abandon the State VC #001 well in compliance with OCD rules. That security will be forfeited if

an order is entered as requested in the attached application and the subject wells are not brought into compliance with OCD rules by the date set by the order.

A hearing on this application will take place before a Division hearing officer on **Thursday, October 18, 2007**, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing Southwestern, Inc. and its surety will have an opportunity to oppose the entry of the order. **If you intend to present evidence at the hearing, you should file a pre-hearing statement at least four business days in advance of the hearing, as required by 19.15.14.1211.B NMAC.** A copy of that rule is enclosed. I have also enclosed a copy of 19.15.14.1212 NMAC, which addresses representation at administrative hearings before the Division.

If you have questions about the application you may call me at (505) 476-3451.

Very truly yours,



Gail MacQuesten
Assistant General Counsel

Encl: Application in Case 13979
Rule1211 [19.15.14.1211 NMAC]
Rule 1212 [19.15.14.1212 NMAC]

Ec: Daniel Sanchez, Compliance and Enforcement Manager
Chris Williams, Supervisor, Hobbs District Office
Maxey Brown, Deputy Inspector, Hobbs District Office

19.15.14.1211 PLEADINGS, COPIES, PRE-HEARING STATEMENTS, EXHIBITS AND MOTIONS FOR CONTINUANCE:

A. Pleadings. Applicants shall file two sets of pleadings and correspondence in cases pending before a division examiner with the division clerk and six sets of pleadings and correspondence in cases pending before the commission with the commission clerk. For cases pending before the commission, the commission clerk shall disseminate copies of pleadings and correspondence to the commission members. The party filing the pleading or correspondence shall at the same time serve a copy of the pleading or correspondence upon each party who has entered an appearance in the case on or prior to the business day immediately preceding the date when the party files the pleading or correspondence with the division or the commission clerk, as applicable. Parties shall accomplish service by hand delivery or transmission by facsimile or electronic mail to any party who has entered an appearance or, if the party is represented, the party's attorney of record. Service upon a party who has not filed a pleading containing a facsimile number or e-mail address may be made by ordinary first class mail. Parties shall be deemed to have made an appearance when they have either sent a letter regarding the case to the division or commission clerk or made an in person appearance at any hearing before the commission or before a division examiner. A written appearance, however, shall not be complete until the appearing party has provided notice to other parties of record. Any initial pleading or written entry of appearance a party other than the applicant files shall include the party's address or the address of the party's attorney and an e-mail and facsimile number if available.

B. Pre-hearing statements.

(1) Any party to an adjudicatory proceeding who intends to present evidence at the hearing shall file a pre-hearing statement, and serve copies on other parties or, for parties that are represented, their attorneys in the manner Subsection A of 19.15.14.1211 NMAC provides, at least four business days in advance of a scheduled hearing before the division or the commission, but in no event later than 5:00 pm mountain time, on the Thursday preceding the scheduled hearing date. The statement shall include:

- (a)** the names of the party and the party's attorney;
- (b)** a concise statement of the case;
- (c)** the names of witnesses the party will call to testify at the hearing, and in the case of expert witnesses, their fields of expertise;
- (d)** the approximate time the party will need to present its case; and
- (e)** identification of any procedural matters that are to be resolved prior to the hearing.

(2) Any party other than the applicant shall include in its pre-hearing statement a statement of the extent to which the party supports or opposes the issuance of the order the applicant seeks and the reasons for such support or opposition. In cases to be heard by the commission, each party shall include copies of all exhibits that it proposes to offer in evidence at the hearing with the pre-hearing statement. The commission may exclude witnesses the party did not identify in the pre-hearing statement, or exhibits the party did not file and serve with the pre-hearing statement, unless the party offers such evidence solely for rebuttal or makes a satisfactory showing of good cause for failure to disclose the witness or exhibit.

(3) A pre-hearing statement filed by a corporation or other entity not represented by an attorney shall identify the person who will conduct the party's presentation at the hearing and include a sworn and notarized statement attesting that the corporation's or entity's governing body or chief executive officer authorizes the person to present the corporation or entity in the matter.

(4) For cases pending before the commission, the commission clerk shall disseminate copies of pre-hearing statements and exhibits to the commission members.

C. Motions for continuance. Parties shall file and serve motions for continuance no later than 48 hours prior to time the hearing is set to begin, unless the reasons for requesting a continuance arise after the deadline, in which case the party shall file the motion as expeditiously as possible after becoming aware of the need for a continuance.

