

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Michelle Lujan Grisham**  
Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Adrienne Sandoval, Director**  
Oil Conservation Division

September 30, 2021

New Mexico State Capitol  
ATTN: Raul Burciaga  
Director of the Legislative Council Service  
490 Old Santa Fe Trail, Suite 411  
Santa Fe, NM 87501

Mr. Burciaga:

Enclosed please find the annual report prepared by the Energy, Minerals and Natural Resources Department's Oil Conservation Division regarding Notices of Violation (NOVs) issued by the OCD as required by Section 70-2-31.1 of the New Mexico Oil and Gas Act (Act).

Section 70-2-31 of the Act authorizes the OCD to issue NOVs and assess civil penalties for violations of the Act. Section 70-2-31 became effective on January 1, 2020. Following a public hearing on January 2, 2020, the Oil Conservation Division adopted rules to implement its enforcement authority that became effective on February 25, 2020. On May 6, 2020, the OCD followed on the adopted rules and published a civil penalty calculation method, after significant stakeholder engagement, that ensures the fair and consistent application of its enforcement authority.

For FY2020, the OCD issued and resolved two NOVS for a total of \$14,200 to the New Mexico General Fund. For FY2021, the OCD issued twenty-four NOVS and have resolved nine NOVS for a total of \$264,400 to the New Mexico General Fund. The remaining fifteen NOVs for FY2021 are still pending resolution and have a proposed penalty total of \$534,000. For FY2022, the OCD issued two NOVs and both are still pending for a proposed penalty total of \$1,605,100.

If you have any questions, feel free to call me at 505-231-3316 or e-mail me at [Adrienne.Sandoval@state.nm.us](mailto:Adrienne.Sandoval@state.nm.us).

Regards,

Adrienne Sandoval  
Director

**NOV Tracking Sheet**

FY20

Operator	Date Issued	Location of Violation	Citation & Description of Violation(s)	Accepted Informal Resolution	Date for 30 Day Reply	Hearing Date	Resolved (Yes or No)	Resolution Type (Informal / Hearing)	Penalty Amount
Windmill Trucking	6/9/2020	Lea County	Unauthorized Release	Yes	7/9/2020	7/31/2020	Yes	Informal	\$8,700
Advanced Energy Partners Hat Mesa, LLC	6/9/2020	Lea County	Unauthorized Release	Yes	7/9/2020	7/31/2020	Yes	Informal	\$5,500
<b>Total Collected</b>									<b>\$14,200</b>

FY21

Operator	Date Issued	Location of Violation	Citation & Description of Violation(s)	Accepted Informal Resolution	Date for 30 Day Reply	Hearing Date	Resolved (Yes or No)	Resolution Type (Informal / Hearing)	Penalty Amount
Matador Production Company	7/27/2020	multiple violation types involving a total of 21 wells	failure to obtain surface commingling permits	Yes		NA	Yes	Informal	\$125,000
San Juan Resources	9/10/2020	San Juan County	installation of well plug with notice and approval	Yes		NA	Yes	Informal	\$25,000
Harvest Midstream	12/14/2020	San Juan County	failure to report release	Yes	1/14/2021	NA	Yes	Informal	\$92,500
Dwight A. Tipton (Zimmerman O&G)	12/21/2020	multiple violation types involving a total of 62 wells.	operating wells without approval of change of operator, inactive wells, deficient FA, failure to change address of record	Yes	1/28/2021	NA	Yes	Informal	\$0/stipulated penalties
Thornton Operating Corporation	8/13/2020	Chaves County	inactive well	No	11/6/2020	12/16/2020	Yes	Order	\$1,200
Flare Oil	1/27/2021	multiple violation types involving a total of 5 wells.	inactive wells, deficient FA, failure to change address of record, revoked corporate standing	No	2/5/2021	6/2/2021	Yes	Order	\$5,700
Bar V Barb	3/10/2021	multiple violation types involving a total of 15 wells	inactive wells, deficient FA	No	5/15/2021	6/24/2021	Yes	Order	\$4,800
Roger Slayton	3/17/2021	multiple violation types involving a total of 29 wells	inactive wells, deficient FA	No	4/30/2021	6/2/2021	Yes	Order	\$4,500
Flare Oil	4/15/2021	Eddy County	failure to remediate	No	2/27/2021	6/2/2021	Yes	Order	\$5,700
<b>Total Collected</b>									<b>\$ 264,400</b>

