

CASE 14054
KIMLAR OIL COMPANY (OGRID: 152098)

Exhibit Index

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2	19.15.3.116 NMAC	
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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 KIMLAR OIL COMPANY, FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED DIVISION RULES 19.15.3.116 AND 19.15.9.703 NMAC; ORDERING OPERATOR TO COMPLY WITH SUCH RULES BY A DATE CERTAIN; ASSESSING PENALTIES; EDDY COUNTY, NEW MEXICO.

CASE NO. 14054

AFFIDAVIT OF NOTICE AND PUBLICATION

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 January 10, 2008 hearing in the above-captioned case was emailed to hillhop@apex2000.net, and 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:

Kimlar Oil Company
P.O. Box 1217
Kermit, Texas 79745
hillhop@apex2000.net
Certified Mail No.: 7001 1940 0004 7919 3993

2. Exhibit A to this affidavit is a copy of the notice, with a copy of the certified mail return receipt for the letter mailed to Kimlar Oil Company, in Kermit, Texas. Becky Hill signed for the receipt on December 13, 2007. Also included in Exhibit A is a copy of the email in which the notice of hearing was sent.

3. Notice of the January 10, 2008 hearing was published in Artesia Daily Press, a newspaper of general circulation in Eddy County. The affidavit of publication from Artesia Daily Press is attached as Exhibit B.


Sonny Swazo

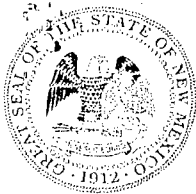
Kimlar Oil Company

SUBSCRIBED AND SWORN to before me this 4th day of January 2008.

Sally Marting
Notary Public

My Commission Expires:

3-24-2010



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

December 10, 2007

Kimlar Oil Company

P.O. Box 1217

Kermit, Texas 79745

billhop@epex2000.net

Certified Mail No.: 7001 1940 0004 7919 3993

Sent Via Email and Certified Mail

RE: Case No. 14054

Application For Compliance Order Against Kimlar Oil Company

OGRID No. 152098

Gourley Federal No. 003; 30-015-22660; A-31-22S-28E

Gourley Federal No. 004; 30-015-22661; J-31-22S-28E

Dear Operator:

A hearing has been scheduled on the above application for **Thursday, January 10, 2008, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico.**

In the application the New Mexico Oil Conservation Division ("OCD") is seeking an Order finding Kimlar Oil Company ("Kimlar") in violation of OCD Rule 19.15.3.116 NMAC ("Rule 116") as to the Gourley Federal No. 003, in violation of OCD Rule 11.15.9.703 NMAC ("Rule 703") as to Gourley Federal No. 004, requiring Kimlar to bring said wells into compliance with OCD Rule 116 and OCD Rule 703 by a date certain, and assessing civil penalties for Kimlar's knowing and willful violation of OCD Rule 116 and OCD Rule 703. A copy of the application is enclosed.

At the hearing you will have an opportunity to show cause why an Order should not be entered as requested in the application. **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 OCD Rule 19.15.14.1211(B) NMAC ("Rule 1211").** OCD Rule 1211 describes what information is required to be contained in a party's pre-hearing statement. A copy of OCD Rule 1211 is enclosed. I have also enclosed a copy of OCD Rule 19.15.14.1212, which addresses representation at administrative hearings before an OCD hearing examiner.

Kimlar Oil Company

Case 14054

OCD Exhibit No. 1-A


Oil Conservation Division * 1220 South St. Francis Drive * S

Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.oilconservation.org>

Kimlar Oil Company
Case No. 14054
Application for Compliance Order Against Kimlar Oil Company
December 10, 2007
Page 2 of 2

If you have any questions, please contact me at (505) 476-3463 or by email at sonny.swazo@nmda.state.nm.us.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Sonny Swazo', with a long horizontal flourish extending to the right.

Sonny Swazo
Assistant General Counsel
New Mexico Oil Conservation Division

cc: Daniel Sanchez, OCD Enforcement and Compliance Manager
Tim Gum, Supervisor, District II
Gerry Guye, Deputy Oil and Gas Inspector, District II
John Bramhall, Inspection and Enforcement Coordinator

Enclosures: Application
OCD Rule 19.15.14.1211
OCD Rule 19.15.14.1212

SS-0CD

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:

Kimlar Oil Company
P.O. Box 1217
Kermit, TX 79745

2. Article Number 7001 1940 0004 7919 3993
(Transfer from service label)

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Becky Hill

☐ Agent☐ Addressee

B. Received by (Printed Name)

BECKY HILL

C. Date of Delivery

12/13/07

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

Swazo, Sonny, EMNRD

From: Swazo, Sonny, EMNRD
Sent: Tuesday, December 11, 2007 10:01 AM
To: 'hilhop@apex2000.net'
Cc: Sanchez, Daniel J., EMNRD; Gum, Tim, EMNRD; Guye, Gerry, EMNRD;
'john_bramhall@blm.gov'
Subject: Application for Compliance Order Against Kimlar Oil Company--Case No. 14054
Attachments: 2007 Application.doc; 2007 12-10 hearing notice.doc

