



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 28, 2006

Tom R. Cone
1304 W. Broadway
Hobbs, NM 88240
Attn: Mr. Rick Houston, Field Superintendent

Re: Tom R. Cone's requests for allowable and authorization to transport for the following well:

Federal '18 # 003, 30-015-20146

Dear Mr. Rick Houston or Regulatory Manager:

Rule 1104.A [19.15.13.1104.A NMAC] allows the Oil Conservation Division (OCD) to assign an allowable to a newly completed or re-completed well or a well completed in an additional pool, or issue an operator authorization to transport oil or natural gas from such a well only if the operator is in compliance with Rule 40.A [19.15.1.40.A NMAC]. An operator who operates from 4 to 100 wells is out of compliance with Rule 40.A(4) if it has more than 2 wells on the inactive well list kept pursuant to Rule 40.F [19.15.1.40.F NMAC].

Tom R. Cone operates 34 wells; 8 wells appear on the inactive well list kept pursuant to Rule 40.F. Tom R. Cone is out of compliance with Rule 40.A(4). These wells have been inactive anywhere from 8 to over 28 years ago. According to OCD, there are no records of bringing these wells into compliance.

Because Tom R. Cone is not in compliance with Rule 40.A, Daniel Sanchez, the OCD Enforcement and Compliance Manager and the Director's designee, cannot approve Tom R. Cone's requests for allowable and authorization to transport identified above.

Tom R. Cone may re-submit its requests after it returns to compliance with Rule 40.A.

To comply with Rule 40.A(4) it must reduce the number of wells on the Rule 40.F inactive well list to no more than 2. A well will be removed from the inactive well list when the operator completes one of the following actions: 1) plugs the well bore and files an approved C-103 reporting the plugging; 2) places the well on approved temporary abandonment status; 3) returns the well to production or other beneficial use and files a C-115 reporting that production or use; or 4) enters into an Agreed Compliance Order with the OCD covering the well. An Agreed Compliance Order sets a schedule for returning the operator's inactive wells to compliance and imposes a penalty if the schedule is not met. If you would like to discuss entering into an Agreed Compliance Order for your non-compliant wells, please contact OCD attorney Gail MacQuesten at (505) 476-3451.

Arrant, Bryan, EMNRD

From: Arrant, Bryan, EMNRD
Sent: Monday, August 28, 2006 3:43 PM
To: 'RHOU121198@VALORNET.COM'
Cc: Macquesten, Gail, EMNRD; Sanchez, Daniel J., EMNRD; Gum, Tim, EMNRD; Fesmire, Mark, EMNRD
Subject: Tom R. Cone Request for Allowable, API # 30-015-20146

Dear Mr. Houston or To Whom It May Concern,

Please note the revised e mail attachment.
The previous e mail attachment that I sent you had an incorrect date of September 1, 2006.

Yours truly,

Bryan G. Arrant
District II Geologist
NMOCD, Artesia
505-748-1283 ext. 103

8/28/2006