

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 **BUCKEYE DISPOSAL, LLC**, FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.3.101.B NMAC & 19.15.4.201 NMAC AS TO TWO WELLS; THAT THE OPERATOR HAS FAILED TO COMPLY WITH THE TERMS OF ACO 183; DETERMINING THAT THE VIOLATION OF 19.15.3.101.B NMAC & 19.15.4.201 NMAC IS KNOWING & WILLFUL AND IMPOSING PENALTIES; REQUIRING OPERATOR TO POST THE REQUIRED SINGLE-WELL FINANCIAL ASSURANCES FOR BOTH WELLS AND PLUG & ABANDON BOTH WELLS BY A DATE CERTAIN; ENFORCING THE PENALTY PROVISION OF ACO 183 AND REQUIRING OPERATOR TO REMIT PAYMENT OF THE PENALTY PURSUANT TO THE TERMS OF ACO 183 BY A DATE CERTAIN; AND IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED, AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT ANY APPLICABLE FINANCIAL ASSURANCE, LEA COUNTY, NEW MEXICO.

CASE NO. 14108

AFFIDAVIT OF SERVICE

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 April 17, 2008 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:

Buckeye Disposal LLC
P.O. Box 513
Hobbs, NM 88241

Buckeye Disposal LLC
P.O. Box 2724
Lubbock, TX 79408
[OCD address of record]

Buckeye Disposal LLC
P.O BOX 356
Hobbs, NM 88241-0356
[PRC mailing address of record]

Lexon Insurance Company
P.O. Box 98
Louisville, KY 40201
[surety]

Maddox& Holloman, P.C., Registered Agent
205 E Bender Suite 150
Hobbs, NM 88240

Case 14108
Buckeye Disposal, LLC
OCD Exhibit No. B

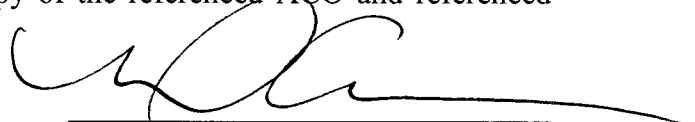
2. Copies of the certified mail return receipt cards for the notices sent to Disposal at the Lubbock address and the Box 513 Hobbs address, as well as for the mailing to registered agent Maddox and Holloman, P.C. are attached to this affidavit as Exhibit A.

3. The certified mail letter sent to Buckeye at the P.O.Box 356, Hobbs (PRC mailing address) was returned unclaimed after three attempts to deliver it. A copy of the U.S. Postal Service report to that effect is attached as Exhibit B.

4. The certified mail letter sent to the surety company, Lexon Insurance Company, located in Lexington Kentucky, through whom Buckeye has obtained its financial assurance, was returned as the address provided to the OCD was invalid. A copy of the U.S. Postal Service report to that effect is attached as Exhibit C.

6. Notice of the April 17, 2008 hearing in the above-captioned matter was published in The Lovington Daily Leader, a newspaper of general circulation in Lea County. The affidavit of publication from The Lovington Leader is attached as Exhibit D.

7. A copy of the notice of hearing (exclusive of the enclosures sent with the Notice, which included the Application, a copy of the referenced ACO and referenced Rules) is attached as Exhibit E to this affidavit.


Mikal Altomare

SUBSCRIBED AND SWORN to before me this 16th day of April 2008.


Notary Public

My Commission Expires:

3-24-2010

EXHIBIT A to
Affidavit of Service
Case No. 14108

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:

Buckeye Disposal, LLC
P.O. Box 2724
Lubbock, TX 79408

2. Article Number

(Transfer from service label)

7005 3110 0002 2085 0288

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-154

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x *Mendy Harch*

☐ Agent
☐ Addressee

B. Received by (Printed Name)

Mendy Harch

C. Date of Delivery

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:

Maddox&Holloman, P.C.
Registered Agent
205 E. Bender Suite 150
Hobbs, NM 88240

2. Article Number

(Transfer from service label)

7005 3110 0002 2085 0318

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-154

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x *Donna Hunter*

☐ Agent
☐ Addressee

B. Received by (Printed Name)

Donna Hunter

C. Date of Delivery

3-14-08

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:

Buckeye Disposal, LLC
P.O. Box 513
Hobbs, NM 88241

2. Article Number

(Transfer from service label)

