

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC, FINDING OPERATOR IN VIOLATION OF DIVISION RULE 19.15.4.201 NMAC AS TO THIRTY-TWO WELLS; REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; REQUIRING OPERATOR TO PLUG SAID WELLS AND RESTORE AND REMEDIATE THE WELL SITES IF OPERATOR FAILS TO BRING SAID WELLS TO COMPLIANCE BY A DATE CERTAIN; AND AUTHORIZING THE DIVISION TO FORFEIT THE FINANCIAL ASSURANCE AND PLUG SAID WELLS IN THE EVENT OF OPERATOR'S NON-COMPLIANCE; EDDY COUNTY, NEW MEXICO.

CASE NO. 14078

**APPLICATION FOR COMPLIANCE ORDER AGAINST ERS RESOURCES, LLC**

1. ERS Resources, LLC, (hereinafter "Operator") is a domestic limited liability company operating wells in New Mexico under OGRID 225298.

2. Operator is operator of record of the following subject wells:

- |                               |               |              |
|-------------------------------|---------------|--------------|
| • Artesia Metex Unit No. 005; | 30-015-00945; | L-24-18S-27E |
| • Artesia Metex Unit No. 006; | 30-015-00941; | K-24-18S-27E |
| • Artesia Metex Unit No. 008; | 30-015-00944; | I-24-18S-28E |
| • Artesia Metex Unit No. 011; | 30-015-01940; | 3-19-18S-28E |
| • Artesia Metex Unit No. 012; | 30-015-01964; | K-19-18S-28E |
| • Artesia Metex Unit No. 013; | 30-015-01951; | J-19-18S-28E |
| • Artesia Metex Unit No. 014; | 30-015-01947; | J-19-18S-28E |
| • Artesia Metex Unit No. 016; | 30-015-00942; | M-24-18S-27E |
| • Artesia Metex Unit No. 020; | 30-015-01196; | P-24-18S-27E |
| • Artesia Metex Unit No. 021; | 30-015-01942; | 4-19-18S-28E |
| • Artesia Metex Unit No. 022; | 30-015-01965; | N-19-18S-28E |
| • Artesia Metex Unit No. 023; | 30-015-01941; | N-19-18S-28E |
| • Artesia Metex Unit No. 024; | 30-015-01949; | O-19-18S-28E |
| • Artesia Metex Unit No. 026; | 30-015-00962; | A-26-18S-27E |
| • Artesia Metex Unit No. 027; | 30-015-00951; | D-25-18S-27E |
| • Artesia Metex Unit No. 029; | 30-015-01194; | B-25-18S-27E |

• Artesia Metex Unit No. 031;	30-015-02139;	I-30-18S-28E
• Artesia Metex Unit No. 032;	30-015-02140;	C-30-18S-28E
• Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
• Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
• Artesia Metex Unit No. 039;	30-015-00948;	G-25-18S-27E
• Artesia Metex Unit No. 040;	30-015-00954;	H-25-18S-27E
• Artesia Metex Unit No. 041;	30-015-02136;	2-30-18S-28E
• Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
• Artesia Metex Unit No. 044;	30-015-01190;	I-26-18S-27E
• Artesia Metex Unit No. 045;	30-015-00959;	L-25-18S-27E
• Artesia Metex Unit No. 049;	30-015-02141;	K-30-18S-28E
• Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E
• Artesia Metex Unit No. 052;	30-015-00960;	M-25-18S-27E
• Artesia Metex Unit No. 054;	30-015-00956;	O-25-18S-27E
• Artesia Metex Unit No. 056;	30-015-00987;	A-35-18S-27E
• Artesia Metex Unit No. 058;	30-015-00991;	C-36-18S-27E

3. Pursuant to NMSA 1978, Section 70-2-14, Operator has posted a fifty thousand dollars (\$50,000.00) blanket bond through U.S. Specialty Insurance Company, in Houston, Texas, to secure Operator's obligation to plug and abandon the subject wells in compliance with rules of the Oil Conservation Division ("OCD").

