

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-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, EDDY COUNTY, NEW MEXICO

CASE NO. 14055

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") since 1994.

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

3. I researched OCD's financial assurance records to determine if financial assurance documents were filed for the wells at issue in the above-captioned case:

• Amoco No. 001;	L-13-17S-27E;	30-015-24738
• Hastie No. 016;	4-18-17S-28E;	30-015-22371
• Hastie No. 017;	3-18-17S-28E;	30-015-22852
• Hastie No. 018;	N-18-17S-28E;	30-015-22848
• Hastie No. 019;	2-18-17S-28E;	30-015-23186
• Hastie No. 020;	1-18-17S-28E;	30-015-23516
• Hastie No. 021;	C-18-17S-28E;	30-015-23821

*C & D Management Company
dba*

Freedom Ventures Company

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OCD Exhibit No. 2

• Michael State No. 001;	H-25-17S-27E;	30-015-24877
• Muncy Federal No. 001;	F-13-17S-27E;	30-015-23083
• Muncy Federal No. 002;	E-13-17S-27E;	30-015-25012
• Saunders No. 012;	O-13-17S-27E;	30-015-22348
• Schneider No. 001;	J-24-17S-27E;	30-015-22907
• Scott Federal No. 001;	P-12-17S-27E;	30-015-25437
• Shearn Becky Federal No. 001;	B-14-17S-27E;	30-015-34440
• Shearn Freedom Federal No. 002;	A-14-17S-27E;	30-015-34454
• Shearn Samantha Federal No. 001;	G-14-17S-27E;	30-015-31059
• Shearn Shilo Federal No. 001;	B-14-17S-27E;	30-015-31061

4. ONGARD (oil and natural gas administration and revenue data base) maintains data on the financial assurances posted by operators. Exhibit A to this affidavit consists of a printout of the ONGARD screen showing that C & D Management Company d/b/a Freedom Ventures Company, posted the following financial assurance pursuant to NMSA 1978, Section 70-2-14:

- a \$7,038 irrevocable letter of credit on the Michael State No. 001, deposited with the South Central Bank of Barren Co., Inc., P.O. Box 667, Glasgow, Kentucky 42142-0667.
- a \$10,000 irrevocable letter of credit on the Schneider No. 001 and the Muncy Federal No. 001 (\$5,000 on the Schneider No. 001 and \$5,000 on the Muncy Federal No. 001), deposited with First National Bank of Artesia, 303 West Main, Artesia, New Mexico 88210.

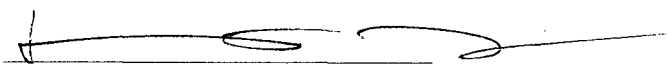
5. Exhibit B to this affidavit is a copy of the letter of credit for the Michael State No. 001.

6. Exhibit C to this affidavit is a copy of the letter of credit for the Schneider No. 001 and the Muncy Federal No. 001.

7. Exhibit D to this affidavit is a copy of the inactive well list for C & D Management Company d/b/a Freedom Ventures Company.

8. All of the other wells that are the subject to the above-filed application are federal wells. Operators of federal wells within New Mexico are not required to post financial assurance to secure the plugging of these wells. Therefore, Operator has posted no financial assurance with the State of New Mexico to secure the plugging of the federal wells.

FURTHER AFFIANT SAYETH NOT.


Dorothy Phillips

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

Kenneth M. Jendek
Notary Public

My Commission Expires:

01-09-2012