

DOCKET: EXAMINER HEARING - THURSDAY – NOVEMBER 12, 2009

8:15 A.M. - 1220 South St. Francis
Santa Fe, New Mexico

Docket Nos. 41-09 and 42-09 are tentatively set for December 3, 2009 and December 17, 2009. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule 1211.B requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued or dismissed by order of the examiner. If a protesting party fails to submit a timely pre-hearing statement, the hearing may be continued at the applicant's request. The following cases will be heard by an Examiner.

Locator Key for Cases

Case 14054 – No. 2
Case 14282 – No. 6
Case 14321 – No. 1
Case 14351 – No. 10
Case 14352 – No. 11
Case 14353 – No. 16
Case 14354 – No. 17
Case 14368 – No. 12
Case 14369 – No. 13
Case 14370 – No. 14
Case 14372 – No. 9
Case 14388 – No. 15
Case 14393 – No. 3
Case 14396 – No. 4
Case 14400 – No. 5
Case 14401 – No. 7
Case 14402 – No. 8

- I. **CASE 14321** (Continued from the September 17, 2009 Examiner Hearing.)
Application of the New Mexico Oil Conservation Division, Through the Enforcement and Compliance Manager, for a Compliance Order Against KEVIN O. BUTLER AND ASSOCIATES, INC [OGRID 12627], Finding that the Operator is in Violation of 19.15.8.9 & 19.15.25.8 NMAC as to 32 Wells; Requiring Operator to Plug All 39 of its wells Operated in the State of New Mexico By a Date Certain, and in the Event the Operator Fails to Do So, authorizing the Division to do so, forfeiting any applicable bonds, pursuant to Section 70-2-14(B) NMSA 1978, Eddy, Chaves and Lea Counties New Mexico. The Applicant seeks an Order finding that Operator is in violation of OCD Rules 19.15.8.9 & 19.15.25.8 NMAC as to 32 wells, and requiring KOB to plug and abandon each of the 39 wells it operates in the state of New Mexico by a date certain, or in the event that Operator fails to do so, pursuant to Section 70-2-14(B) NMSA 1978, authorizing the Division to plug operator's wells and forfeit any applicable financial assurance.

THE SPECIFIC WELLS INVOLVED IN THIS MATTER INCLUDE THE FOLLOWING:

<i>Well Name:</i>	<i>API No.:</i>	<i>Coordinates: Latitude, Longitude (location approximation)</i>
AETNA EAVES #002	30-025-27789	32.8989288674046, -103.112458881402 (approx 13 mi SE Lovington, 3 mi W TX/NM border, 10 mi NE Hobbs)
ANDERSON #001	30-025-29953	32.9499100000000, -103.302540 (approx 6 mi E Lovington, just N highway 83)
ANDERSON 6 #001	30-025-29748	32.9449800000000, -103.296250 (same approx area as Anderson #001, above)
BYERS #001	30-025-33407	32.8969801818768, -103.068428058588 (approx 16 mi SE Lovington, 1 mi W TX/NM border)
DELMONT L HATFIELD #001	30-025-27487	32.9052851549496, -103.114973264276 (approx 14 mi SE Lovington, 5 mi W NM/TX border)
E B ANDERSON #001	30-025-22340	33.2197061093046, -103.142010761248 (approx 20 mi SE Tatum, 3 mi S of US380)
E B ANDERSON #002	30-025-22454	33.2160782296080, -103.142009205329 (same approx area as EB Anderson #001, above)
E B ANDERSON #003	30-025-29786	33.2142609959531, -103.144176738425 (same approx area as EB Anderson #001, above)
EAST EK UNIT #010	30-025-22766	32.7305343714765, -103.55363175 (approx 20 mi SW Lovington, 2 mi NW highway 529)
GANDHI FEDERAL #001	30-015-26243	32.7376137888976, -103.830519796306 (approx 25 mi SW Lovington, 10 m I S Maljamar)