4. Of the subject wells, Operator has also posted individual bonds through U.S. Specialty Insurance Company on the:

• Artesia Metex Unit No. 005;	30-015-00945;	L-24-18S-27E
• Artesia Metex Unit No. 008;	30-015-00944;	I-24-18S-28E
• Artesia Metex Unit No. 012;	30-015-01964;	K-19-18S-28E
• Artesia Metex Unit No. 013;	30-015-01951;	J-19-18S-28E
• Artesia Metex Unit No. 014;	30-015-01947;	J-19-18S-28E
• Artesia Metex Unit No. 022;	30-015-01965;	N-19-18S-28E
• Artesia Metex Unit No. 023;	30-015-01941;	N-19-18S-28E
• Artesia Metex Unit No. 024;	30-015-01949;	O-19-18S-28E
• Artesia Metex Unit No. 026;	30-015-00962;	A-26-18S-27E
• Artesia Metex Unit No. 027;	30-015-00951;	D-25-18S-27E
• Artesia Metex Unit No. 035;	30-015-00963;	H-26-18S-27E
• Artesia Metex Unit No. 036;	30-015-00952;	E-25-18S-27E
• Artesia Metex Unit No. 042;	30-015-02138;	F-30-18S-28E
• Artesia Metex Unit No. 051;	30-015-00966;	P-26-18S-27E

5. OCD Rule 19.15.4.201 NMAC requires the operator of a well which has been continuously inactive for a period of one year and 90 days to plug and abandon the well or place the well on OCD-approved temporary abandonment status.

6. The subject wells have had no reported production or injection for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with OCD Rule 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with OCD Rule 19.15.4.203 NMAC.

7. NMSA 1978, Section 70-2-12(B) (18) and NMSA 1978, Section 70-2-38 authorizes the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

8. Division rule 19.15.3.101(H) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain, and to direct the Division to forfeit the financial assurance upon failure or refusal of the operator, surety or other responsible party to properly plug and abandon the well and restore and remediate the location.

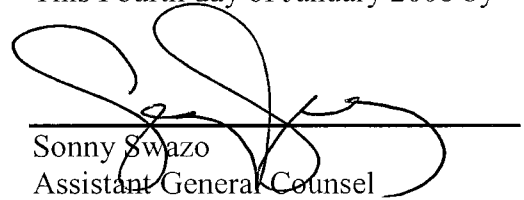
**WHEREFORE**, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an Order:

- A. Finding Operator in violation of OCD Rule 19.15.4.201;
- B. Requiring Operator to bring its inactive wells to compliance with OCD Rule 19.15.4.201 by a date certain;
- C. Ordering Operator to plug and abandon the wells if Operator fails to bring its inactive wells into compliance by a date certain;

- D. Authorizing OCD to forfeit the applicable financial assurance and plug and abandon the wells in the event of Operator's non-compliance with the Order;
- E. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,

This Fourth day of January 2008 by

A handwritten signature in black ink, appearing to read "Sonny Swazo", is written over a horizontal line.

Sonny Swazo  
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Attorney for the New Mexico Oil  
Conservation Division

Case No. 14678. Application of the New Mexico Oil Conservation Division for a Compliance Order against ERS Resources, LLC. The Applicant seeks an Order finding that Operator is in violation of 19.15.4.201 NMAC as to thirty-two wells, requiring Operator to bring the wells to compliance with 19.15.4.201 NMAC by a date certain, and authorizing the Division to forfeit the financial assurance and plug the wells in the event of Operator's non-compliance with the Order. The affected wells are:

