

District I
1625 N French Dr, Hobbs, NM 88240
District II
1301 W Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87416
District IV
1220 S. St Francis Dr, Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources
Department
Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-144 CLEZ
July 21, 2008

For closed-loop systems that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, submit to the appropriate NMOCD District Office.

Closed-Loop System Permit or Closure Plan Application

(that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure)

Type of action: ☒ Permit ☐ Closure

Instructions: Please submit one application (Form C-144 CLEZ) per individual closed-loop system request. For any application request other than for a closed-loop system that only use above ground steel tanks or haul-off bins and propose to implement waste removal for closure, please submit a Form C-144.

Please be advised that approval of this request does not relieve the operator of liability should operations result in pollution of surface water, ground water or the environment. Nor does approval relieve the operator of its responsibility to comply with any other applicable governmental authority's rules, regulations or ordinances.

1
Operator: Fasken Oil and Ranch, LTD. OGRID #: 151416
Address: 303 W. Wall St., Ste. 1800, Midland, TX 79701-5116
Facility or well name: Baetz "23" Federal No. 2H
API Number: 30-025-40815 OCD Permit Number: PI-05298
U/L or Qtr/Qtr K Section 23 Township 20S Range 32E County: Lea
Center of Proposed Design. Latitude _____ Longitude _____ NAD: ☐ 1927 ☐ 1983
Surface Owner: ☒ Federal ☐ State ☐ Private ☐ Tribal Trust or Indian Allotment

2
☒ **Closed-loop System:** Subsection H of 19.15.17.11 NMAC
Operation: ☒ Drilling a new well ☐ Workover or Drilling (Applies to activities which require prior approval of a permit or notice of intent) ☐ P&A
☒ Above Ground Steel Tanks or ☐ Haul-off Bins

3
Signs: Subsection C of 19.15.17.11 NMAC
☒ 12"x 24", 2" lettering, providing Operator's name, site location, and emergency telephone numbers
☐ Signed in compliance with 19.15.3.103 NMAC

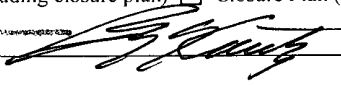
4.
Closed-loop Systems Permit Application Attachment Checklist: Subsection B of 19.15.17.9 NMAC
Instructions: Each of the following items must be attached to the application. Please indicate, by a check mark in the box, that the documents are attached.
☒ Design Plan - based upon the appropriate requirements of 19.15.17.11 NMAC
☒ Operating and Maintenance Plan - based upon the appropriate requirements of 19.15.17.12 NMAC
☒ Closure Plan (Please complete Box 5) - based upon the appropriate requirements of Subsection C of 19.15.17.9 NMAC and 19.15.17.13 NMAC
☐ Previously Approved Design (attach copy of design) API Number: _____
☐ Previously Approved Operating and Maintenance Plan API Number: _____

5
Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only: (19.15.17.13.D NMAC)
Instructions: Please identify the facility or facilities for the disposal of liquids, drilling fluids and drill cuttings. Use attachment if more than two facilities are required.
Disposal Facility Name: Controlled Recovery, Inc. Disposal Facility Permit Number: NM-01-0006
Disposal Facility Name: _____ Disposal Facility Permit Number: _____
Will any of the proposed closed-loop system operations and associated activities occur on or in areas that will not be used for future service and operations?
☐ Yes (If yes, please provide the information below) ☒ No
Required for impacted areas which will not be used for future service and operations:
☐ Soil Backfill and Cover Design Specifications - based upon the appropriate requirements of Subsection H of 19.15.17.13 NMAC
☐ Re-vegetation Plan - based upon the appropriate requirements of Subsection I of 19.15.17.13 NMAC
☐ Site Reclamation Plan - based upon the appropriate requirements of Subsection G of 19.15.17.13 NMAC

6.
Operator Application Certification:
I hereby certify that the information submitted with this application is true, accurate and complete to the best of my knowledge and belief
Name (Print): Kim Tyson Title: Regulatory Analyst
Signature: Kim Tyson Date: 3-9-2012
e-mail address: kimt@forl.com Telephone: (432) 687-1777

OCT 15 2012

7. **OCD Approval:** ☐ Permit Application (including closure plan) ☐ Closure Plan (only)

OCD Representative Signature:  **Approval Date:** 10/13/12

Title: Petroleum Engineer **OCD Permit Number:** PI-05298

8. **Closure Report (required within 60 days of closure completion):** Subsection K of 19.15.17.13 NMAC
Instructions: Operators are required to obtain an approved closure plan prior to implementing any closure activities and submitting the closure report. The closure report is required to be submitted to the division within 60 days of the completion of the closure activities. Please do not complete this section of the form until an approved closure plan has been obtained and the closure activities have been completed.