7005 3110 0002 2085 0271

PS Form 3811, August 2001

Domestic Return Receipt

102595-02-M-154

COMPLETE THIS SECTION ON DELIVERY

A. Signature

x *Larry Parker*

☐ Agent
☐ Addressee

B. Received by (Printed Name)

Larry Parker

C. Date of Delivery

MAR 17 2008

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

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Track & Confirm

Search Results

Label/Receipt Number: 7005 3110 0002 2085 0295

Detailed Results:

- Delivered, April 03, 2008, 10:39 am, SANTA FE, NM 87505
- Unclaimed, March 31, 2008, 6:02 pm, HOBBS, NM
- Notice Left, March 24, 2008, 5:53 pm, HOBBS, NM 88240
- Notice Left, March 14, 2008, 10:01 am, HOBBS, NM 88241

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No FEAR Act EEO Data

FOIA

U.S. Department of Justice
Office of the Inspector GeneralInspector General
Department of Justice

EXHIBIT B to
Affidavit of Service
Case No. 14108

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Track & Confirm

Search Results

Label/Receipt Number: 7005 3110 0002 2085 0301

Detailed Results:

- Delivered, March 31, 2008, 11:20 am, SANTA FE, NM 87505
- Addressee Unknown, March 14, 2008, 8:40 am, LOUISVILLE, KY

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No FEAR Act EEO Data

FOIA

E-mail us at [usps@usps.gov](#)
or call us at 1-800-275-8777Intact & Secure
Integrity & Accountability

EXHIBIT C to
Affidavit of Service
Case No. 14108

Affidavit of Publication

STATE OF NEW MEXICO

)
) ss.
)

OK
fd

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

March 27, 2008 and ending with the issue of

March 27, 2008.

And that the cost of publishing said notice is the sum of \$ 240.24 which sum has been (Paid) as Court Costs.

Joyce Clemens

Subscribed and sworn to before me this 27th day of March 2008

Debbie Schilling

Debbie Schilling

Notary Public, Lea County, New Mexico

My Commission Expires June 22, 2010

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 Rule and Regulations of the Division of the following public hearing to be held at 8:15 A.M. on April 17, 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 505-476-3458 or through the New Mexico Relay Network, 1-800-659-1779 by April 7, 2008. 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
COTO:

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 14106: V

Application of the New Mexico Oil Conservation Division for a Compliance Order against Xeric Oil & Gas Corporation ("Xeric"). The Applicant seeks an

West Pearl Queen Unit 164, 30-025-23083
West Pearl Queen Unit 169, 30-025-25365
West Pearl Queen Unit 191, 30-025-30861
West Pearl Queen Unit 192, 30-025-30867
West Pearl Queen Unit 195, 30-025-31021
West Pearl Queen Unit 202, 30-025-31125

CASE 14107: V

Application of the New Mexico Oil Conservation Division for a Compliance Order against Xeric Oil & Gas Corporation ("Xeric"). The Applicant seeks an Order finding that Operator Xeric Oil & Gas Corporation ("Xeric") is in violation of Rule 19.15.2.50 NMAC and the terms of APD Permit No. 1237 with regard to West Pearl Unit #301, well and requiring Operator Xeric to comply with both the terms of the referenced Rule and Permit, or alternatively authorizing the division to plug the well and forfeit any applicable/available security in the event that Xeric fails to comply, and assessing an appropriate civil penalty. The subject well is located approximately 16 miles Southwest of Hobbs in Lea County and is identified as follows: West Pearl Queen Unit #301, 30-025-36791.

CASE 14108: V

Application of the New Mexico Oil Conservation Division for a Compliance Order against Buckeye Disposal, LLC ("Buckeye") seeking an Order Finding that the Operator is in violation of 19.15.3.101.B NMAC & 19.15.4.201 NMAC as to Two Wells; that the Operator has Failed to Comply with the Terms of ACO 183; Determining that the Violation of 19.15.3.101.B NMAC & 19.15.4.201 NMAC is Knowing & Willful and Imposing Penalties; Requiring Operator to Post the Required Single-Well Financial Assurances for Both Wells and Plug & Abandon Both Wells by a Date Certain; Enforcing the Penalty Provision of ACO 183 and Requiring Operator to Remit

specifically located approximately 20 miles Southwest of Lovington in Lea County, State of New Mexico. APD Permit No. 20546, State APD #2025-20979

CASE 14110: V

Application of the New Mexico Oil Conservation Division for a Compliance Order against Quannah, Inc. The Applicant seeks an order finding that Quannah is in violation of 19.15.1.40.A(2) NMAC by disposing of produced water or oilfield waste in a rented or permitted surface waste management facility without authority or place or in a manner may constitute a hazard to the environment imposing penalties cancelling or suspending Quannah's authority to transport liquid oil wastes. The unauthorized disposal occurred at State "R" tank battery Section 27, T14S, R3E. The tank battery is located approximately 15 miles northwest of Lovington Lea County, New Mexico.