- Artesia Metex Unit No. 005; 30-015-00945; L-24-18S-27E
- Artesia Metex Unit No. 006; 30-015-00941; K-24-18S-27E
- Artesia Metex Unit No. 008; 30-015-00944; I-24-18S-28E
- Artesia Metex Unit No. 011; 30-015-01940; 3-19-18S-28E
- Artesia Metex Unit No. 012; 30-015-01964; K-19-18S-28E
- Artesia Metex Unit No. 013; 30-015-01951; J-19-18S-28E
- Artesia Metex Unit No. 014; 30-015-01947; J-19-18S-28E
- Artesia Metex Unit No. 016; 30-015-00942; M-24-18S-27E
- Artesia Metex Unit No. 020; 30-015-01196; P-24-18S-27E
- Artesia Metex Unit No. 021; 30-015-01942; 4-19-18S-28E
- Artesia Metex Unit No. 022; 30-015-01965; N-19-18S-28E
- Artesia Metex Unit No. 023; 30-015-01941; N-19-18S-28E
- Artesia Metex Unit No. 024; 30-015-01949; O-19-18S-28E
- Artesia Metex Unit No. 026; 30-015-00962; A-26-18S-27E
- Artesia Metex Unit No. 027; 30-015-00951; D-25-18S-27E
- Artesia Metex Unit No. 029; 30-015-01194; B-25-18S-27E
- Artesia Metex Unit No. 031; 30-015-02139; 1-30-18S-28E
- Artesia Metex Unit No. 032; 30-015-02140; C-30-18S-28E
- Artesia Metex Unit No. 035; 30-015-00963; H-26-18S-27E
- Artesia Metex Unit No. 036; 30-015-00952; E-25-18S-27E
- Artesia Metex Unit No. 039; 30-015-00948; G-25-18S-27E
- Artesia Metex Unit No. 040; 30-015-00954; H-25-18S-27E
- Artesia Metex Unit No. 041; 30-015-02136; 2-30-18S-28E
- Artesia Metex Unit No. 042; 30-015-02138; F-30-18S-28E
- Artesia Metex Unit No. 044; 30-015-01190; I-26-18S-27E
- Artesia Metex Unit No. 045; 30-015-00959; L-25-18S-27E
- Artesia Metex Unit No. 049; 30-015-02141; K-30-18S-28E
- Artesia Metex Unit No. 051; 30-015-00966; P-26-18S-27E
- Artesia Metex Unit No. 052; 30-015-00960; M-25-18S-27E
- Artesia Metex Unit No. 054; 30-015-00956; O-25-18S-27E
- Artesia Metex Unit No. 056; 30-015-00987; A-35-18S-27E
- Artesia Metex Unit No. 058; 30-015-00991; C-36-18S-27E

The Artesia Metex Unit No. 027, Artesia Metex Unit No. 036, and Artesia Metex Unit No. 058, are located approximately 8 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 005 and Artesia Metex Unit No. 006 are located approximately 9 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 016, Artesia Metex Unit No. 026, Artesia Metex Unit No. 029, Artesia Metex Unit No. 035, Artesia Metex Unit No. 045, Artesia Metex Unit No. 052, and Artesia Metex Unit No. 056, are located approximately 10 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 040 is located approximately 11 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 020, Artesia Metex Unit No. 032, Artesia Metex Unit No. 039, Artesia Metex Unit No. 042, Artesia Metex Unit No. 044, Artesia Metex Unit No. 051, and Artesia Metex Unit No. 054, are located approximately 12 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 011, Artesia Metex Unit No. 012, Artesia Metex Unit No. 013, Artesia Metex Unit No. 014, Artesia Metex Unit No. 021, Artesia Metex Unit No. 031, and Artesia Metex Unit No. 041, are located approximately 13 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 022, Artesia Metex Unit No. 023, and Artesia Metex Unit No. 049, are located approximately 14 miles southeast of Artesia, in Eddy County, New Mexico.

The Artesia Metex Unit No. 008 and Artesia Metex Unit No. 024 are located approximately 16 miles southeast of Artesia, in Eddy County, New Mexico.