☐ Closure Completion Date: _____

9. **Closure Report Regarding Waste Removal Closure For Closed-loop Systems That Utilize Above Ground Steel Tanks or Haul-off Bins Only:**
Instructions: Please identify the facility or facilities for where the liquids, drilling fluids and drill cuttings were disposed. Use attachment if more than two facilities were utilized.

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Disposal Facility Name: _____ Disposal Facility Permit Number: _____

Were the closed-loop system operations and associated activities performed on or in areas that *will not* be used for future service and operations?
☐ Yes (If yes, please demonstrate compliance to the items below) ☐ No

Required for impacted areas which will not be used for future service and operations

☐ Site Reclamation (Photo Documentation)

☐ Soil Backfilling and Cover Installation

☐ Re-vegetation Application Rates and Seeding Technique

10. **Operator Closure Certification:**

I hereby certify that the information and attachments submitted with this closure report is true, accurate and complete to the best of my knowledge and belief. I also certify that the closure complies with all applicable closure requirements and conditions specified in the approved closure plan.

Name (Print) _____ Title: _____

Signature: _____ Date: _____

e-mail address: _____ Telephone: _____

March 9, 2012

Fasken Oil and Ranch, Ltd.
Baetz "23" Federal No. 2H
SHL - 1980' FSL & 1830' FEL of Section 23
BHL - 1980' FSL & 330' FWL of Section 22
Sec. 22 and 23, T20S, R32E
Lea County, NM

RE: Form C-144 CLEZ Attachment

Design Plan: We propose to use two 1000 bbl skid mounted water tanks, one 500 bbl steel circulating tank, two 500 bbl Frac. Tanks placed on location.

Operating and Maintenance Plan:

Each tank/bin will be checked regularly for leaks. Should a leak develop the contents will be removed and the tank/bin will be repaired or replaced. The division district office will be notified with 48 hours of the discovery of any leak.

Closure Plan: Contents will be emptied and hauled to an OCD approved facility. At the current time the CRI disposal facility at Halfway Bar will be utilized for disposal. The permit number for the CRI facility is Permit Number 6. See the attachment.

Permit No	Company Name	Effective	County	Facility Name	Legals
19	GANDY MARLEY INC	10/06/1994	Chaves	GANDY MARLEY LANDFARM	-4-11 S-31 E
28	OLD LOCO OIL CO	07/02/1985	Eddy	OLD LOCO TREATING PLANT	-19-17 S-31 E
43	Loco Hills Landfarm LLC	11/08/2004	Eddy	Loco Hills Landfarm	m-32-16 S-30 E
4	LOCO HILLS WATER DISPOSAL	10/30/1981	Eddy	LOCO HILLS WATER DISPOSAL	M-16-17 S-30 E
36	OK HOT OIL SERVICE INC	08/16/2000	Eddy	OK HOT OIL SERVICES INC	O-14-17 S-28 E
24	CHAPARRAL SWD	01/31/1995	Lea	CHAPARRAL TREATING PLANT	B-17-23 S-37 E
35	LEA LAND INC	01/05/2000	Lea	LEA LAND LANDFILL	-32-20 S-32 E
12	C&C LANDFARM INC	11/16/1992	Lea	C&C LANDFARM	B-3-20 S-37 E
13	ENVIRONMENTAL PLUS INC	02/15/1993	Lea	ENVIRONMENTAL PLUS LANDFARM	-14-22 S-37 E
15	GOO YEA LANDFARM INC	11/16/1992	Lea	GOO YEA LANDFARM	-14-11 S-38 E
23	J&L LANDFARM INC	05/10/1998	Lea	J&L LANDFARM	-9-20 S-38 E
25	GANDY CORP	06/27/1973	Lea	Gandy Corp. Treating Plant	-11-10 S-35 E
26	JENEX OPERATING CO	09/21/1983	Lea	JENEX TREATING PLANT	D-14-20 S-38 E
30	ARTESIA AERATION LLC	06/29/1999	Lea	ARTESIA AERATION LANDFARM	-7-17 S-32 E
32	SOUTH MONUMENT SURFACE WASTE FACILITY LLC	10/04/1999	Lea	SOUTH MONUMENT LANDFARM	A-25-36 S-20 E
33	DOOM LANDFARM	04/03/2000	Lea	DOOM LANDFARM	g-5-25 S-37 E
34	DD LANDFARM INC	04/12/2000	Lea	DD LANDFARM	-31-21 S-38 E
21	RHINO OILFIELD DISPOSAL INC	11/17/1997	Lea	RHINO OILFIELD LANDFARM	-34-20 S-38 E
44	COMMERCIAL EXCHANGE, INC.	11/01/2004	Lea	Blackwater Oil Reclamation Facility	d-1-25 S-37 E
39	PITCHFORK LANDFARM LLC	10/30/2002	Lea	PITCHFORK LANDFARM	A-5-24 S-34 E
6	CONTROLLED RECOVERY INC	04/27/1990	Lea	CONTROLLED RECOVERY	-27-20 S-32 E
42	COMMERCIAL EXCHANGE, INC.	07/22/2004	Lea	Blackwater Landfarm	f-1-25 S-37 E
38	SAUNDERS LANDFARM LLC	10/28/2002	Lea	SAUNDERS LANDFARM	M-7-14 S-34 E
41	LAZY ACE LANDFARM LLC	03/09/2004	Lea	LAZY ACE LANDFARM	M-22-20 S-34 E
3	SUNDANCE SERVICES, INC.	08/30/1977	Lea	SUNDANCE PARABO	m-29-21 S-38 E
37	COMMERCIAL EXCHANGE, INC.	03/31/2003	Lea	COMMERCIAL SURFACE WM FACILITY	A-1-20 S-36 E
8	T-N-T ENVIRONMENTAL INC	01/19/1987	Rio Arriba	TNT EVAP POND/LANDFARM	-8-25 N-3 W
11	ENVIROTECH INC	07/07/1992	San Juan	ENVIROTECH LANDFARM #2	-6-26 N-10 W
9	KEY FOUR CORNERS INC	04/02/1991	San Juan	KEY EVAP POND and Landfarm	E-2-29 N-12 W
10	JFJ LANDFARM LLC	07/22/2002	San Juan	JFJ Land Farm Crouch Mesa (Formerly Tierra)	j-2-29 N-12 W
5	BASIN DISPOSAL INC	10/16/1987	San Juan	BASIN DISPOSAL EVAP. POND	F-3-29 N-11 W

