



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

04-Jun-07

C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES
4801 LANG NE SUITE 110
ALBUQUERQUE NM 87109

LOV NO. 02-152-07

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

SCHNEIDER No.001				J-24-17S-27E	30-015-22907-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/11/2007	Inactive Well Verification	Richard Inge	Yes	No	6/22/2007	iREI0713136850
Comments on Inspection:		Violation of rule 19.15.4.201. No production reported since 11/01/2001. Both flow lines still closed. Chart was changed on 5/7/07. Picture taken. . Please submit paperwork to properly P&A this well, or bring well back into compliance.				

MICHAEL STATE No.001				H-25-17S-27E	30-015-24877-00-00	
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
05/11/2007	Inactive Well Verification	Richard Inge	Yes	No	6/22/2007	iREI0713137881
Comments on Inspection:		Violation of rule 19.15.4.201. Production not reported since 4/01/2005. Separator is by-passed. Line flows to tank. Bull plug on transport valve. Please submit paperwork to properly P&A this well, or bring well back into compliance.				

Oil Conservation Division * 1301 W. Grand * Artesia, New Mexico 88210
Phone: 505-748-1283 * Fax: 505-748-9720 * <http://www.emnrd.state.nm.us>

OCD Case# 14055
C & D Management
July 30, 08 De Novo

~~EX# 6~~

C&D Ex 1



C D MANAGEMENT COMPANY



FREEDOM VENTURES

Reply to:
From Desk of Thomas Kizer, J.D.
Direct: 814-688-3297
Facsimile: (702) 413-6687
Email: oilfreedom@aol.com

Via Facsimile: 505-748-9720

STATE OF NEW MEXICO OGRID NUMBER: 231282

DEPARTMENT OF INTERIOR No: DOI: K3010

February 29, 2008

Mr. Richard Inge
New Mexico Energy, Minerals
1301 W. Grand
Artesia, New Mexico 88210

Re: C D Management

Dear Mr. Inge:

This facsimile transmission acknowledges receipt of your notices regarding failure to comply notice on several oil and gas wells.

I note the a "repeated" non-compliance issue is the infraction "NO PRODUCTION REPORTS...."

Please be mindful that C D Management acquired these wells in 2004.

Your requests in the notices state: "Last Production Report 12/01/2000" "Last Production Report 2003"

Is C D M required to provide reports before we acquired the leases?

I know you worked with Mr. Chris Jeffries on this matter previously. I understand that a significant portion of the C-115 reports were brought up to date, but not completed.

Be mindful that I am working with: Ms. Deb McKelvey McKelvey Oil Reporting Services 32 Regency Square Hobbs, NM 88242, to bring these reports up to date. Feel free to contact Ms. McKelvey to verify this statement.

Let me know what is required and we shall do our best to comply.

Thank you
Thomas Kizer



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

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Governor

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Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

*Field Inspection Program
"Preserving the Integrity of Our Environment"*

29-May-07

C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES
4801 LANG NE SUITE 110
ALBUQUERQUE NM 87109

LOV NO. 0213307

LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

INSPECTION DETAIL SECTION

MUNCY FEDERAL No.001				F-13-17S-27E	30-015-23083-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
05/21/2007	Inactive Well Verification	Richard Inge	Yes	No	6/14/2007	iREI0714147298	
Comments on Inspection: Violation of rule 19.15.4.201. Last production report 12/01/2000. Appears capable of producing. New fanbelt on motor.							
MUNCY FEDERAL No.002				E-13-17S-27E	30-015-25012-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
05/21/2007	Inactive Well Verification	Richard Inge	Yes	No	6/14/2007	iREI0714146830	
Comments on Inspection: Violation of rule 19.15.4.201. Last production report 12/01/2003. Pumpjack dismantled. Casing still in hole.							
SCOTT FEDERAL No.001				P-12-17S-27E	30-015-25437-00-00		
Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.	
05/21/2007	Inactive Well Verification	Richard Inge	Yes	No	6/14/2007	iREI0714150884	
Comments on Inspection: Violation of rule 19.15.4.201. No production reported since 12/01/2003.							

