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**EMNRD's Oil Conservation Division issues civil penalty
to Matador Production for commingling oil production
without a permit**

Santa Fe, NM – Today the Energy, Minerals and Natural Resources Department's Oil Conservation Division (OCD) announces that it has issued a notice of violation (NOV) and associated administrative civil penalty to Matador Production Company (Matador) for commingling oil production from different leases without a permit. The OCD considers commingling oil production without a permit to be a serious violation because it undermines OCD's ability to ensure that combined production is allocated correctly among the mineral interest owners in different leases and undermines the permitting process.

Matador applied for a surface comingling permit for oil production from two wells in November 2019 but began commingling shortly thereafter even though OCD had not issued the permit. Matador continued to commingle oil from the wells nearly every day until OCD issued the permit on May 15 of this year.

"Operating without a permit takes away OCD's ability to review a permit application for compliance with our rules and statutes before an operator starts to commingle oil production," said OCD Director Adrienne Sandoval. "Without proper permitting the OCD cannot ensure that the correlative rights of other interest owners are protected as required by state law."

OCD proposes to assess a civil penalty of \$176,000 for Matador's alleged violation of the commingling rules. The operator now has the opportunity to discuss an informal resolution. If a resolution is not reached, OCD will hold a hearing to assess the civil penalty. During this process, the penalty amount could change.

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