Herrera-Murillo, Cindy, EMNRD

Handwritten signature/initials

From: Swazo, Sonny, EMNRD
Sent: Thursday, September 27, 2012 8:41 AM
To: Herrera-Murillo, Cindy, EMNRD
Cc: Sanchez, Daniel J., EMNRD; Bailey, Jami, EMNRD; Gonzales, Elidio L, EMNRD; Dade, Randy, EMNRD; Perrin, Charlie, EMNRD; Martin, Ed, EMNRD; Duran-Saenz, Theresa, EMNRD
Subject: 5.9 Denial of APD - Fasken Oil and Ranch Ltd. OGRID 151416
Attachments: 2012 9-26 Denial of APD Letter .pdf

Good Morning Cindy:

Please process the APD in accordance with this letter and 5.9 procedures. Thanks, Sonny

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John Bemis
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



September 26, 2012

Fasken Oil and Ranch Ltd.
303 W. Wall St., Suite 1800
Midland, TX 79701

HOBBS OCD

SEP 27 2012

RECEIVED

DENIAL OF APPLICATION FOR PERMIT TO DRILL, DEEPEN OR PLUG BACK

Re: **Fasken Oil and Ranch Ltd., OGRID #151416**

- Baetz 23 Federal #2H, K-23-T20S-R32E, 1980' FSL & 1830' FWL, Lea County, New Mexico

Dear Operator:

The Oil Conservation Division (OCD) **denies** your application(s) for permit(s) to drill, deepen or plug back the wells identified above because your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)]. See 19.15.14.10(A) NMAC.

Your company is out of compliance with Part 5.9(A) on the following ground(s):

XXXX **Financial assurances.** Your company is in violation of the financial assurance requirements for well plugging set out in 19.15.8.9 NMAC. See 19.15.5.9(A)(1) NMAC. Specifically, your company has not posted the single-well financial assurances required for state or fee wells which have been inactive for more than two years. The wells requiring single-well financial assurances are identified in the attached sheet.

_____ **Corrective action.** Order _____, issued on _____ after notice and hearing, found your company to be in violation of an order requiring corrective action. See 19.15.5.9(A)(2) NMAC.

_____ **Unpaid penalties.** Your company has not paid the penalties assessed against your company in _____, issued on _____. More than 70 days have passed since the issuance of the order assessing the penalty. See 19.15.5.9(A)(3) NMAC.

_____ **Inactive wells.** According to the attached inactive well list, your company has too many wells in violation of the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order. See 19.15.5.9(A)(4) NMAC. As an operator of _____ wells, your company may have no more than _____ wells in violation of the inactive well rule. Your company has _____ wells in violation of the inactive well rule. In addition,

I have enclosed an information sheet explaining the requirements of Part 5.9. You may re-submit your request after your company has returned to compliance with Part 5.9.