RECEIVED

2007 SEP 20 AM 10 07

September 19, 2007

C&D Mgmt

513 Don Lyle Rd

Edmonton, KY 42129

Daniel Sanchez
Compliance and Enforcement Manager
Oil Conservation Division
1220 South St. Francis Drive
Sante Fe, NM 87505

RE: Compliance Order 171

Dear Mr. Sanchez,

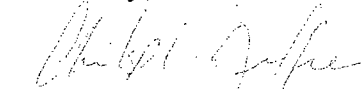
C & D Management is respectfully requesting an extension on the plugging of wells:

- Shearn Becky Federal #001
- Shearn Freedom Federal # 002
- Shearn Samantha Federal # 001
- Shearn Shilo Federal # 001
- Muncy Federal #002

That is due to be plugged on September 20th, 2007. We had difficulty locating an available rig to meet this timeline. However, we have located one that that is scheduled at its earliest available date of October 1st, 2007.

If you have any questions please feel free to contact me. My office number is 859-402-2743, or you may contact me by email at kvoilman2000@yahoo.com.

Sincerely,



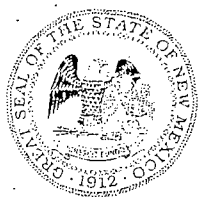
Christopher Jeffries
C & D Management Co.

~~C & D Management Company
dba~~

~~Freedom Ventures Company~~

~~Case 14055~~

~~OCD Exhibit No. 14~~



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 16, 2007

Mr. Christopher Jeffries
C&D Management Co. d/b/a Freedom Ventures
513 Don Lyle Rd.
Edmonton, KY 42129

RE: Agreed Compliance Order 171

Dear Mr. Jeffries:

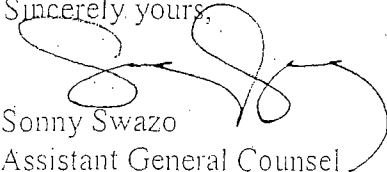
Your check (Check No. 1174) dated March 21, 2007, in the amount of three thousand dollars (\$3,000.00), for payment of the first penalty payment due under the terms of Agreed Compliance Order 171, has been returned due to insufficient funds. Enclosed is a copy of the check.

Please provide us with a certified or cashier's check for the full amount of the check by Friday August 31, 2007. Please make the check payable to the "New Mexico Oil Conservation Division." Please send the check to the New Mexico Oil Conservation Division; Attention: Sonny Swazo; 1220 S. St. Francis Drive; Santa Fe, NM 87505.

If you fail to provide this office with a certified or cashier's check for \$3,000.00 by August 31, 2007, we will seek full enforcement of Agreed Compliance Order 171, including payment of the \$18,000.00 that was waived on the condition of you satisfactorily completing the terms and conditions of Agreed Compliance Order 171.

Thank you for your prompt attention to this matter. Please feel free to contact me at (505) 476-3463 or by email at sonny.swazo@state.nm.us should you have any questions.

Sincerely yours,


Sonny Swazo

Assistant General Counsel

Enc.

cc: Daniel Sanchez, OCD Enforcement & Compliance Manager
Mike Bratcher, OCD Compliance Officer, District II

~~C & D Management Company~~

~~d/b/a~~

~~Freedom Ventures Company~~

~~Case 14055~~

~~OCD Exhibit No. 13~~



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 31, 2007

C & D Management Company d/b/a Freedom Ventures Company
Attn: Christopher Jeffries
513 Don Lyle Road
Edmonton, KY 42129
Email: kyoilman2000@yahoo.com

Certified Mail No.: 7001 1940 0004 7922 8725

Sent Via Email (kyoilman2000@yahoo.com), Certified Mail, and Fax (267-821-8544)

RE: Case No. 14055
Application For Compliance Order Against C & D Management Company d/b/a
Freedom Ventures Company
OGRID No. 231382
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
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

~~C & D Management Company
dba
Freedom Ventures Company
Case 14055
OCD Exhibit No. I-A~~



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

April 26, 2007

Mr. Christopher Jeffries
C&D Management Co., dba Freedom Ventures
513 Don Lyle Rd.
Edmonton, KY 42129

Re: C&D Management Co., dba Freedom Ventures, OGRID 231382
Agreed Compliance Order 171

Dear Mr. Jeffries,

The Oil Conservation Division (OCD) received the second \$3,000 penalty payment from C&D Management Co. (C&D) under Agreed Compliance Order 171. Thank you for the timely payment.

The remaining \$18,000 of the penalty will be waived provided that C&D:

1. completes remediation at the Hastie #20 by May 1, 2007;
2. posts required signs at all wells no later than May 1, 2007;
3. either properly plugs, or brings into production, the Shearn Becky Federal #001, Shearn Freedom Federal #002, Shearn Samantha Federal #001, Shearn Shilo Federal #001, and the Muncy Federal #002 no later than September 20, 2007;
4. files completion reports on the Shearn Becky Federal #001 and Shearn Freedom Federal #002 by May 1, 2007; and
5. files all overdue Form C-115s (production and injection reports) on all wells no later than June 1, 2007.

