



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



September 8, 2010

Fasken Oil & Ranch LTD
303 West Wall, Suite 1800
Midland, TX 79701

DENIAL OF REQUEST FOR ALLOWABLE AND AUTHORIZATION TO TRANSPORT

Re: Fasken Oil & Ranch LTD, OGRID #151416

- Skelly Federal #4 No. 004, H-9-T21S-R24E, API #30-015-35768, Eddy County, New Mexico

Dear Operator:

The Oil Conservation Division (OCD) **denies** your request for allowable and authorization to transport for the wells identified above because your company is out of compliance with 19.15.5.9(A) NMAC [Part 5.9(A)]. See 19.15.16.19(A)(4) NMAC.

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

XX 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.

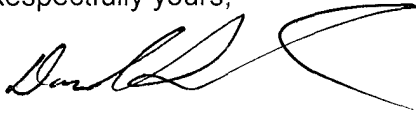


_____ **Inactive wells.** According to the attached inactive well list, your company has too many wells in violation of the inactive well rule (19.15.25.8 NMAC) that are not subject to an inactive well agreed compliance order. See 19.15.5.9(A)(4) NMAC. As an operator of _____ wells, your company may 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, Compliance and Enforcement Manager

Ec: Mark Fesmire, Division Director, Santa Fe
Theresa Duran-Saenz, Legal Assistant, Santa Fe
Larry "Buddy" Hill, District 1 Supervisor
Randy Dade, District 2 Supervisor
Charlie Perrin, District 3 Supervisor
Ed Martin, District 4 Supervisor