CASE 14111: V

Application of the New Mexico Oil Conservation Division for a Compliance Order. The Applicant seeks an order finding Pogo Producing Company is in violation of 19.15.1.40.A(2) NMAC based on its failure to comply with an order requiring corrective action, imposing penalties for the knowing and willful failure to file corrected production reports required by agreed compliance order 214, and such other relief as the Director deems appropriate. The affected well is the Resler B #001, 30-025-36573, U 20-2, R37E, in Lea County, New Mexico. The well is located less than five miles north of Teague.

Given under the Seal of the State of New Mexico, I, Notary Public, Commission at Santa Fe, New Mexico on this 2 day of March 2008.

STATE OF

EXHIBIT D to
Affidavit of Service
Case No. 14108



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



March 10, 2008
NOTICE OF HEARING

Buckeye Disposal LLC
P.O. Box 513
Hobbs, NM 88241
Certified Mail No. 7005 3110 0002 2085 0271

Buckeye Disposal LLC
P.O. Box 2724
Lubbock, TX 79408
[OCD address of record]
Certified Mail No. 7005 3110 0002 2085 0288

Buckeye Disposal LLC
P.O. BOX 356
Hobbs, NM 88241-0356
[PRC mailing address of record]
Certified Mail No. 7005 3110 0002 2085 0295

Lexon Insurance Company
P.O. Box 98
Louisville, KY 40201
Certified Mail No. 7005 3110 0002 2085 0301

Maddox & Holloman, P.C., Registered Agent
205 E Bender Suite 150
Hobbs, NM 88240
Certified Mail No. 7005 3110 0002 2085 0318

CASE 14108: APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST BUCKEYE DISPOSAL, LLC, FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.3.101.B NMAC & 19.15.4.201 NMAC AS TO TWO WELLS; THAT THE OPERATOR HAS FAILED TO COMPLY WITH THE TERMS OF ACO 183; DETERMINING THAT THE VIOLATION OF 19.15.3.101.B NMAC & 19.15.4.201 NMAC IS KNOWING & WILLFUL AND IMPOSING PENALTIES; REQUIRING OPERATOR TO POST THE REQUIRED SINGLE-WELL FINANCIAL ASSURANCES FOR BOTH WELLS AND PLUG & ABANDON BOTH WELLS BY A DATE CERTAIN; ENFORCING THE PENALTY PROVISION OF ACO 183 AND REQUIRING OPERATOR TO REMIT PAYMENT OF THE PENALTY PURSUANT TO THE TERMS OF ACO 183 BY A DATE CERTAIN; AND IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED, AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT ANY APPLICABLE FINANCIAL ASSURANCE, LEA COUNTY, NEW MEXICO.

Dear Mr. Bergstein:

You are hereby notified that the New Mexico Oil Conservation Division (OCD) has filed the above-captioned application for a compliance order against Buckeye Disposal, LLC ("Buckeye"). A copy of the application is enclosed. Notice is hereby also being provided to Lexon Insurance Company as the company through whom Buckeye procured a \$50,000 blanket surety bond to secure its obligation to plug and abandon wells in compliance with Division Rules. That security will be forfeited if an Order is entered as requested in the

EXHIBIT E to
Affidavit of Service
Case No. 14108

Oil Conservation Division * 1220 South St. Francis Drive
* Santa Fe, New Mexico 87505
505-476-3440 * Fax (505) 476-3462* <http://www.emnrd.state.nm.us>



attached application and the subject wells are not brought into compliance with Division Rules by the date set by the Order.

A hearing on this application will take place before a Division hearing officer on **Thursday, April 17, 2008**, at 8:15 a.m., in Porter Hall, First Floor, 1220 South St. Francis Drive in Santa Fe, New Mexico. At that hearing Buckeye Disposal, LLC. 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) 476-3480.

Very truly yours,



Mikal Altomare
Assistant General Counsel

Encl: Application in Case 14108
Rule 1211 [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
Wayne Price, Environmental Bureau Chief
Gail MacQuesten, Assistant General Counsel