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FOR IMMEDIATE RELEASE:

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**EMNRD's Oil Conservation Division issues civil penalties
to Novo Oil & Gas Northern Delaware, LLC and
Contango**

*Penalties include failing to timely file form C-115 monthly report and
inactive well violations*

Santa Fe, NM – Today the Energy, Minerals and Natural Resources Department's (EMNRD) Oil Conservation Division (OCD) announces that it issued two notices of violation (NOV) and associated administrative civil penalties. The first is a civil penalty of \$142,800 to Novo Oil & Gas Northern Delaware, LLC (Novo) for failure to file form C-115, the operator's monthly production reports according to required deadlines. The second is a civil penalty of \$913,200 to Contango for failure to file form C-115 according to required deadlines and having too many inactive wells. The OCD considers failing to timely file production reports as required to be a serious violation that undermines the OCD's ability to ensure that operators are accurately reporting volumes that impact the State's accounting and revenue.

Operators are required to file form C-115 using the division's web-based online application on or before the 15th day of the second month following the month of production. The OCD observed a pattern of Novo having significantly late or missing C-115 submissions. Following a review by OCD staff, it was determined that Novo filed the September C-115 report fifty-seven days late, the October C-115 report thirty-four days late, and has yet to file a C-115 for November (currently thirty-one days late). Contango has not filed a C-115 for the months of June, July, August, September, October, or November of 2021.

"Thanks to the diligent work of our personnel, the OCD was able to recognize a pattern of non-compliance as part of ongoing production audit reviews. Production reporting is a very important aspect of the OCD's ability to understand oilfield activity on a high level. Failure to report on time severely limits these abilities as well as those of other state agencies who use OCD production data. This violation demonstrates that we take all compliance obligations seriously," said OCD Director Adrienne Sandoval.



The operator now has the opportunity to discuss an informal resolution with OCD. If an informal resolution is not reached, OCD will hold a hearing on May 5, 2022.

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The Energy, Minerals and Natural Resources Department provides resource protection and renewable energy resource development services to the public and other state agencies.

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