Inactive Well Additional Financial Assurance Report

151416 FASKEN OIL & RANCH LTD

Total Well Count: 136

Printed On: Wednesday, September 08 2010

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	07/2010		4276			0	
	AVALON 1 FEDERAL #004	F	31-1 -21S-26E	R	30-015-31359	G	07/2010		11575			0	
32156	AVALON 10 FEDERAL SWD #022	F	4-10-21S-26E	F	30-015-31653	O	07/2010		4478			0	
	AVALON 10 FEDERAL SWD #023	F	4-10-21S-26E	K	30-015-31545	O	07/2010		4361			0	
	AVALON 10 FEDERAL SWD #042	F	6-10-21S-26E	H	30-015-31654	S	07/2010		4470			0	
	AVALON 10 FEDERAL SWD #043	F	7-10-21S-26E	I	30-015-31668	O	01/2009		4560			0	
21115	AVALON FEDERAL #001	F	40-1 -21S-26E	P	30-015-21814	G	07/2010		11450			0	
37316	AVALON STATE SWD #001	S	K-7 -21S-26E	K	30-015-20743	S	07/2010	08/01/2012	10800	15800		0	
18162	BAETZ 23 #001	F	K-23-20S-32E	K	30-025-26414	O	07/2010		13640			0	
32562	BUCKEYE 1 STATE #001	S	4-1 -17S-34E	D	30-025-36333	O	07/2010	08/01/2012	12600	17600		0	
22313	CABOT Q STATE SWD #001	S	3-7 -15S-35E	L	30-025-02690	S	07/2010	08/01/2012	12145	17145		0	
29149	CAMERON 31 FEDERAL #002	F	H-31-20S-25E	H	30-015-32137	G	07/2010		9804			0	
18198	CAMERON 31 FEDERAL COM #001	F	J-31-20S-25E	J	30-015-20907	G	12/2008		9880			0	
32162	CHOSA DRAW UNIT #001	S	J-32-25S-25E	J	30-015-23598	G	07/2010	08/01/2012	11745	16745		0	
18164	DENTON #001	P	F-11-15S-37E	F	30-025-05288	O	07/2010	08/01/2012	12623	17623		0	
	DENTON #002	P	H-11-15S-37E	H	30-025-05289	O	07/2010	08/01/2012	12775	17775		0	
	DENTON #003Y	P	B-11-15S-37E	B	30-025-05290	O	07/2010	08/01/2012	12800	17800		0	
	DENTON #004	P	G-11-15S-37E	G	30-025-05291	O	07/2010	08/01/2012	9550	14550		0	
	DENTON #005	P	A-11-15S-37E	A	30-025-05292	O	12/1975	01/01/1978	9510	14510	Y	14510	
	DENTON #006	P	C-11-15S-37E	C	30-025-05293	O	07/2010	08/01/2012	12700	17700		0	
	DENTON #007	P	G-11-15S-37E	G	30-025-05294	O	07/2010	08/01/2012	12700	17700		0	
	DENTON #008	P	F-11-15S-37E	F	30-025-05295	O	07/2010	08/01/2012	9656	14656		0	
	DENTON #009	P	A-11-15S-37E	A	30-025-05296	O	07/2010	08/01/2012	12780	17780		0	
	DENTON #010	P	H-11-15S-37E	H	30-025-05297	O	07/2010	08/01/2012	9614	14614		0	
	DENTON #011	P	B-11-15S-37E	B	30-025-05298	O	05/1975	06/01/1977	9555	14555	Y	14555	
	DENTON #012	P	E-11-15S-37E	E	30-025-05299	O	07/2010	08/01/2012	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	07/2010	08/01/2012	9600	14600		0	
	DENTON #017	P	G-11-15S-37E	G	30-025-25331	O	07/2010	08/01/2012	13048	18048		0	
302943	Denton S J #001	P	D-13-15S-37E	D	30-025-05309	S	06/2003	07/01/2005	12902	17902	Y	17902	
303195	DENTON SWD #002	P	I-10-15S-37E	I	30-025-05270	S	07/2010	08/01/2012	12650	17650		0	
	DENTON SWD #003	P	M-12-15S-37E	M	30-025-05306	S	07/2010	08/01/2012	12662	17662		0	
	DENTON SWD #005	S	N-2 -15S-37E	N	30-025-05226	S	07/2010	08/01/2012	12730	17730		0	
	DENTON SWD #006	P	L-11-15S-37E	L	30-025-05283	S	07/2010	08/01/2012	12700	17700		0	
18249	DURHAM SHELL FEDERAL COM #001	F	B-8 -21S-24E		30-015-22882	G	07/2010		8980			0	
18192	EL PASO 3 FEDERAL #001	F	K-3 -21S-26E		30-015-20906	G	04/2008		11240			0	
18202	EL PASO FEDERAL #002	F	29-2 -21S-26E	E	30-015-21024	G	07/2010		11170			0	
	EL PASO FEDERAL #003	F	24-1 -21S-26E	A	30-015-21307	G	07/2010		11445			0	
	EL PASO FEDERAL #004	F	19-3 -21S-26E	C	30-015-21305	G	07/2010		11206			0	
	EL PASO FEDERAL #005	F	33-1 -21S-26E	L	30-015-23303	G	07/2010		11400			0	
	EL PASO FEDERAL #006	F	J-2 -21S-26E	J	30-015-23847	G	04/2010		11209			0	
	EL PASO FEDERAL #007	F	22-2 -21S-26E	A	30-015-23902	G	07/2010		11191			0	
	EL PASO FEDERAL #009	F	34-2 -21S-26E	J	30-015-30221	G	07/2010		10997			0	
	EL PASO FEDERAL #011	F	31-1 -21S-26E	O	30-015-30465	G	07/2010		11254			0	
	EL PASO FEDERAL #012	F	31-1 -21S-26E	O	30-015-30634	G	07/2010		4603			0	
	EL PASO FEDERAL #014	F	25-3 -21S-26E	A	30-015-31721	G	07/2010		11006			0	
22213	FEDERAL 26 A #001	P	N-26-18S-33E	N	30-025-29249	O	07/2010	08/01/2012	10600	15600		0	
	FEDERAL 26 A #003	F	P-26-18S-33E	P	30-025-39008	O	07/2010		9970			0	
	FEDERAL 26 A #004	F	I-26-18S-33E	I	30-025-39809	O			Unknown			0	
	FEDERAL 26 A #005	F	J-26-18S-33E	J	30-025-39810	O			Unknown			0	
	FEDERAL 26 A #006	F	O-26-18S-33E	O	30-025-39811	O			999			0	
22214	FEDERAL 27 #001	F	O-27-18S-33E	O	30-025-29250	O	07/2010		9810			0	
	FEDERAL 27 #002	F	P-27-18S-33E	P	30-025-29400	O	07/2010		10700			0	
18247	FEIL FEDERAL #001	F	D-28-20S-25E	D	30-015-21547	G	07/2010		9800			0	
18248	GOSSETT 20 #001	P	O-20-20S-25E	O	30-015-21085	G	07/2010	08/01/2012	9650	14650		0	
	GOSSETT 20 #002	P	N-20-20S-25E	N	30-015-31907	G	07/2010	08/01/2012	9660	14660		0	
19113	GRANDE #001	P	M-3 -13S-38E	M	30-025-33502	O	07/2010	08/01/2012	12380	17380		0	
22215	GRIFFIN #001	P	1-4 -14S-36E	A	30-025-23781	O	07/2010	08/01/2012	11475	16475		0	
18201	GULF FEDERAL COM #001	F	19-1 -21S-26E	C	30-015-24035	G	07/2010		11279			0	
18195	HIGGINS TRUST 1 #001	P	4-1 -18S-26E		30-015-27970	G	07/2010	08/01/2012	9075	14075		0	
18196	HIGGINS CAHOON COM #001	P	O-2 -18S-26E	O	30-015-21418	G	07/2010	08/01/2012	9072	14072		0	

