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 C & D MANAGEMENT COMPANY D/B/A FREEDOM VENTURES COMPANY, FINDING THAT THE OPERATOR KNOWINGLY AND WILLFULLY VIOLATED 19.15.13.1115 NMAC AND 19.15.4.201 NMAC; ASSESSING PENALTIES; REQUIRING OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.13.1115 NMAC AND 19.15.4.201 NMAC BY A DATE CERTAIN; AND IN THE EVENT OF NON-WELLS COMPLIANCE. DECLARING THE **ABANDONED** AND AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, EDDY COUNTY, NEW MEXICO

CASE NO. 14055

Affidavit of Jane Prouty

STATE OF NEW MEXICO)

COUNTY OF SANTA FE)

I, Jane Prouty, being first duly sworn on oath, states as follows:

) ss.

1. I am employed as the Supervisor of Production and Permitting at the Santa Fe, New Mexico office of the Oil Conservation Division ("OCD").

2. My duties include maintaining records of oil and gas production and injection on wells located in New Mexico.

3. The OCD's information on production and injection comes from monthly production reports filed by the well operators.

4. In 1993 the OCD began using the ONGARD (Oil and Natural Gas Administration and Revenue Database) to record oil and gas production and injection by well. Since 1993, production and injection data from the monthly production reports filed by operators has been entered into ONGARD.

5. When the OCD began using the ONGARD system in 1993, it converted existing production and injection data into ONGARD for those wells that were not shown as "plugged" according to the OCD records available at that time. The pre-1993 production and injection information for each such well was totaled and appears in ONGARD under the last month of production or injection for that well.

C & D Management Company dba Freedom Ventures Company Case 14055 OCD Exhibit No. 3

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6. I have researched the ONGARD records for production and injection information regarding the following wells:

٠	Amoco No. 001;	30-015-24738
•	Hastie No. 016;	30-015-22371
•	Hastie No. 017;	30-015-22852
٠	Hastie No. 018;	30-015-22848
•	Hastie No. 019;	30-015-23186
٠	Hastie No. 020;	30-015-23516
٠	Hastie No. 021;	30-015-23821
٠	Muncy Federal No. 001;	30-015-23083
٠	Muncy Federal No. 002;	30-015-25012
٠	Saunders No. 012;	30-015-22348
٠	Schneider No. 001;	30-015-22907
٠	Scott Federal No. 001;	30-015-25437

7. No C-115 monthly production reports have been filed for the above wells since March 2006.

8. I have researched the OCD's well files and production records for the Michael State No. 001, API No. 30-015-24877. A change of operator from Finney Oil Company to C & D Management Company d/b/a Freedom Ventures Company was approved on June 20, 2006 for the Michael State No. 001, API No. 30-015-24877. The companies recorded the effective date of this change as November 1, 2005. Finney Oil Company reported this well on its C-115 for the month of April, 2006; since the operator change had not been submitted at this time, the well was still on Finney Oil Company's C-115. The well did not produce or inject any volumes. This is the last C-115 received by the OCD for this well.

9. I have researched the ONGARD records for production and injection information regarding the following wells:

•	Shearn Becky Federal No. 001;	30-015-34440
•	Shearn Freedom Federal No. 002;	30-015-34454
٠	Shearn Samantha Federal No. 001;	30-015-31059
•	Shearn Shilo Federal No. 001;	30-015-31061

No C-115 monthly production reports have ever been submitted for the above wells.

10. Attached as Exhibit A is a Summary Balance Report from OCD's on-line C-115 Reports database. The Summary Balancing Report shows gas and oil production reported by an operator for its well. Exhibit A is the Summary Balancing Report for C & D Management Company d/b/a Freedom Ventures Company. According to the Summary

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Balancing Reports, C & D Management Company d/b/a Freedom Ventures Company has not reported any production since March 2006.

FURTHER AFFIANT SAYETH NOT.

Jane Prouty	×

SUBSCRIBED AND SWORN before me this 23^{rd} day of January 2008.

Serblol Notary Public

My Commission Expires:

01-09-2012