12/11/2007

Affidavit of Publication

Copy of Publication:

NO. 20003

STATE OF NEW MEXICO

County of Eddy:

GARY D. SCOTT being duly

sworn, says: That he is the PUBLISHER of The

Artesia Daily Press, a daily newspaper of general
circulation, published in English at Artesia, said county
and county and state, and that the here to attached

Legal Notice

was published in a regular and entire issue of the said
Artesia Daily Press, a daily newspaper duly qualified
for that purpose within the meaning of Chapter 167 of
the 1937 Session Laws of the state of New Mexico for
1 Consecutive week/days on the same

day as follows:

First Publication December 16, 2007

Second Publication _____

Third Publication _____

Fourth Publication _____

Fifth Publication _____

Subscribed and sworn to before me this

30th Day December 2007

Amanda K. Lamb

Notary Public, Eddy County, New Mexico

My Commission expires April 5, 2011

Kimlar Oil Company

**Case 14054
OCD Exhibit No. 1-B**

**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 January 10, 2008, in the Oil Conservation Division Hearing Room at 1220 South St. Francis Drive, Santa Fe, New Mexico, before an 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 505-176-3458 or through the New Mexico Relay Network, 1-800-359-1779 by December 31, 2007. Public documents, including the agenda and minutes, can be provided in various accessible formats. 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 Meridian whether or not so stated.)

CASE 14052: Application of the New Mexico Oil Conservation Division for a Compliance Order against Pronghorn Management Corp. The Applicant seeks an order pursuant to NMSA 1978, Section 70-2-14(B) requiring operator to plug and abandon all its wells in New Mexico by a date certain and authorizing the Division to plug said wells and forfeit the applicable financial assurance in the event of non-compliance. The wells at issue are:

ATLANTIC STATE #001, N-4-17S-28E, 30-015-10266; EDDY STATE #001, G-6-19S-25E, 30-015-23248; FIELDS #004, A-2S-23S-32E, 30-025-25344;

FOWLER B #001, K-6-19S-38E, 30-025-28197; GILA #4 DEEP #001, G-4-25S-33E, 30-025-30872; HANNAFIN STATE #001, L-17-19S-29E, 30-015-26727; HASTIE #005, F-18-17S-28E, 30-015-01417; HOWSE C #001, H-11-20S-38E, 30-025-22165; J F BLACK #001, G-21-24S-37E, 30-025-11178; J F BLACK #003, B-21-24S-37E, 30-025-11182; J F BLACK #004, F-21-24S-37E, 30-025-11183; J F BLACK #005, K-21-24S-37E, 30-025-21401; J F BLACK #006, F-21-24S-37E, 30-025-21478; J F BLACK #007, C-21-24S-37E, 30-025-21479; LONG BOX COM #001, H-30-20S-24E, 30-015-22624; MARSHALL #001, A-19-23S-33E, 30-025-08358; MARSHALL #002, K-19-23S-33E, 30-025-08359; MARSHALL #005, F-19-23S-33E, 30-025-25000; MARSHALL #006, B-19-23S-33E, 30-025-25151; MARSHALL #007, C-19-23S-33E, 30-025-25201; MARSHALL #008, 3-19-23S-33E, 30-025-25642; NEW MEXICO BZ STATE NCT 5 #001, D-29-21S-35E, 30-025-03521; NEW MEXICO BZ STATE NCT 5 #002, C-29-21S-35E, 30-025-03522; NEW MEXICO BZ STATE NCT 5 #003, E-29-21S-35E, 30-025-03523; NEW MEXICO BZ STATE NCT 5 #004, F-29-21S-35E, 30-025-03524; NEW MEXICO BZ STATE NCT 5 #005, D-29-21S-35E, 30-025-32362; NEW MEXICO DL STATE #001, I-18-23S-33E, 30-025-28223; NEW MEXICO DL STATE #002, O-18-23S-33E, 30-025-28607; NEW MEXICO DL STATE #003, H-18-23S-33E, 30-025-28608; NEW MEXICO DL STATE #004, N-18-23S-33E, 30-025-28609; NEW MEXICO DL STATE #005, J-18-23S-33E, 30-025-28610; NEW MEXICO DL STATE #006, P-18-23S-33E, 30-025-28659; NEW MEXICO DL STATE #007, A-18-23S-33E, 30-025-28681; NEW MEXICO EF STATE #001, L-17-23S-33E, 30-025-28680; NEW MEXICO EF STATE #003, M-17-23S-33E, 30-025-28697; SIVLEY STATE #001, M-17-19S-29E, 30-015-26837;

STATE C #001, M-20-21S-35E, 30-025-03485; STATE HL #001, L-2-23S-33E, 30-025-28492; STATE M #001, M-36-17S-27E, 30-015-24812.

The wells are located in the southwest corner of New Mexico, south of Lovington and east of Carlsbad in Lea and Eddy Counties.