Respectfully yours,



Daniel Sanchez
OCD Compliance and Enforcement Manager

Ec: Jami Bailey, OCD Director
E.L. Gonzales, OCD District 1 Supervisor
Randy Dade, OCD District 2 Supervisor
Charlie Perrin, OCD District 3 Supervisor
Ed Martin, OCD District 4 Supervisor
Cindy Herrera-Murillo, OCD District 1
Sonny Swazo, OCD Assistant General Counsel-Santa Fe
Theresa Duran-Saenz, OCD Legal Assistant-Santa Fe

Inactive Well Additional Financial Assurance Report

151416 FASKEN OIL & RANCH LTD

Total Well Count: 134

Printed On: Wednesday, September 26 2012

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Bond In Place	In Violation
32155	AVALON 1 FEDERAL #002	F	31-1 -21S-26E	G	30-015-31104	G	07/2012		4276			0	
	AVALON 1 FEDERAL #004	F	31-1 -21S-26E	R	30-015-31359	G	07/2012		11575			0	
39327	AVALON 10 FEDERAL #022	F	4-10-21S-26E	F	30-015-31653	O	07/2012		4478			0	
	AVALON 10 FEDERAL #023	F	4-10-21S-26E	K	30-015-31545	O	07/2012		4361			0	
32156	AVALON 10 FEDERAL SWD #042	F	6-10-21S-26E	H	30-015-31654	S	07/2012		4470			0	
21115	AVALON FEDERAL #001	F	40-1 -21S-26E	P	30-015-21814	G	07/2012		11450			0	
37316	AVALON STATE SWD #001	S	K-7 -21S-26E	K	30-015-20743	S	07/2012	08/01/2014	10800	15800		0	
18162	BAETZ 23 FEDERAL #001	F	K-23-20S-32E	K	30-025-26414	O	07/2012		13640			0	
32562	BUCKEYE 1 STATE #001	S	4-1 -17S-34E	D	30-025-36333	O	07/2012	08/01/2014	12600	17600		0	
22313	CABOT Q STATE SWD #001	S	3-7 -15S-35E	L	30-025-02690	S	07/2012	08/01/2014	12145	17145		0	
29149	CAMERON 31 FEDERAL #002	F	H-31-20S-25E	H	30-015-32137	G	07/2012		9804			0	
18198	CAMERON 31 FEDERAL COM #001	F	J-31-20S-25E	J	30-015-20907	O	07/2012		9880			0	
32162	CHOSA DRAW UNIT #001	S	J-32-25S-25E	J	30-015-23598	G	07/2012	08/01/2014	11745	16745		0	
18164	DENTON #001	P	F-11-15S-37E	F	30-025-05288	O	07/2012	08/01/2014	12623	17623		0	
	DENTON #002	P	H-11-15S-37E	H	30-025-05289	O	07/2012	08/01/2014	12775	17775		0	
	DENTON #003Y	P	B-11-15S-37E	B	30-025-05290	O	07/2012	08/01/2014	12800	17800		0	
	DENTON #004	P	G-11-15S-37E	G	30-025-05291	O	07/2012	08/01/2014	9550	14550		0	
	DENTON #006	P	C-11-15S-37E	C	30-025-05293	O	02/2012	03/01/2014	12700	17700		0	
	DENTON #007	P	G-11-15S-37E	G	30-025-05294	O	07/2012	08/01/2014	12700	17700		0	
	DENTON #008	P	F-11-15S-37E	F	30-025-05295	O	07/2012	08/01/2014	9656	14656		0	
	DENTON #009	P	A-11-15S-37E	A	30-025-05296	O	07/2012	08/01/2014	12780	17780		0	
	DENTON #010	P	H-11-15S-37E	H	30-025-05297	O	07/2012	08/01/2014	9614	14614		0	
	DENTON #011	P	B-11-15S-37E	B	30-025-05298	O	07/2012	08/01/2014	9555	14555		14555	
	DENTON #012	P	E-11-15S-37E	E	30-025-05299	O	07/2012	08/01/2014	12780	17780		0	
	DENTON #014	P	C-11-15S-37E	C	30-025-05301	O	07/1992	08/01/1994	9550	14550	Y	14550	
	DENTON #015	P	D-11-15S-37E	D	30-025-05302	O	07/2012	08/01/2014	9600	14600		0	