[19.15.14.1211 NMAC - Rp, 19.15.14.1208 NMAC, 09/30/05]

19.15.14.1212 CONDUCT OF ADJUDICATORY HEARINGS:

A. Testimony. Hearings before the commission or a division examiner shall be conducted without rigid formality. The division or commission shall take or have someone take a transcript of testimony and preserve the transcript as a part of the division's permanent records. Any person testifying shall do so under oath. The division examiner or commission shall designate whether or not an interested party's un-sworn comments and observations are relevant and, if relevant, include the comments and observations in the record.

B. Pre-filed testimony. The division director may order the parties to file prepared written testimony in advance of the hearing for cases pending before the commission. The witness shall be present at the hearing and shall adopt, under oath, the prepared written testimony, subject to cross-examination and motions to strike unless the witness' presence at hearing is waived upon notice to other parties and without their objection. The parties shall number pages of the prepared written testimony, which shall contain line numbers on the left-hand side.

C. Appearances pro se or through an attorney. Parties may appear and participate in hearings either pro se (on their own behalf) or through an attorney. Corporations, partnerships, governmental entities, political subdivisions, unincorporated associations and other collective entities may appear only through an attorney or through a duly authorized officer or member. Participation in adjudicatory hearings shall be limited to parties, as defined in 19.15.14.1208 NMAC, except that a representative of a federal, state or tribal governmental agency or political subdivision may make a statement on the agency's or political subdivision's behalf. The commission or division examiner shall have the discretion to allow any other person present at the hearing to make a relevant statement, but not to present evidence or cross-examine witnesses. Any person making a statement at an adjudicatory hearing shall be subject to cross-examination by the parties or their attorneys.

[19.15.14.1212 NMAC - Rp, 19.15.14.1210 NMAC, 09/30/05]

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

RECEIVED
2007 SEP 18 AM 9 53

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST SOUTHWESTERN, INC. FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.3.100.D NMAC, FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC, 19.15.1.13.B NMAC, 19.15.3.116.D AS TO ONE WELL, DETERMINING THAT THE VIOLATIONS ARE KNOWING AND WILLFUL AND IMPOSING A PENALTY, REQUIRING OPERATOR TO BRING THE WELL INTO COMPLIANCE AND PROVIDE REQUIRED CONTACT INFORMATION BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG THE WELL, REMEDIATE THE LOCATION AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, LEA COUNTY, NEW MEXICO.

CASE NO. 14007

APPLICATION FOR COMPLIANCE ORDER
AGAINST SOUTHWESTERN, INC.

1. Southwestern, Inc. ("Operator") is a business operating three wells in New Mexico under OGRID 21386. Southwestern, Inc. is not registered as a corporation with the New Mexico Public Regulatory Commission.

2. In 1981 Operator became the operator of record for the State VC #001, API 30-025-03035, in Unit Letter L, Section 36, Township 17 South, 35 East, in Lea County, New Mexico.

3. Operator posted a \$7,500 single-well surety bond, No. A-E-71331-57, through American Employers' Insurance Company to secure its obligation to plug and abandon the State VC #001 well. OneBeacon Insurance Company has taken over bonds issued by American Employers' Insurance Company.

4. Operator has not registered its address or emergency contact information with the Oil Conservation Division (OCD).

5. ⁰³¹ OCD records show that the State VC #001 well has not reported activity since October 2002, and is neither plugged and abandoned in accord with 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with 19.15.4.203 NMAC.

6. On May 16, 2007, during a routine inspection, OCD inspectors found the equipment at the State VC #1 well to be leaking and contaminating the soil.

7. On May 18, 2007, the OCD placed three phone calls to the Operator regarding the leaking tanks, using the phone number listed for "Southwestern, Inc." in the 2007 Hobbs Names & Numbers phone book, but was unable to contact the Operator. The address listed for Operator in the phone book – 10 W. Carlsbad, Lovington - turned out to be a vacant lot.

8. The OCD issued a notice of violation to Operator instructing the Operator to return the well to production, place it on approved temporary abandonment status or plug it, and to repair or replace the leaking tanks and clean up the contaminated soil. The OCD mailed the notice of violation to P.O. Box 1116, Lovington, NM 88260, the address on Operator's filings and on its bond.

9. The letter of violation was returned "not deliverable, unable to forward."

10. OCD 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. OCD rule 19.15.1.13.B NMAC provides, in relevant part, that

[a]ll operators ... shall at all times conduct their operations in or related to the drilling, equipping, operating, producing, plugging and abandonment of oil, gas, injection, disposal, and storage wells or other facilities in a manner that will prevent waste of oil and gas, the contamination of fresh

waters and shall not wastefully utilize oil or gas, or allow either to leak or escape from a natural reservoir, or from wells, tanks, containers, pipe or other storage conduit or operating equipment.