Because C&D filed the missing production report for March 2006, by letter dated April 17, 2007 the OCD reinstated the authority of C&D to transport from and inject into its New Mexico wells.

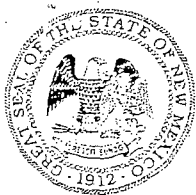
If you have any questions, please do not hesitate to contact me. My direct phone line is (505) 476-3451, or you may contact me by e-mail at gail.macquesten@state.nm.us.

Sincerely,

Gail MacQuesten
Attorney, Oil Conservation Division

cc: Daniel Sanchez, Compliance and Enforcement Manager
Chris Williams, District I
Tim Gum, District II
Charlie Perrin, District III
David Bradshaw, OCD Automation and Records Bureau

~~C & D Management Company
dba
Freedom Ventures Company
Case 14055
OCD Exhibit No. 11~~



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

October 12, 2006

C&D Management Co., dba Freedom Ventures
513 Don Lyle Rd.
Edmonton, KY 42129

Attn: Ms. Darla Jeffries

C&D Fred Mail No: 2001 1940 0004 7722 7626

e-mail: cdmanagementcompany@yahoo.com

Re: Cancellation of Authority to Transport from or Inject into Wells Operated by C&D Management Co., dba Freedom Ventures, OGRID 231382

Dear Operator,

Effective immediately, the Oil Conservation Division (OCD) cancels the authority of C&D Management Co., dba Freedom Ventures (C&D) to transport from or inject into all wells it operates. This cancellation is issued pursuant to OCD Rule 1115.C [19.15.13.1115.C NMAC].

Rule 1115.C provides:

If an operator fails to file a form C-115 that the division accepts, the division shall, within 60 days of the appropriate filing date, notify the operator by electronic mail or letter of its intent to revoke the operator's authorization to transport or inject if the operator does not submit an acceptable and complete form C-115. If the operator does not file an acceptable and complete form C-115 or request a hearing on the proposed cancellation within 120 days of the original due date of the form C-115, the division may cancel the operator's authority to transport from or inject into all wells it operates.

By e-mail dated May 22, 2006, the OCD notified C&D that it had not received C-115 reports for several reporting periods, including March 2006, and that it intended to revoke C&D's authorization to transport or inject if it did not receive an acceptable and complete C-115 for March 2006 within 120 days of the original due date for the March 2006 report. The notice further stated that C&D could request a hearing on this proposed cancellation within 120 days of the original due date. A copy of the OCD's May 22, 2006 e-mail is attached.

To date, C&D has not submitted a C-115 report for March 2006, and has not requested a hearing on the proposed cancellation. More than 120 days have passed from the original due dates of the report for March 2006. C&D's authority to transport from or inject into its wells is cancelled. When C&D has filed an acceptable and complete C-115 for March 2006 it may apply for reinstatement of its authority to transport from or inject into the wells it operates. If C&D transports from or injects into wells it operates while the cancellation is in effect, it will be in violation of OCD Rules 1104 [19.15.13.1104 NMAC], 804.A [19.15.10.804.A NMAC] and/or 701 [19.15.9.701 NMAC]. A knowing and willful violation of an OCD rule may subject C&D to penalties of up to \$1,000 per day. NMSA 1978, Section 70-2-31(A).

Please note that although this cancellation of authority to transport from or inject into wells operated by C&D relates to C&D's failure to file reports for March 2006, C&D is delinquent in filing C-115 reports for other periods as well. As stated in the May 22, 2006 e-mail, C&D has not filed reports for October 2004 through March 2006. C&D has also failed to file any C-115 reports due after March. C&D can expect to receive additional notices of cancellation of authority to transport

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505

Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>

C & D Management Company
dba
Freedom Ventures Company
Case 14055
OCD Exhibit No. 6



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 8, 2007

By Facsimile 267-821-8544

Darla Jeffries, President
C&D Management Co., d/b/a, Freedom Ventures Co.
513 Don Lyle Road
Edmonton, Kentucky 42129

Re: Case No. 13884, Application of the NM OCD for a Compliance Order Against C&D
Management Co., d/b/a Freedom Ventures

Dear Mrs. Jeffries:

Attached, please find OCD's request to dismiss the Application in the above styled case. As we discussed, there is no need for you to attend the hearing on March 15th, as the case will be dismissed.