	DENTON #017	P	G-11-15S-37E	G	30-025-25331	O	07/2012	08/01/2014	13048	18048		0	
303195	DENTON SWD #002	P	I-10-15S-37E	I	30-025-05270	S	07/2012	08/01/2014	12650	17650		0	
	DENTON SWD #003	P	M-12-15S-37E	M	30-025-05306	S	07/2012	08/01/2014	12662	17662		0	
	DENTON SWD #005	S	N-2 -15S-37E	N	30-025-05226	S	07/2012	08/01/2014	12730	17730		0	
	DENTON SWD #006	P	L-11-15S-37E	L	30-025-05283	S	07/2012	08/01/2014	12700	17700		0	
18249	DURHAM SHELL FEDERAL COM #001	F	B-8 -21S-24E		30-015-22882	G	07/2012		8980			0	
18202	EL PASO FEDERAL #002	F	29-2 -21S-26E	E	30-015-21024	G	07/2012		11170			0	
	EL PASO FEDERAL #003	F	24-1 -21S-26E	A	30-015-21307	G	07/2012		11445			0	
	EL PASO FEDERAL #004	F	19-3 -21S-26E	C	30-015-21305	G	03/2012		11206			0	
	EL PASO FEDERAL #005	F	33-1 -21S-26E	L	30-015-23303	G	07/2012		11400			0	
	EL PASO FEDERAL #007	F	22-2 -21S-26E	A	30-015-23902	G	07/2012		11191			0	
	EL PASO FEDERAL #009	F	34-2 -21S-26E	J	30-015-30221	G	07/2012		10997			0	
	EL PASO FEDERAL #011	F	31-1 -21S-26E	O	30-015-30465	G	07/2012		11254			0	
	EL PASO FEDERAL #012	F	31-1 -21S-26E	O	30-015-30634	G	07/2012		4603			0	
	EL PASO FEDERAL #014	F	25-3 -21S-26E	A	30-015-31721	G	07/2012		11006			0	
22213	FEDERAL 26 A #001	P	N-26-18S-33E	N	30-025-29249	O	07/2012	08/01/2014	10600	15600		0	
	FEDERAL 26 A #003	F	P-26-18S-33E	P	30-025-39008	O	07/2012		9970			0	
	FEDERAL 26 A #004	F	I-26-18S-33E	I	30-025-39809	O	07/2012		6000			0	
	FEDERAL 26 A #005	F	J-26-18S-33E	J	30-025-39810	O	07/2012		6000			0	
	FEDERAL 26 A #006	F	O-26-18S-33E	O	30-025-39811	O	07/2012		6000			0	
22214	FEDERAL 27 #001	F	O-27-18S-33E	O	30-025-29250	O	07/2012		9810			0	
	FEDERAL 27 #002	F	P-27-18S-33E	P	30-025-29400	O	07/2012		10700			0	
18247	FEIL FEDERAL #001	F	D-28-20S-25E	D	30-015-21547	G	07/2012		9800			0	
18248	GOSSETT 20 #001	P	O-20-20S-25E	O	30-015-21085	G	07/2012	08/01/2014	9650	14650		0	
	GOSSETT 20 #002	P	N-20-20S-25E	N	30-015-31907	G	07/2012	08/01/2014	9660	14660		0	
	GOSSETT 20 #003H	P	I-20-20S-25E	I	30-015-39349	O	07/2012	08/01/2014	7150	12150		0	
	GOSSETT 20 #004H	P	P-20-20S-25E	P	30-015-39385	O			9			0	
19113	GRANDE #001	P	M-3 -13S-38E	M	30-025-33502	O	07/2012	08/01/2014	12380	17380		0	
22215	GRIFFIN #001	P	I-4 -14S-36E	A	30-025-23781	O	07/2012	08/01/2014	11475	16475		0	
18201	GULF FEDERAL COM #001	F	19-1 -21S-26E	C	30-015-24035	G	07/2012		11279			0	
18195	HIGGINS TRUST 1 #001	P	4-1 -18S-26E		30-015-27970	G	07/2012	08/01/2014	9075	14075		0	
18196	HIGGINS CAHOON COM #001	P	O-2 -18S-26E	O	30-015-21418	G	07/2012	08/01/2014	9072	14072		0	
18241	HOWELL 29 #001	P	G-29-20S-25E	G	30-015-21140	O	07/2012	08/01/2014	9675	14675		14675	
28914	HOWELL 29 COM #002	S	D-29-20S-25E	D	30-015-31472	G	07/2012	08/01/2014	9700	14700		0	
18242	HOWELL 29 FEDERAL #001	F	M-29-20S-25E	M	30-015-21251	G	07/2012		9750			0	