28914	HOWELL 29 COM #001	P	G-29-20S-25E	G	30-015-21140	G	06/2008	07/01/2010	9675	14675	Y	0	Y
	HOWELL 29 COM #002	S	D-29-20S-25E	D	30-015-31472	G	07/2010	08/01/2012	9700	14700		0	
18242	HOWELL 29 FEDERAL #001	F	M-29-20S-25E	M	30-015-21251	G	07/2010		9750			0	
18197	HOWELL STATE COM #002	S	I-32-20S-25E	I	30-015-32854	G	07/2010	08/01/2012	9799	14799		0	
	HOWELL STATE COM #003	S	N-32-20S-25E	N	30-015-34429	G	07/2010	08/01/2012	9800	14800		0	
18233	INDIAN HILL UNIT GAS COM A #006	F	2-17-21S-24E	J	30-015-20006	G	07/2010		10130			0	
18235	INDIAN HILLS COM #001	F	J-8 -21S-24E	J	30-015-20195	G	07/2010		9561			0	
18234	INDIAN HILLS UNIT #007	S	F-16-21S-24E	F	30-015-20149	G	07/2010	08/01/2012	9860	14860		0	
	INDIAN HILLS UNIT #023	S	N-16-21S-24E	N	30-015-30878	G	07/2010	08/01/2012	10050	15050		0	
22314	JAMES O'NEILL #001	S	2-7 -15S-35E	E	30-025-27237	O	07/2010	08/01/2012	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	07/2010		9320			0	
29106	KLINGENSMITH #001	P	H-24-20S-24E	H	30-015-32112	G	07/2010	08/01/2012	9652	14652		0	
28831	KNIGHT 28 FEDERAL #001	F	M-28-20S-25E	M	30-015-31987	G	07/2010		9759			0	
	KNIGHT 28 FEDERAL #002	F	P-28-20S-25E	P	30-015-36463	G			Unknown			0	
32342	LAGUNA 16 STATE #001	S	P-16-20S-32E	P	30-025-36437	G	07/2010	08/01/2012	13372	18372		0	
32157	LAKE SHORE 10 FEDERAL COM #002	F	7-10-21S-26E	I	30-015-29879	G	07/2010		11348			0	
	LAKE SHORE 10 FEDERAL COM #003	F	9-10-21S-26E	K	30-015-30480	G	07/2010		11100			0	
32158	LAKE SHORE 10 SC FEDERAL COM #004	F	4-10-21S-26E	D	30-015-31569	G	07/2010		11117			0	
33429	LAKESHORE 10 FEDERAL #005	F	5-10-21S-26E	S	30-015-33234	G	07/2010		11075			0	
18167	LING FEDERAL #001	F	G-31-19S-34E	G	30-025-28064	S	07/2010		13690			0	
	LING FEDERAL #002	F	3-31-19S-34E	L	30-025-30336	G	07/2010		13656			0	
	LING FEDERAL #003	F	B-31-19S-34E	B	30-025-38608	O	07/2010		10706			0	
	LING FEDERAL #004	F	J-31-19S-34E	J	30-025-38748	G	07/2010		13577			0	
	LING FEDERAL #005	F	1-31-19S-34E	D	30-025-39121	O	07/2010		9775			0	
	LING FEDERAL #006	F	2-31-19S-34E	E	30-025-39122	O	07/2010		9766			0	
	LING FEDERAL #009	F	C-31-19S-34E	C	30-025-39454	O	07/2010		9790			0	
32183	LOTTIE YORK #001	P	P-14-17S-37E	P	30-025-27552	O	08/2004	09/01/2006	12107	17107	Y	17107	
	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	07/2010	08/01/2012	11840	16840		0	
27692	MARALO 34 FEDERAL #004	F	C-34-20S-27E	C	30-015-31651	G	07/2010		11100			0	
36590	MARALO 35 FEDERAL #005	F	C-35-20S-27E	C	30-015-35695	G	07/2010		11189			0	
18240	MARALO FEDERAL #001	F	J-35-20S-27E	J	30-015-23302	G	07/2010		11360			0	
	MARALO FEDERAL #002	F	K-35-20S-27E	K	30-015-23748	G	07/2010		11250			0	
23498	MARLO 34 FEDERAL #003	F	H-34-20S-27E	H	30-015-30331	G	07/2010		11104			0	
37916	MEADORS 25 #001	P	F-25-09S-32E	F	30-025-39639	G			Unknown			0	
19345	MOBIL 10 FEDERAL #001	F	M-10-21S-24E	M	30-015-21647	G	07/2010		9470			0	
26935	NEELY COM #001	P	O-29-20S-25E	O	30-015-31471	G	07/2010	08/01/2012	9835	14835		0	