It is possible that Monday's telephone conference will need to be postponed; I will get back with you regarding the conference. If you have any questions, do not hesitate to contact me.

Very truly yours,

Cheryl O'Connor

Assistant General Counsel

cc: Daniel Sanchez, Compliance and Enforcement
Manager

Tim Gum, District II Supervisor

Mike Bratcher, District II Inspector

C & D Management Company
dba
Freedom Ventures Company
Case 14055
OCD Exhibit No. 7



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 16, 2007

Certified Mail No.: 7004 2510 0006 6624 4023

Chris Jeffries, Vice President
C&D Management Co., d/b/a, Freedom Ventures Co.
513 Don Lyle Road
Edmonton, Kentucky 42129

Re: Agreed Compliance Order to Resolve NOV on All Wells

Violations: OCD Rule 13.B [19.15.1.13 NMAC]
OCD Rule 50.A, C(2)(b)(i) [19.15.2.50 NMAC]
OCD Rule 103 [19.15.3.103 NMAC]
OCD Rule 117 [19.15.3.117 NMAC]
OCD Rule 201.B [19.15.4.201.B NMAC]
OCD Rule 1115 [19.15.13.1115 NMAC]

Dear Mr. Jeffries:

Pursuant to the March 12, 2007 administrative conference between Chris Jeffries and OCD personnel (Tim Gum, Mike Bratcher, Daniel Sanchez and Cheryl O'Connor), enclosed are two originals of an Agreed Order Directing Compliance and Assessing Civil Penalty (hereinafter, "Agreed Compliance Order" or "ACO"). The ACO recites the violations that occurred and the penalties that have been imposed against Ameristate and that Ameristate agrees to the findings set out therein.

You will note that C&D Management Co., dba, Freedom Ventures Co., must submit \$3,000.00 of the penalty to the OCD with the executed Agreed Compliance Order. The remaining \$3,000.00 is due thirty days later.

Please review the Agreed Compliance Order. If it meets with your approval, execute both originals and return both to me at the Santa Fe OCD office. Once the ACO is received, Mark Fesmire, OCD Director, will execute. One fully executed original for will be returned to you.

C & D Management Company

dba

Freedom Ventures Company

Case 14055

OCD Exhibit No. 8

Oil Conservation Division * 1220 South St. Francis Drive * Santa Fe, New Mexico 87505

Phone: (505) 476-3440 * Fax (505) 476-3462 * <http://www.emnrd.state.nm.us>

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:

Mr. Chris Jeffries, VP
C&D Management Co. d/b/a
Freedom Ventures Co.
513 D'n Lyle Rd.
Edmonton, Kentucky 42129

2. Article Number

(Transfer from service)

7004 2510 0006 6624 4023

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Chris Jeffries☐ Agent☐ Addressee

B. Received by (Printed Name)

Chris Jeffries

C. Date of Delivery

*3-19-07*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



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

March 26, 2007

Mr. Christopher Jeffries
C&D Management Co., dba Freedom Ventures
513 Don Lyle Rd.
Edmonton, KY 42129

Re: C&D Management Co., dba Freedom Ventures, OGRID 231382
Agreed Compliance Order 171

Dear Mr. Jeffries,

Thank you for returning two originals of the signed agreed compliance order for C&D Management Co. (C&D), and the check for \$3,000 for the first penalty payment due under the terms of the order. I have enclosed a fully executed original order.

The second \$3,000 penalty payment is due 30 days after execution of the order, which is April 25, 2007.

The remaining \$18,000 of the penalty will be waived provided that C&D:

1. completes remediation at the Hastie #20 by May 1, 2007;
2. posts required signs at all wells no later than May 1, 2007;
3. either properly plugs, or brings into production, the Shearn Becky Federal #001, Shearn Freedom Federal #002, Shearn Samantha Federal #001, Shearn Shilo Federal #001, and the Muncy Federal #002 no later than September 20, 2007;
4. files completion reports on the Shearn Becky Federal #001 and Shearn Freedom Federal #002 by May 1, 2007; and
5. files all overdue Form C-115s (production and injection reports) on all wells no later than June 1, 2007.

Please note that the order provides that C&D may not transport from or inject into its wells until it has filed C-115s acceptable to the Oil Conservation Division through the March 2006 reporting period.