18197	HOWELL STATE COM #002	S	I-32-20S-25E	I	30-015-32854	G	07/2012	08/01/2014	9799	14799		0
	HOWELL STATE COM #003	S	N-32-20S-25E	N	30-015-34429	G	07/2012	08/01/2014	9800	14800		0
18233	INDIAN HILL UNIT GAS COM A #006	F	2-17-21S-24E	J	30-015-20006	G	07/2012		10130			0
18235	INDIAN HILLS COM #001	F	J-8-21S-24E	J	30-015-20195	G	07/2012		9561			0
18234	INDIAN HILLS UNIT #007	S	F-16-21S-24E	F	30-015-20149	G	07/2012	08/01/2014	9860	14860		0
	INDIAN HILLS UNIT #023	S	N-16-21S-24E	N	30-015-30878	G	07/2012	08/01/2014	10050	15050		0
22314	JAMES O'NEILL #001	S	2-7-15S-35E	E	30-025-27237	O	07/2012	08/01/2014	10500	15500		0
	JAMES O'NEILL #003	S	F-7-15S-35E	F	30-025-28674	O	09/2000	10/01/2002	10500	15500	Y	15500
18244	JOHNSTON 9 FEDERAL #001	F	K-9-19S-25E	K	30-015-20677	G	07/2012		9320			0
29106	KLINGENSMITH #001	P	H-24-20S-24E	H	30-015-32112	G	07/2012	08/01/2014	9652	14652		0
28831	KNIGHT 28 FEDERAL #001	F	M-28-20S-25E	M	30-015-31987	G	07/2012		9759			0
32342	LAGUNA 16 STATE #001	S	P-16-20S-32E	P	30-025-36437	G	07/2012	08/01/2014	13372	18372		0
	LAGUNA 16 STATE #002	S	P-16-20S-32E	P	30-025-40680	O			99			0
32157	LAKE SHORE 10 FEDERAL COM #002	F	7-10-21S-26E	I	30-015-29879	G	07/2012		11348			0
	LAKE SHORE 10 FEDERAL COM #003	F	9-10-21S-26E	K	30-015-30480	G	07/2012		11100			0
32158	LAKE SHORE 10 SC FEDERAL COM #004	F	4-10-21S-26E	D	30-015-31569	G	07/2012		11117			0
33429	LAKESHORE 10 FEDERAL #005	F	5-10-21S-26E	S	30-015-33234	G	07/2012		11075			0
18167	LING FEDERAL #001	F	G-31-19S-34E	G	30-025-28064	S	07/2012		13690			0
	LING FEDERAL #002	F	3-31-19S-34E	L	30-025-30336	G	07/2012		13656			0
	LING FEDERAL #003	F	B-31-19S-34E	B	30-025-38608	O	07/2012		10706			0
	LING FEDERAL #004	F	J-31-19S-34E	J	30-025-38748	G	07/2012		13577			0
	LING FEDERAL #005	F	1-31-19S-34E	D	30-025-39121	O	07/2012		9775			0
	LING FEDERAL #006	F	2-31-19S-34E	E	30-025-39122	O	07/2012		9766			0
	LING FEDERAL #009	F	C-31-19S-34E	C	30-025-39454	O	11/2011		9790			0
32183	LOTTIE YORK #002	P	J-14-17S-37E	J	30-025-28111	O	12/2004	01/01/2007	11742	16742	Y	16742
	LOTTIE YORK #003	P	K-14-17S-37E	K	30-025-32933	O	07/2012	08/01/2014	11840	16840		0
27692	MARALO 34 FEDERAL #004	F	C-34-20S-27E	C	30-015-31651	G	07/2012		11100			0
36590	MARALO 35 FEDERAL #005	F	C-35-20S-27E	C	30-015-35695	G	07/2012		11189			0
18240	MARALO FEDERAL #001	F	J-35-20S-27E	J	30-015-23302	G	07/2012		11360			0
	MARALO FEDERAL #002	F	K-35-20S-27E	K	30-015-23748	G	07/2012		11250			0
23498	MARLO 34 FEDERAL #003	F	H-34-20S-27E	H	30-015-30331	G	07/2012		11104			0
19345	MOBIL 10 FEDERAL #001	F	M-10-21S-24E	M	30-015-21647	G	07/2012		9470			0
26935	NEELY COM #001	P	O-29-20S-25E	O	30-015-31471	G	07/2012	08/01/2014	9835	14835		0
32184	NORRIS #004	P	M-13-17S-37E	M	30-025-33197	O	07/2012	08/01/2014	11840	16840		0
32232	PECOS 36 STATE #001	S	E-36-20S-26E	E	30-015-32722	G	07/2012	08/01/2014	10610	15610		0
35764	PEGASUS 10 FEDERAL #001	F	D-10-21S-24E		30-015-34714	G	07/2012		11550			0
	PEGASUS 10 FEDERAL #002	F	A-10-21S-24E	A	30-015-36982	G			Unknown			0
36547	QUAIL 16 STATE #001	S	G-16-20S-34E	G	30-025-38440	G	07/2012	08/01/2014	13610	18610		0
	QUAIL 16 STATE #002	S	N-16-20S-34E	N	30-025-39340	G	07/2012	08/01/2014	13600	18600		0
	QUAIL 16 STATE #003H	S	M-16-20S-34E	M	30-025-40361	O			14988			0
	QUAIL 16 STATE #004H	S	N-16-20S-34E	N	30-025-40531	O			Unknown			0
18245	ROGERS 10 COM #001	F	I-10-18S-26E	I	30-015-21182	G	07/2012		9200			0
28993	ROSS FEDERAL #004	F	J-4-21S-24E	J	30-015-32076	G	07/2012		9832			0
	ROSS FEDERAL #005	F	I-4-21S-24E	I	30-015-33592	G	07/2012		9870			0
	ROSS FEDERAL #006	F	B-4-21S-24E	B	30-015-33429	G			Unknown			0
18239	ROSS FEDERAL COM #001	F	K-4-21S-24E	K	30-015-10502	G	07/2012		9815			0
	ROSS FEDERAL COM #002	F	I-3-4-21S-24E	E	30-015-22715	G	07/2012		9848			0
	ROSS FEDERAL COM #003	F	S-4-21S-24E	D	30-015-22716	G	07/2012		9862			0
30061	SALT DRAW 28 FEDERAL #001	F	H-28-24S-28E	H	30-015-26142	G	07/2012		13450			0
39210	SHELL FEDERAL #002	F	I-3-5-21S-24E	E	30-015-22717	S	07/2012		11458			0
18238	SHELL FEDERAL COM #001	F	K-5-21S-24E	K	30-015-10881	G	07/2012		9901			0
18237	SKELLY FEDERAL #001	F	M-9-21S-24E	M	30-015-20075	G	07/2012		10356			0
	SKELLY FEDERAL #002	F	F-9-21S-24E		30-015-27326	G	07/2012		10200			0
	SKELLY FEDERAL #004	F	H-9-21S-24E	H	30-015-35768	G	07/2012		10225			0
29702	SLINGSHOT 35 FEDERAL #001	F	J-35-20S-28E	J	30-015-32278	G	07/2012		11632			0
32136	SOAPBERRY DRAW 7 STATE #001	S	K-7-21S-26E	K	30-015-32696	O	07/2012	08/01/2014	4000	9000		0
36649	STATE 22 #001	S	I-22-19S-28E	I	30-015-35736	G	07/2012	08/01/2014	11326	16326		0
18243	STATE 32 COM #001	S	D-32-20S-25E	D	30-015-21028	G	07/2012	08/01/2014	9700	14700		0
	STATE 32 COM #002	S	B-32-20S-25E	B	30-015-31544	G	07/2012	08/01/2014	9775	14775		0
	STATE 32 COM #003	S	F-32-20S-25E	F	30-015-34535	G	07/2012	08/01/2014	9701	14701		0
18168	STATE BM #001	S	K-16-15S-36E	K	30-025-03681	O	07/2012	08/01/2014	13585	18585		0
22316	SUPERIOR A STATE #001	S	N-7-15S-35E	N	30-025-28827	S	11/2009	12/01/2011	10500	15500	Y	0
22315	SUPERIOR STATE #001	S	K-7-15S-35E	K	30-025-28291	O	07/2012	08/01/2014	10500	15500		0
	SUPERIOR STATE #002	S	3-7-15S-35E	L	30-025-28826	O	07/2012	08/01/2014	10500	15500		15550
18170	WINGERO #002	P	H-24-12S-37E	H	30-025-05036	O	07/2012	08/01/2014	11798	16798		0
	WINGERO #005	P	A-24-12S-37E	A	30-025-05038	O	07/2012	08/01/2014	11905	16905		0
	WINGERO #006	P	I-24-12S-37E	I	30-025-05039	O	07/2012	08/01/2014	12035	17035		0

