

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 SOUTHWESTERN, INC. REQUIRING
OPERATOR TO INCREASE THE AMOUNT OF FINANCIAL ASSURANCE
FOR ONE WELL TO MEET CURRENT REQUIREMENTS, FINDING THAT
THE OPERATOR IS IN VIOLATION OF 19.15.1.40.A(2) NMAC BASED ON ITS
FAILURE TO TAKE THE CORRECTIVE ACTION REQUIRED UNDER
ORDER NO. R-12909, AND FORMALLY ASSESSING A PENALTY UNDER
ORDER NO. R-12909, LEA COUNTY, NEW MEXICO.

CASE NO. 14135

ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 1211 [19.15.14.1211 NMAC].

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451
FAX: 476-3462

RESPONDENT

Southwestern, Inc.
(no entry of appearance filed
at this time)

Southwestern, Inc.
1304 W. Broadway Place
Hobbs, NM 88240

STATEMENT OF THE CASE

The Oil Conservation Division (OCD) seeks a compliance order against Southwestern, Inc. (Southwestern) as to the State VC #001 well. This is the second compliance case brought against Southwestern regarding this well.

On September 18, 2007, the OCD filed an application for a compliance order against Southwestern in Case 14007 alleging multiple violations. On February 25, 2008, the Director issued Order No. R-12909, ordering Southwestern to bring the State VC #001 well into compliance with 19.15.4.201 NMAC (the inactive well rule) on or before April 30, 2008. If

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Southwestern failed to meet that deadline (or any extended deadline granted by the OCD), the OCD was authorized to plug the well, forfeit the applicable financial assurance, and collect a penalty in the amount of \$6,000. Southwestern has not returned the well to compliance.

The OCD brings this action to request an order formally assessing the penalty of \$6,000, and finding that Southwestern is in violation of an order requiring corrective action. Such a finding will put Southwestern out of compliance with 19.15.1.40 NMAC, allowing and in some situations requiring the OCD to deny certain privileges to the operator. In addition, Southwestern has not updated the financial assurance for the State VC #001 to meet the current financial assurance requirements. The OCD also requests that the order require Southwestern to post a financial assurance for the well in the correct amount by a date certain.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME:

Daniel Sanchez, Enforcement and Compliance
Manager

20 minutes

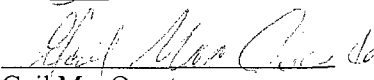
Dorothy Phillips, Financial Assurance Administrator

by affidavit

PROCEDURAL MATTERS

None.


Respectfully submitted
this 3rd day of June 2008 by


Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon Southwestern, Inc. at the address indicated above this 3rd day of June 2008.


Gail MacQuesten