If you have any questions, please do not hesitate to contact me. My direct phone line is (505) 476-3451, or you may contact me by e-mail at gail.macquesten@state.nm.us.

Sincerely,

Gail MacQuesten
Attorney, Oil Conservation Division

cc: Daniel Sanchez, Compliance and Enforcement Manager
Chris Williams, District I
Tim Gum, District II
Charlie Perrin, District III
David Bradshaw, OCD Automation and Records Bureau

~~C & D Management Company~~
~~dba~~
~~Freedom Ventures Company~~
~~Case 14055~~
~~OCD Exhibit No. 9~~



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

April 17, 2007

C&D Management Co., dba Freedom Ventures
313 Don Lyle Rd.
Edmonton, KY 42129

Attn: Ms. Darla Jeffries

e-mail: cdmanagementcompany@yahoo.com

Re: Cancellation of Authority to Transport from or Inject into Wells Operated by C&D Management Co., dba Freedom Ventures, OGRID 231382

Dear Operator,

By letter dated October 12, 2006, the Oil Conservation Division (OCD) cancelled the authority of C&D Management Co., dba Freedom Ventures (C&D) to transport from or inject into all wells it operates. The cancellation was issued pursuant to OCD Rule 1115.C [19.15.13.1115.C NMAC], because of C&D's failure to file C-115 production reports for March 2006.

C&D has now filed C-115 production reports for March 2006 as well as other delinquent periods.

Effective immediately, the OCD reinstates the authority of C&D Management Co., dba Freedom Ventures to transport from or inject into wells as that authority existed immediately prior to the October 12, 2006 cancellation.

Sincerely,

Mark Fesmire, P.E.
Director, Oil Conservation Division

cc: BLM, Carlsbad Field Office
State Land Office

cc: Daniel Sanchez, OCD Enforcement and Compliance Manager
Chris Williams, OCD District I
Tim Gum, OCD District II
Charlie Perrin, OCD District III
David Bradshaw, OCD Automation and Records Bureau
Gail MacQuesten, OCD Attorney
Theresa Duran-Saenz, OCD Legal Assistant

~~C & D Management Company
dba
Freedom Ventures Company
Case 14055
OCD Exhibit No. 10~~

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

01/23/08 09:45:26
OGODLP -TQHV

OGRID Identifier : 231382 API Well No : 30 15 22907
Operator Name, Address : C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES
4801 LANG NE SUITE 110
ALBUQUERQUE, NM 87109

Bond Idn : 249648 Bond Status : A Prop Idn : 301410
Prop Name : SCHNEIDER Well No : 001

U/L Sec	Township	Range	North/South	East/West	Lot Idn
---	---	---	---	---	---
Surface Locn : J 24	17S	27E	FTG 2310 F S	FTG 1980 F E	

API County : 15

Bond Details : Type (Cash/Surety - C/S) : C Bond Co Idn : 13 Amt : 5000

Company OGRID Identifier : 66701

Company Name, Address : FIRST NATIONAL BANK OF ARTESIA

P. O. DRAWER AA

ARTESIA, NM 88211-7526

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : LOC203556-71

E0005: Enter data to modify or PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 COMMENT	PF10 NXTBOND	PF11	PF12

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

01/23/08 09:45:01
OGODLP -TQHV

OGRID Identifier : 231382 API Well No : 30 15 24877
Operator Name, Address : C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES
4801 LANG NE SUITE 110
ALBUQUERQUE, NM 87109

Bond Idn : 250092 Bond Status : A Prop Idn : 302900

Prop Name : MICHAEL STATE

Well No : 001

U/L Sec	Township	Range	North/South	East/West	Lot Idn
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Surface Locn : H	25	17S	27E	FTG 1650 F N	FTG 990 F E
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API County : 15

Bond Details : Type (Cash/Surety - C/S) : C Bond Co Idn : 13 Amt : 7038

Company OGRID Identifier : 242411

Company Name, Address : SOUTH CENTRAL BANK OF BARREN C
208 SOUTH BROADWAY
P.O. BOX 667

Effective Date : 01-01-1900

Cancellation Date : 12-31-9999

Issuer Bond No : LOC180

E0005: Enter data to modify or PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM
PF07	PF08	PF09 COMMENT	PF10 NXTBOND	PF11	PF12

~~C & D Management Company
dba
Freedom Ventures Company
Case 14055
OCD Exhibit No. 2-A~~