WINGERD #010	P	J-24-12S-37E	J	30-025-05043	O	07/2012	08/01/2014	12016	17016		0
WINGERD #013	P	P-24-12S-37E	P	30-025-05046	S	07/2012	08/01/2014	11100	16100		0
WINGERD #014	P	J-24-12S-37E	J	30-025-32847	O	01/2000	02/01/2002	12800	17800	Y	17800
32161 WITT 30 FEDERAL #001	F	G-30-21S-26E	G	30-015-30547	G	07/2012		11320			0
18246 YATES 6 FEDERAL #001	F	6-6 -18S-26E	L	30-015-21059	G	07/2012		8710			0
YATES 6 FEDERAL #003	F	F-6 -18S-26E	F	30-015-31230	G	07/2012		8700			0

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INFORMATION SHEET FOR PART 5.9

Oil Conservation Division (OCD) Rule 19.15.5.9 NMAC, commonly known as "Part 5.9," requires operators to meet certain minimum compliance standards for the wells they already operate before they can drill, acquire, produce or inject into additional wells. If an operator is out of compliance as defined by Part 5.9, the OCD:

- May deny registration by the operator or certain related entities. *See* 19.15.9.8(B) NMAC.
- May deny applications for change of operator that would transfer wells to the operator. *See* 19.15.9.9(C) NMAC.
- Must deny injection permits. *See* 19.15.26.8(A) NMAC.
- May deny APDs. *See* 19.15.14.10(A) NMAC.
- Must deny allowable and authorizations to transport. *See* 19.15.16.19(A) NMAC.