12. OCD rule 19.15.3.116.D NMAC provides:

The responsible person must complete division approved corrective action for releases which endanger public health or the environment. Releases will be addressed in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with Section 19 of 19.15.1 NMAC.

13. OCD rule 19.15.3.100.C NMAC requires operators to keep the division informed of their current address or record and emergency contact names and telephone numbers.

14. NMSA 1978, Section 70-2-31 (A) provides, in relevant part:

Any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars (\$1,000) for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate violation.

15. OCD rule 19.15.1.7.K defines "knowingly and willfully," for purposes of assessing civil penalties, as

the voluntary or conscious performance of an act that is prohibited or the voluntary or conscious failure to perform an act or duty that is required. It does not include performances or failures to perform that are honest mistakes or merely inadvertent. It includes, but does not require, performances or failures to perform that result from a criminal or evil intent or from a specific intent to violate the law. The conduct's knowing and willful nature may be established by plain indifference to or reckless disregard of the requirements of the law, rules, orders or permits. A consistent pattern or performance or failure to perform also may be sufficient to establish the conduct's knowing and willful nature, where such consistent pattern is neither the result of honest mistakes nor mere inadvertency. Conduct that is otherwise regarded as being knowing and willful is rendered neither accidental nor mitigated in character by the belief that the conduct is reasonable or legal.

16. NMSA 1978, Section 70-2-33(A) defines "person" as used in the Oil and Gas Act to include "any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity."

17. NMSA 1978, Section 70-2-14(B) provides:

If any of the requirements of the Oil and Gas Act [70-2-1 NMSA 1978] or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

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

- A. Determining that Operator is out of compliance with OCD rule 19.15.3.100.C NMAC by failing to keep the OCD advised of Operator's address and emergency contact information;
- B. Determining that Operator is out of compliance with OCD rules 19.15.4.201 NMAC, 19.15.1.13.B NMAC, and 19.15.3.116.D NMAC as to the State VC #001;
- C. Determining that Operator's plain indifference to and reckless disregard of the requirements of OCD rules, and Operator's pattern of grossly negligent operations make the violations knowing and willful;
- D. Imposing a penalty on the Operator for the knowing and willful violation of 19.15.3.100.C NMAC, and the knowing and willful violation of 19.15.4.201 NMAC, 19.15.1.13.B NMAC and 19.15.3.116.D NMAC as to the State VC #001;

- E. Requiring the Operator to register its address and emergency contact information with the OCD as required by 19.15.3.100.C NMAC, and return the State VC #001 to compliance with 19.15.4.201 NMAC, 19.15.1.13.B NMAC and 19.15.3.116.D NMAC by a date certain;
- F. If the Operator fails to register its address and emergency contact information with the OCD and return the State VC #001 to compliance with 19.15.4.201 NMAC, 19.15.1.13.B NMAC and 19.15.3.116.D NMAC by the date set in the order, authorizing the OCD to
1. plug the State VC #001 in accordance with a OCD-approved plugging program and restore and remediate the location; and
 2. forfeit the applicable financial assurance; and
- G. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 16th day of September, 2007 by



Gail MacQuesten
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for the New Mexico Oil
Conservation Division

- Case No. _____. Application of the New Mexico Oil Conservation Division for a Compliance Order against Southwestern Inc. The Applicant seeks an order finding that operator is in violation of 19.15.3.100.C NMAC, and is in violation of 19.15.4.201 NMAC, 19.15.1.13.B NMAC and 19.15.3.116.D NMAC as to one well, determining that the violations are knowing and willful and imposing a penalty, requiring operator to come into compliance by a date certain and authorizing the division to plug said well in the event of non-compliance and forfeit the applicable financial assurance. The affected well is: State VC #001, 30-025-03035, L-36-17S-35E. The well is located approximately eight miles west of Humble City in Lea County, New Mexico.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Southwestern, Inc.
1304 W. Broadway Place
Hobbs, NM 88240

9/19/07

2. Article Number

(Transfer from service label)

7004 2510 0006 6624 4849

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☒ Addressee

B. Received by (Printed Name)

Dwayne Burns

C. Date of Delivery

9/22/07

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Southwestern, Inc.
P.O. Box 658
Dripping Springs, TX 78620

9/19/07

2. Article Number

(Transfer from service label)

7004 2510 0006 6624 4887

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☒ Addressee

B. Received by (Printed Name)

DILL McLean

C. Date of Delivery

9/27/07

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

OneBeacon Insurance Company
One Beacon Lane
Canton, MA 02021-1030

9/19/07

Southwestern

2. Article Number

(Transfer from service label)