**Proposed NOV Tracking  
Sheet**

FY21

<u>Operator</u>	<u>Date Issued</u>	<u>Location of Violation</u>	<u>Citation &amp; Description of Violation(s)</u>	<u>Accepted Informal Resolution</u>	<u>Date for 30 Day Reply</u>	<u>Hearing Date</u>	<u>Resolved (Yes or No)</u>	<u>Resolution Type (Informal / Hearing)</u>	<u>Proposed Penalty Amount</u>
Smith & Marrs	3/29/2021	multiple violation types involving a total of 11 wells	inactive wells, deficient FA	No	4/25/2021	10/6/2021	No	Pending Hearing	\$4,500
Lanexco Incorporated	4/30/2021	multiple violation types involving a total of 50 wells	inactive wells, deficient FA	Yes	6/3/2021	10/6/2021	No	Pending Hearing	\$31,500
Cross Border Resources	8/12/2021	multiple violation types involving a total of 30 wells	inactive wells, deficient FA	No	9/12/2021	10/6/2021	No	Pending Hearing	\$13,550
Lease Holders Acquisitions	8/12/2021	multiple violation types involving a total of 13 wells	inactive wells, deficient FA	No	9/21/2021	10/6/2021	No	Pending Hearing	\$21,600
Primal Energy Corporation	8/12/2021	multiple violation types involving a total of 10 wells	inactive wells, deficient FA	No	9/12/2021	10/6/2021	No	Pending Hearing	\$18,000
Robinson Oil	8/12/2021	multiple violation types involving a total of 18 wells	inactive wells, deficient FA	No	9/12/2021	10/6/2021	No	Pending Hearing	\$28,500
LLJ Ventures	7/20/2021	multiple violation types involving a total of 116 wells	inactive wells, deficient FA	No	9/9/2021	10/6/2021	No	Pending Hearing	\$77,300
M&M Production and Operation	8/13/2020	multiple violation types involving a total of 27 wells	inactive wells	Yes	9/28/2020	Stayed	No	Pending Informal	\$6,250
Wespac Energy	12/14/2020	multiple violation types involving a total of 9 wells	inactive wells, deficient FA	Yes	1/14/2021	NA	No	Pending Informal	\$6,900
Kevin O Butler & Assoc.	1/19/2021	multiple violation types involving a total of 16 wells.	inactive wells, deficient FA, failure to change address of record, revoked corporate standing	Yes	12/6/2020	NA	No	Pending Informal	\$3,000
CFM Oil	3/29/2021	multiple violation types involving a total of 146 wells.	inactive wells, deficient FA	Yes	4/25/2021	NA	No	Pending Informal	\$83,600
Petrolia	4/8/2021	multiple violation types involving a total of 38 wells	inactive wells, deficient FA	Yes	5/13/2021	10/6/2021	No	Pending Informal	\$35,000
EOG	4/15/2021	Eddy County	failure to report release & remediate	Yes	5/15/2021	NA	No	Pending Informal	\$0
ESS	4/15/2021	Eddy County	illegal disposal	Yes	5/15/2021	NA	No	Pending Informal	\$0
Enterprise Field Services	6/14/2021	Eddy County	failure to report, false certification	Yes	7/14/2021	NA	No	Pending Informal	\$204,300
<b>Total Proposed</b>									<b>\$ 534,000</b>

FY22

<u>Operator</u>	<u>Date Issued</u>	<u>Location of Violation</u>	<u>Citation &amp; Description of Violation(s)</u>	<u>Accepted Informal Resolution</u>	<u>Date for 30 Day Reply</u>	<u>Hearing Date</u>	<u>Resolved (Yes or No)</u>	<u>Resolution Type (Informal / Hearing)</u>	<u>Proposed Penalty Amount</u>
CCC Oil & Gas	8/12/2021	multiple violation types involving a total of 14 wells	inactive wells, deficient FA	Yes	9/24/2021	NA	No	Pending Informal	\$5,100
Hilcorp Energy Company	9/1/2021	multiple violations involving a total of 6 remediation sites	failure to remediate, comply with COAs	Yes	10/4/2021	NA	No	Pending Informal	\$1,600,000
<b>Total Proposed</b>									<b>\$ 1,605,100</b>