In addition, the OCD may, after notice and hearing, revoke previously issued injection permits if the operator is out of compliance with Part 5.9. *See* 19.15.26.8(A) NMAC.

To stay in compliance with Part 5.9, an operator must:

- Keep current with the financial assurance requirements for well plugging. *See* 19.15.5.9(A)(1) NMAC.
- Comply with orders requiring corrective action. *See* 19.15.5.9(A)(2) NMAC.
- Pay properly assessed penalties. *See* 19.15.5.9(A)(3) NMAC.
- Have no more than a certain number of wells out of compliance with the inactive well rule. *See* 19.15.5.9(A)(4) NMAC.

FINANCIAL ASSURANCE REQUIREMENTS: The OCD's financial assurance requirements for well plugging are set out in 19.15.8.9 NMAC. The OCD requires all state or fee wells to be covered by a financial assurance. The OCD does not require financial assurances for Federal or Indian wells.

The operator must either post a blanket financial assurance in the amount of \$50,000 to cover its state or fee wells, or post single-well financial assurances for each state or fee well in the amount set by the rule.

If the operator chooses to post a blanket financial assurance, it must also post single-well financial assurances for each state or fee well that has been inactive for more than two years that has not been plugged and released. Note that a single-well financial assurance is required even if the well is on approved temporary abandonment status, and even if the wellbore of the well has been plugged. To check compliance with this requirement, go to www.emnrd.state.nm.us/OCD, OCD Online, E-Permitting, Compliance, Financial Assurance. Insert the operator name or OGRID, and hit "Get Report." The report will list all the wells for that operator that have not been plugged and released. Wells currently in violation of the single-well financial assurance requirement will have a "Y" in the far right column, titled "In Violation."

For information on how to post financial assurances, please contact OCD Financial Assurance Administrator Dorothy Phillips, (505) 476-3461, Dorothy.phillips@state.nm.us.

CORRECTIVE ACTION REQUIREMENTS: If an operator fails to take an action required by a hearing order or an agreed compliance order, the OCD may go to hearing to obtain a formal order finding the operator "in violation of an order requiring corrective action." Once such an order is issued and becomes final, the operator will be out of compliance with Part 5.9 until that order is lifted. To lift the order, the operator must

complete the corrective action required, and file a motion to declare the order satisfied. The Oil Conservation Division or the Oil Conservation Commission, as appropriate, may grant the motion without hearing or may set the matter for hearing.

UNPAID PENALTIES: An operator with a penalty assessment unpaid more than 70 days after issuance of the order assessing the penalty will be in violation of Part 5.9 until that penalty is paid. Penalties may be assessed by the district court, or may be agreed to by the operator under an agreed compliance order entered into to resolve a compliance action.

INACTIVE WELLS: The inactive well rule, 19.15.25.8 NMAC, requires any well that has been inactive for a period of more than 15 months to be plugged and abandoned, placed on approved temporary abandonment status, or returned to production or other beneficial use. An operator will be out of compliance with Part 5.9 if it has too many wells in violation of the inactive well rule; the number of non-compliant wells allowed depends on the size of the operator. Under Part 5.9, if an operator operates:

- 1 well, it may have no wells out of compliance;
- 2 or 3 wells, it may have no more than 1 well out of compliance;
- 4 to 100 wells, it may have no more than 2 wells out of compliance;
- 101 to 500 wells, it may have no more than 5 wells out of compliance;
- 501 to 1000 wells, it may have no more than 7 wells out of compliance; and
- 1000 or more wells, it may have no more than 10 wells out of compliance.

To check compliance with 5.9 as to inactive wells, go to www.emnrd.state.nm.us/OCD, OCD Online, E-Permitting, Compliance, Inactive Well List. Do not change the default search terms. Insert the operator name or OGRID, and hit "Get Report." The report will identify the wells that -- according to OCD records -- have been inactive for 15 months, are not on approved temporary abandonment status, do not have a plugged wellbore, and are not subject to an inactive well agreed compliance order. For purposes of Part 5.9, if a well appears on this list, there is a rebuttable presumption that the well is in violation of the inactive well rule. The heading of the list will also identify the total well count for the operator, and the total number of non-compliant inactive wells, so you can determine if the operator is in compliance with Part 5.9.

If your company has more non-compliant wells than allowed under Part 5.9, you will need to return wells to compliance by returning them to production or other beneficial use, placing them on approved temporary abandonment status, or plugging the wellbore. In some limited circumstances, the OCD may be willing to enter into an inactive well agreed compliance order setting a schedule for returning the wells to compliance and imposing sanctions if that schedule is not met. Wells covered by an inactive well agreed compliance order are not included when calculating Part 5.9 compliance. For information on inactive well agreed compliance orders, contact OCD Attorney Sonny Swazo at (505) 476-3463, Sonny.swazo@state.nm.us.