CASE 14053: Application of the New Mexico Oil Conservation Division for a Compliance Order against J. Warren Hanson d/b/a Hanson Energy. The Applicant seeks an order finding that operator is in violation of 19.15.4.201 NMAC as to twenty-five wells, requiring operator to return the wells to compliance by a date certain, and in the event of non-compliance assessing penalties and authorizing the division to plug said wells and forfeit the applicable financial assurance. The affected wells are: Berry A #011, 30-015-00498, K-24-17S-27E; Berry A #022, 30-015-00497, K-24-17S-27E; Berry A #028, 30-015-00501, O-24-17S-27E; Berry B #025, 30-015-00578, G-25-17S-27E; Berry Federal #027, 30-015-00483, E-24-17S-27E; Berry Federal #029, 30-015-00472, F-23-17S-27E; Berry Federal #030, 30-015-21510, O-23-17S-27E; Berry Federal #034, 30-015-31113, G-23-17S-27E; Donnelly Kelly State #002, 30-015-02644, O-6-18S-28E; Donnelly Kelly State #003, 30-015-23315, O-6-18S-28E; Saunders A #011, 30-015-24123, B-13-17S-27E; Saunders B #003, 30-015-22725, A-13-17S-27E; Spurck State #009, 30-015-30997, F-24-17S-27E; State AE #001, 30-015-25402, G-4-18S-28E; State AE #002, 30-015-25402, F-4-18S-28E; Vandagriff #003, 30-015-01323, I-5-17S-28E; Vandagriff #005, 30-015-01318, J-5-17S-28E; Vandagriff #007, 30-015-01320, J-5-17S-28E; Vandagriff #008, 30-015-01321, H-5-17S-28E; Vandagriff #009, 30-015-01322, G-5-17S-28E; Vandagriff #010, 30-015-01329, B-3-17S-28E; Vandagriff #011, 30-015-01325, I-5-17S-28E; West Artesia Grayburg Unit #016, 30-015-02641, M-8-18S-28E; West Artesia Grayburg Unit #022, 30-015-23638, L-8-18S-28E; West Artesia Grayburg Unit #024, 30-015-23724, M-8-18S-28E. The wells are located between Artesia and Loco Hills in Eddy County, New Mexico.

CASE 14054: Application of the New Mexico Oil Conservation Division for a Compliance Order against Kimlar Oil Company. The Applicant seeks an order finding operator in violation of 19.15.3.116 and 19.15.9.703 NMAC, requiring operator to bring the wells into compliance with 19.15.3.116 and 19.15.9.703 by a date certain, and assessing penalties. The affected wells are: Gourley Federal No. 003, API No. 30-015-22660, A-31-22S-28E; Gourley Federal No. 004, API No. 30-015-22661, J-31-22S-28E. The wells are located approximately 9 miles southeast of

Carlsbad, in Eddy County, New Mexico.

CASE 14055: Applicant the New Mexico Oil Conservation Division for a Compliance Order against C&D Management Company d/b/a Fr Ventures Company. Applicant seeks an Order that Operator is in violation of 19.15.13.1115 NMAC, 19.15.4.201 NMAC as to seven wells, requiring Operator bring the seventeen wells into compliance with 19.15. NMAC and 19.15.4.201 NMAC as to twenty-five wells, requiring operator to return the wells to compliance by a date certain, and in the event of non-compliance assessing penalties and authorizing the division to plug said wells and forfeit the applicable financial assurance in the event of non-compliance, and assessing penalties. The affected wells are:

Amoco No. 001, L-13-17 30-015-24738
Muncy Federal No. 001 17S-27E; 30-015-23083
Muncy Federal No. 002, 17S-27E; 30-015-25012
Saunders No. 012; O-1 27E; 30-015-22348
Michael State No. 001; 17S-27E; 30-015-24877
Schneider No. 001; J-2 27E; 30-015-22907
Scott Federal No. 001; 17S-27E; 30-015-25437.

These wells are located a mutually 10 miles west of Hills, in Eddy County, New Mexico.

Hastie No. 016; 4-18-17 30-015-22371
Hastie No. 017; 3-18-17 30-015-22852
Hastie No. 018; N-18-17 30-015-22848
Hastie No. 019; 2-18-17 30-015-23186
Hastie No. 020; 1-18-17 30-015-23516
Hastie No. 021; C-18-17 30-015-23821

These wells are located a mutually 8 miles west of Loco Hills in Eddy County, New Mexico.
Shearn Becky Federal No. B-14-17S-27E; 30-015-344
Shearn Freedom Federal 002; A-14-17S-27E; 30-015-34454

Shearn Samantha Federal 001; G-14-17S-27E; 30-015-31059

Shearn Shilo Federal No. B-14-17S-27E; 30-015-310
These wells are located a mutually 11 miles west of Hills, in Eddy County, New Mexico.

IN THE ABSENCE OF OPERATION, THIS CASE WILL BE TAKEN UNDER ADVISEMENT. Given under the Seal of the State of New Mexico Oil Conservation Commission at Santa Fe, New Mexico, on this 12th day of December, 2007.

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

Published in the Artesia Press, Artesia, N.M. Dec 16, 2007.
Legal 20003