Examiner Hearing –November 12, 2009
Docket No. 40-09
Page 2 of 5

LEA L STATE #001	30-025-01881	33.0188914253532, -103.479397762811 (approx 8 mi NW Lovington, 6 mi N junct. Highways 83/82 & 238)
MAXWELL #001	30-025-21186	33.2224276278113, -103.138759509919 (approx 18 mi SE Tatum, 10 mi W NM/TX border)
MAXWELL #002	30-025-23089	33.2215150893864, -103.142011562128 (same approx area as Maxwell #001, above)
NEW MEXICO X STATE #001	30-025-03941	32.8258445586223, -103.374749323026 (approx 8 mi SSW Lovington, 2 mi W highway 483)
NEW MEXICO X STATE #002	30-025-03942	32.8222164520395, -103.37473455633 (same approx area as NM X State #001, above)
NM DE STATE #001	30-025-21618	32.8368089645864, -103.293127712051 (approx 7 mi SE Lovington, 2 mi W N.Lovington Highway, 12 mi NW Hobbs)
NM DE STATE #002	30-025-21763	32.8367913663128, -103.297187271554 (same approx area as NM DE State #001, above)
NM DE STATE #003	30-025-21813	32.8404371099360, -103.293130642161 (same approx area as NM DE State #001, above)
PEERLESS ET AL COM #001	30-025-09007	32.3827440578113, -103.255159648353 (approx 12 mi SW Eunice, 10 mi S highway 8)
SOUTH CAPROCK QUEEN UNIT #003	30-005-00674	32.9789278860920, -103.857967448178 (approx 30 mi NE Artesia, 10 mi NW Maljamar)
SOUTH CAPROCK QUEEN UNIT #003	30-005-01190	33.0658694673017, -103.834342114387 (approx 15 mi NNW Maljamar, 25 mi NW Lovington)
SOUTH CAPROCK QUEEN UNIT #005	30-005-00670	32.9879543159149, -103.866552853205 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #010	30-005-00658	32.9852773140005, -103.85911425957 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #011	30-005-00657	32.9852782251265, -103.863365418553 (same approx area as S.Caprock Qun #015, below)
SOUTH CAPROCK QUEEN UNIT #012	30-005-01180	33.0567995477906, -103.832178624299 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #014	30-005-01163	33.0676989588541, -103.82829908646 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #014X	30-005-01193	33.0540864213152, -103.828932250121 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #015	30-005-00662	32.9825562925791, -103.859111565689 (approx 10 mi NW Maljamar, 12 mi N highway 82/83)
SOUTH CAPROCK QUEEN UNIT #015	30-005-01161	33.0677110981310, -103.824686808912 (same approx area as S.Caprock Queen #003, above)
SOUTH CAPROCK QUEEN UNIT #016	30-005-00661	32.9825552242302, -103.855867593483 (same approx area as S.Caprock Qun #017, below)
SOUTH CAPROCK QUEEN UNIT #017	30-005-21000	32.9870631417701, -103.856986131522 (approx 10 mi NW Maljamar, 25 mi WNW Lovington)
STATE 32 #001	30-025-26065	32.8763764669655, -103.68770580173 (approx 5 mi NE Maljamar, 1 mi SE highway 82/53, 20 mi SW Lovington)
STATE LAND 76 #001	30-025-00376	32.9557800, -103.734210 (approx 7 mi NE Maljamar, 18 mi W Lovington)
STATE LAND 76 #003	30-025-29066	32.9560400000000, -103.729900 (approx 20 mi W Lovington, 6 mi N highway 82/83)
STATE LAND 76 #004	30-025-29067	32.95937000, -103.726670 (same approx area as State Land 76#003, above)
STATE LAND 76 #005	30-025-29208	32.9548700000000, -103.733130 (same approx area as State Land 76#003, above)
STATE R #001	30-025-01155	33.0737802718568, -103.604422400147 (approx 15 mi NW Lovington, 10 mi N highway 83/82)
STATE R #003	30-025-01157	33.0810313113126, -103.600204692167 (same approx area as State R #001, above)
V E RODDY #001	30-025-29869	32.9123091733285, -103.111624006688 (approx 10 mi ESE Lovington, 5 mi W NM/TX border)

2. **CASE 14054:** (Continued from the October 15, 2009 Examiner Hearing.)
Application of the New Mexico Oil Conservation Division for a Compliance Order against Kimlar Oil Company, Eddy County, New Mexico. Division examiners will hear the Oil Conservation Division's motion to re-open Case 14054, which seeks an Order finding that Operator Kimlar Oil Company is in violation of an Order requiring corrective action.

3. **CASE 14393:** (Continued from the October 29, 2009 Examiner Hearing.)
Application of the New Mexico Oil Conservation Division for a Compliance Order against MARKS AND GARNER PRODUCTION LTD. CO. The Applicant seeks an order finding as to 11 wells the operator (1) has violated OCD Rules 19.15.2.8, 19.15.29.6, 19.15.29.9, 19.15.29.10 NMAC and (2) is currently in violation of OCD Rules 19.15.29.11 and 19.15.30.9(A); finding that as to 4 of those 11 wells, (3) operator is currently additionally in violation of OCD rules