

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

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

ORIGINAL

CASE NO. 14137

APPLICATION OF THE NEW MEXICO OIL
CONSERVATION DIVISION FOR A COMPLIANCE
ORDER AGAINST CALVIN F. TENNISON

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

RECEIVED
2008 SEP 4 AM 8 43

BEFORE: DAVID K. BROOKS, Legal Examiner
TERRY G. WARNELL, Technical Examiner

August 21, 2008

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID K. BROOKS, Legal Examiner, TERRY G. WARNELL, Technical Examiner, on Thursday, August 21, 2008, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: JOYCE D. CALVERT, P-03
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, New Mexico 87102

A P P E A R A N C E S

FOR THE APPLICANT, NEW MEXICO OIL CONSERVATION DIVISION:

Gail MacQuesten
Assistant General Counsel
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

EXHIBIT ENTEREDPAGE

NO. 10

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REPORTER'S CERTIFICATE

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1 MR. BROOKS: We'll begin with Case No. 14137, which
2 we will call at this time, the Application of New Mexico Oil
3 Conservation Division for a Compliance Order Against Calvin F.
4 Tennison.

5 Call for appearances.

6 MS. MACQUESTEN: Gail MacQuesten for the Oil
7 Conservation Division.

8 MR. BROOKS: Any other appearances? It continues to
9 be interesting to me, since I was Division counsel from 2001 to
10 2003, that the names that keep coming up in these compliance
11 cases are the same names that were on the enforcement screen a
12 lot of the time.

13 MS. MACQUESTEN: Well, we keep trying to drive a
14 stake through the heart of this one, but it just keeps coming
15 back.

16 MR. BROOKS: Okay. You may proceed, Ms. MacQuesten.
17 Do you have witnesses?

18 MS. MACQUESTEN: No. This case has already been
19 heard, and it was held open to address an individual issue, so
20 I'm here today just to address that one point.

21 MR. BROOKS: Okay.

22 MS. MACQUESTEN: This is a compliance action against
23 a sole proprietor, Mr. Calvin Tennison. The case was heard on
24 June 12, 2008. During the course of preparing the case, we
25 learned that Mr. Tennison is deceased, so we treated the case

1 as an orphan well case.

2 At the hearing, the acting Division counsel asked
3 that we give notice to Bill and Patsy Rich, whose names
4 appeared in the well file, in case they wanted to assert an
5 interest in the wells. The case was held open until July 10 to
6 allow us to give that notice. We gave the notice to Bill and
7 Patsy Rich. We also gave notice to a company called
8 Sisters, LLC. That company's name appeared in the well files
9 as connected to Patsy Rich, so we, in an abundance of caution,
10 notified them as well.

11 Sisters, LLC, responded with a letter explaining the
12 history of the well transfers after Mr. Tennison's death and
13 stated that another company, Master Energy Resources, Inc., was
14 the current owner of the wells.

15 I called Master Energy Resources, Inc. They said
16 they intended to take over the wells and become operator of
17 record under the name of Master Energy Resources, LLC. I
18 requested a continuance of this case until today so that they
19 could register their company with the PRC, obtain bonding, and
20 become operator of record. I sent them a copy of the notice of
21 hearing and the letter requesting the continuance until today.

22 Now, neither Master Energy Resources, LLC nor Master
23 Energy Resources, Inc. appears on the PRC website. They have
24 not obtained bonding and, to my knowledge, they have taken no
25 action to become operator of record for these wells.

1 I ask that this case be decided and that an order be
2 issued allowing the OCD to plug the wells. Master Energy, in
3 any of its incarnations, can still become operator of record
4 and take over the wells, but having an order in place will
5 pressure them to take action. Also, if we have a compliance
6 order in place, we will be able to require the new operator to
7 enter into an Agreed Compliance Order telling us how they plan
8 to address the compliance issues before they take over the
9 wells.

10 And also -- for the Examiner's information -- when we
11 started this case, it was with regard to a certain number of
12 wells. Now all of the wells operated by Calvin Tennison are
13 out of compliance.

14 MR. BROOKS: How many wells is that?

15 MS. MACQUESTEN: It's relatively small. I can't
16 recall offhand, but I think it's about nine or ten wells.

17 MR. BROOKS: Thank you.

18 MS. MACQUESTEN: You should have a copy of my request
19 for continuance with the notice of hearing showing the attempts
20 to notice Bill and Patsy Rich, Sisters, LLC, and the response
21 we received. I'd like to enter that as an exhibit into the
22 case, and I have marked copies here if you would like them to
23 be an exhibit.

24 MR. BROOKS: Well, I think we need one for the court
25 reporter. That would be all, assuming it's in the file. I'm

1 sure it is. Yeah, it is. Anything else?

2 [Applicant's Exhibit 10 admitted into evidence.]

3 MS. MACQUESTEN: That's all.

4 MR. BROOKS: Very well. Case No. 14137 will be taken
5 under advisement.

6 MS. MACQUESTEN: Thank you.

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13 I do hereby certify that the foregoing is
14 a complete record of the proceedings in
15 the Examiner hearing of Case No. _____
16 heard by me on _____, Examiner
17 _____, Oil Conservation Division
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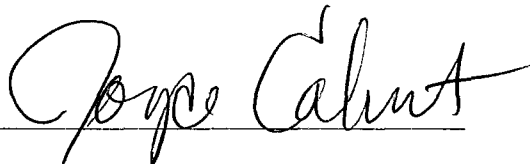
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REPORTER'S CERTIFICATE

I, JOYCE D. CALVERT, Provisional Court Reporter for the State of New Mexico, do hereby certify that I reported the foregoing proceedings in stenographic shorthand and that the foregoing pages are a true and correct transcript of those proceedings and was reduced to printed form under my direct supervision.

I FURTHER CERTIFY that I am neither employed by nor related to any of the parties or attorneys in this case and that I have no interest in the final disposition of this proceeding.

DATED this 21st of August, 2008.

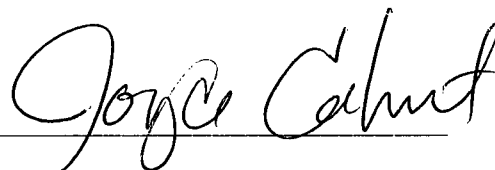


JOYCE D. CALVERT
New Mexico P-03
License Expires: 7/31/09

1 STATE OF NEW MEXICO)
2 COUNTY OF BERNALILLO)

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4 I, JOYCE D. CALVERT, a New Mexico Provisional
5 Reporter, working under the direction and direct supervision of
6 Paul Baca, New Mexico CCR License Number 112, hereby certify
7 that I reported the attached proceedings; that pages numbered
8 1-6 inclusive, are a true and correct transcript of my
9 stenographic notes. On the date I reported these proceedings,
10 I was the holder of Provisional License Number P-03.

11 Dated at Albuquerque, New Mexico, 21st day of
12 August, 2008.

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