7004 2510 0006 6624 4894

PS Form 3811, February 2004

Domestic Return Receipt

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☒ Agent☐ Addressee

B. Received by (Printed Name)

R. Parks

C. Date of Delivery

9-24-07

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes**Affidavit of Notice**

Case 14007
OCD Exhibit B

2

2

016H16502007
\$05.380
09/20/2007
Mailed From 87505
US POSTAGE



00000000000000000000000000000000

[illegible]

RENTAL UNIT

01616502007
\$05.380
09/20/2007
Mailed From 87505
US POSTAGE

25/2/20

RETURN TO
SENDER
UNABLE TO
NOT KNOWN
ATTEMPTED
FORWARD

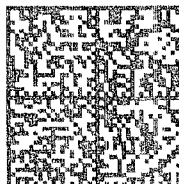
[illegible][illegible]

Case 14007
OCD Exhibit C

STATE OF NEW MEXICO
ENERGY MINERALS AND
NATURAL RESOURCES DEPARTMENT
1220 SOUTH SAINT FRANCIS DRIVE
SANTA FE, NEW MEXICO 87505

CERTIFIED MAIL

7004 2510 0006 6624 4856



Hasler

016H16502007
\$05.380
09/20/2007
Mailed From 87505
US POSTAGE

0CD

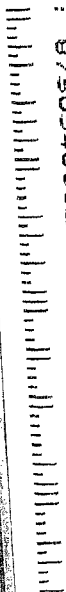
9/22
NIXIE
Southwestern, Inc.
P.O. Box 1116
Loyington, NI

NIXIE 871 SE 1 10 09/24/07

RETURN TO SENDER
NOT DELIVERABLE
UNABLE TO FORWARD

BC: 87505400020 *0268-04326-20-43

082505 67505@4000



Affidavit of Publication

STATE OF NEW MEXICO

) ss.

COUNTY OF LEA

Joyce Clemens being first duly sworn on oath deposes and says that she is Advertising Director of **THE LOVINGTON LEADER**, a daily newspaper of general paid circulation published in the English language at Lovington, Lea County, New Mexico; that said newspaper has been so published in such county continuously and uninterruptedly for a period in excess of Twenty-six (26) consecutive weeks next prior to the first publication of the notice hereto attached as hereinafter shown; and that said newspaper is in all things duly qualified to publish legal notices within the meaning of Chapter 167 of the 1937 Session Laws of the State of New Mexico.

That the notice which is hereto attached, entitled

Legal Notice

was published in a regular and entire issue of **THE LOVINGTON LEADER** and not in any supplement thereof, for

one (1) day, beginning with the issue of September 22, 2007 and ending with the issue of September 22, 2007.

And that the cost of publishing said notice is the sum of \$68.88 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 27th day of September 2007

Debbie Schilling

Debbie Schilling
Notary Public, Lea County, New Mexico
My Commission Expires June 22, 2010

OK
fd

LEGAL NOTICE NOTICE OF HEARING

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

The State of New Mexico through its Oil Conservation Division hereby gives notice pursuant to law and the Rules and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on October 18, 2007, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before a examiner duly appointed for the hearing. If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the hearing, please contact Florene Davidson at 505-476-3458 or through the New Mexico Relay Network, 1-800-651-1779 by October 8, 2007. Public documents, including the agenda and minutes, can be provided in various accessible forms. Please contact Florene Davidson if a summary or other type of accessible form is needed.

STATE OF NEW MEXICO TO:
All named parties and persons
having any right, title, interest
or claim in the following cases
and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridia whether or not so stated.)

CASE 14007: Application of the New Mexico Oil Conservation Division for Compliance Order against Southwestern Inc. The Applicant seeks an order finding that operator is in violation of 19.15.3.100.C NMAC, and is in violation of 19.15.4.20 NMAC, 19.15.1.13.B NMAC and 19.15.3.116.D NMAC as to one well, determining the violations are knowing and willful and imposing a penalty, requiring operator to come into compliance by a date certain and authorizing the division to plug said well in the event of non-compliance and forfeit the applicable financial assurance. The affected well is: State VC #001, 30-025-03035, L-36-17S-35E. The well is located approximately eight miles west of Humble City in Lea County, New Mexico.

Given under the Seal of the State of New Mexico Oil Conservation Commission:
Santa Fe, New Mexico on this 19th day of September, 2007.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION
Mark E. Fesmire, P.E.
Division Director

S E A L
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Affidavit of Notice

Case 14007
OCD Exhibit D