32184	NORRIS #004	P	M-13-17S-37E	M	30-025-33197	O	07/2010	08/01/2012	11840	16840		0	
32232	PECOS 36 STATE #001	S	E-36-20S-26E	E	30-015-32722	G	07/2010	08/01/2012	10610	15610		0	
35764	PEGASUS 10 FEDERAL #001	F	D-10-21S-24E		30-015-34714	G	07/2010		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	07/2010	08/01/2012	13610	18610		0	
	QUAIL 16 STATE #002	S	N-16-20S-34E	N	30-025-39340	G			999			0	
18245	ROGERS 10 COM #001	F	I-10-18S-26E	I	30-015-21182	G	07/2010		9200			0	
28993	ROSS FEDERAL #004	F	J-4 -21S-24E	J	30-015-32076	G	07/2010		9832			0	
	ROSS FEDERAL #005	F	1-4 -21S-24E	1	30-015-33592	G	07/2010		9870			0	
	ROSS FEDERAL #006	F	8-4 -21S-24E	8	30-015-33429	G			Unknown			0	
18239	ROSS FEDERAL COM #001	F	K-4 -21S-24E	K	30-015-10502	G	07/2010		9815			0	
	ROSS FEDERAL COM #002	F	13-4 -21S-24E	E	30-015-22715	G	07/2010		9848			0	
	ROSS FEDERAL COM #003	F	5-4 -21S-24E	D	30-015-22716	G	07/2010		9862			0	
30061	SALT DRAW 28 FEDERAL #001	F	H-28-24S-28E	H	30-015-26142	G	07/2010		13450			0	
18238	SHELL FEDERAL COM #001	F	K-5 -21S-24E	K	30-015-10881	G	07/2010		9901			0	
18237	SKELLY FEDERAL #001	F	M-9 -21S-24E	M	30-015-20075	G	07/2010		10356			0	
	SKELLY FEDERAL #002	F	F-9 -21S-24E		30-015-27326	G	07/2010		10200			0	
36710	SKELLY FEDERAL #4 #004	F	H-9 -21S-24E	H	30-015-35768	G	07/2010		10225			0	
29702	SLINGSHOT 35 FEDERAL #001	F	J-35-20S-28E	J	30-015-32278	G	07/2010		11632			0	
32136	SOAPBERRY DRAW 7 STATE #001	S	K-7 -21S-26E	K	30-015-32696	O	07/2010	08/01/2012	4000	9000		0	
36649	STATE 22 #001	S	I-22-19S-28E	I	30-015-35736	G	07/2010	08/01/2012	11326	16326		0	
18243	STATE 32 COM #001	S	D-32-20S-25E	D	30-015-21028	G	07/2010	08/01/2012	9700	14700		0	
	STATE 32 COM #002	S	B-32-20S-25E	B	30-015-31544	G	07/2010	08/01/2012	9775	14775		0	
	STATE 32 COM #003	S	F-32-20S-25E	F	30-015-34535	G	07/2010	08/01/2012	9701	14701		0	
18168	STATE BM #001	S	K-16-15S-36E	K	30-025-03681	O	07/2010	08/01/2012	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		0	
22315	SUPERIOR STATE #001	S	K-7 -15S-35E	K	30-025-28291	O	07/2010	08/01/2012	10500	15500		0	
	SUPERIOR STATE #002	S	3-7 -15S-35E	L	30-025-28826	O	03/1998	04/01/2000	10500	15500	Y	15550	
18170	WINGERD #002	P	H-24-12S-37E	H	30-025-05036	O	07/2010	08/01/2012	11798	16798		0	

WINGERD #005	P	A-24-12S-37E	A	30-025-05038	O	07/2010	08/01/2012	11905	16905		0
WINGERD #006	P	I-24-12S-37E	I	30-025-05039	O	07/2010	08/01/2012	12035	17035		0
WINGERD #010	P	J-24-12S-37E	J	30-025-05043	O	07/2010	08/01/2012	12016	17016		0
WINGERD #013	P	P-24-12S-37E	P	30-025-05046	S	07/2010	08/01/2012	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	07/2010		11320			0
18246 YATES 6 FEDERAL #001	F	6-6 -18S-26E	L	30-015-21059	G	07/2010		8710			0
YATES 6 FEDERAL #003	F	F-6 -18S-26E	F	30-015-31230	G	07/2010		8700			0

WHERE Ogrid:151416

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, 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, 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.