CMD :
OG6CWBD

ONGARD
CAPTURE SINGLE WELL BOND

01/23/08 09:45:43
OGODLP -TQHV

OGRID Identifier : 231382 API Well No : 30 15 23083
Operator Name, Address : C&D MANAGEMENT COMPANY DBA FREEDOM VENTURES.
4801 LANG NE SUITE 110
ALBUQUERQUE, NM 87109

Bond Idn : 249647 Bond Status : A Prop Idn : 301408
Prop Name : MUNCY FEDERAL Well No : 001
U/L Sec Township Range North/South East/West Lot Idn

Surface Locn : F 13 17S 27E FTG 2310 F N FTG 2310 F W
API County : 15
Bond Details : Type (Cash/Surety - C/S) : C Bond Co Idn : 13 Amt : 5000
Company OGRID Identifier : 66701
Company Name, Address : FIRST NATIONAL BANK OF ARTESIA
P. O. DRAWER AA
ARTESIA, NM 88211-7526

Effective Date : 01-01-1900 Cancellation Date : 12-31-9999
Issuer Bond No : LOC203556-71

E0005: Enter data to modify or PF keys to scroll

PF01 HELP	PF02	PF03 EXIT	PF04 GoTo	PF05	PF06 CONFIRM.
PF07	PF08	PF09 COMMENT	PF10 NXTBOND	PF11	PF12.

- f. Hastie #020: The well is intact and appears capable of production. It looks as if it has had recent activity. There is some contamination on site that has not been properly cleaned up.
- g. Hastie #021: The well is intact and appears capable of production. It looks as if it has had recent activity. Probably a gas well, as can hear and feel movement in the lines.
- h. Michael State #001: The well is intact and appears capable of production. It looks as if it has had recent activity.
- i. Muncy Federal #001: Capable of production, but no evidence of recent activity.
- j. Muncy Federal #002: This well is unable to produce; no rods and the pumping unit is disabled.
- k. Saunders #012: Gas well, and is producing.
- l. Schneider #001: Capable of production, but no evidence of recent activity. Has a new chart, so assume some production.
- m. Scott Federal #001: Capable of production, but no evidence of recent activity.
- n. Shearn Becky Federal #001: This well has been recently drilled. Unknown if producing.
- o. Shearn Freedom Federal #0002: Recently drilled. No flow line or production equipment on site. Unlined pit while drilling.
- p. Shearn Samantha Federal #001: Mechanically unable to produce; no rod or flow line to pumping unit.
- q. Shearn Shilo Federal #001: Mechanically unable to produce; pumping unit dismantled and no tubing.

12. As a result of C&D's failure to file C-115s on its wells and the OCD's investigation, on February 27, 2007 the OCD issued a Notice of Violation (hereinafter, "NOV") to C&D. The NOV alleged the following twenty-four violations:

(a) **One** OCD Rule 13.B [19.15.1.13 NMAC] on the Hastie #20 (a leak from the unit was not properly cleaned); (b) **one** OCD Rule 50.A [19.15.2.50 NMAC] on the Shearn Freedom Federal #220 (constructing and discharging into pit without a permit); (c) **one** OCD Rule 50.C(2)(b)(i) [19.15.2.50 NMAC] on Shearn Freedom Federal #002 (unlined drilling pit); (d) **one** OCD Rule 103 [19.15.3.103 NMAC] Shearn Freedom Federal #002, Shearn Becky Federal #001, and Saunders #12 (no posted well sign); (e) **two** OCD Rule 117 [19.15.3.117 NMAC] on the Shearn Becky Federal #001 and Shearn Freedom Federal #002 (failure to file completion reports); (f) **three** OCD Rule 201 [19.15.4.201 NMAC] on Shearn Shilo Federal #001, Shearn Samantha Federal #001, and Muncy Federal #002 (failure to properly abandon); (g) **fifteen** OCD Rule 1115 [19.15.13.1115 NMAC] on all wells except the Shearn Becky Federal #001 and Shearn Freedom Federal #002, which were only recently drilled (failure to file C-115s, production and injection reports).

13. At the Administrative Conference held on March 11, 2007, on behalf of C&D, Chris Jeffries presented the following:

- a. C&D purchased the wells in November 2004. At that time C&D was owned by Chris and Darla Jeffries, who sold it to Thomas Kaiser. Kaiser took over management in September 2005, although OCD records still show Darla Jeffries as the contact person. Certain of the violations predate the sale of the company and therefore, Jeffries is representing C&D at this time and is taking personal responsibility for those violations.

Wrong