

**From:** [Thompson, Hailee, EMNRD](#)  
**To:** [adenner@contango.com](mailto:adenner@contango.com)  
**Subject:** IMPORTANT, NOTICE OF LOSS OF INJECTION AUTHORITY  
**Date:** Thursday, January 11, 2024 3:38:00 PM  
**Attachments:** [Notice - Loss of Injection - Contango Resources LLC.pdf](#)  
[image001.png](#)

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Dear Operator,

**Please read this email as it contains important information regarding well(s) under the supervision of (Contango Resources LLC).**

This email has been sent to inform you that the **injection authority** pertaining to one or more disposal well(s) has been lost. The failure to report disposal for longer than 12 consecutive months is defined as abandonment of injection authority and the well(s) must immediately be shut-in and **disconnected** from incoming source of disposal.

Attached to this email is a formal notice letter stating which wells are out of compliance and what the necessary steps are to regain injection authority.

OCD retains the authority to require an audit of submitted data; however, OCD will consider voluntary compliance with this request when reviewing any required supplemental filing or resulting compliance action. If you have any questions, please do not hesitate to contact Phillip Goetze, UIC Group Manager, at 505-660-8274 or [phillip.goetze@emnrd.nm.gov](mailto:phillip.goetze@emnrd.nm.gov).

Thank you,

*Hailee Thompson | Petroleum Specialist*

**E:** [Hailee.Thompson@emnrd.nm.gov](mailto:Hailee.Thompson@emnrd.nm.gov) | **T:** 505.699.3713

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**Engineering Buruea**  
**EMNRD | Oil Conservation Division**  
8801 Horizon Blvd, Suite 260  
Albuquerque, New Mexico 87113

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Michelle Lujan Grisham  
Governor

Sarah Cottrell Propst  
Cabinet Secretary

Dylan M. Fuge  
Deputy Secretary

Dylan M Fuge, Division Director (Acting)  
Oil Conservation Division



Alison Denner  
Sr. Regulatory Analyst  
Contango Resources, LLC  
111 E. 5<sup>th</sup> Street  
Suite 300  
Fort Worth, TX 76102  
adenner@contango.com

**UNDERGROUND INJECTION CONTROL PROGRAM**  
**FORMAL NOTICE OF LOSS OF INJECTION AUTHORITY**

Dear Operator,

This letter is to provide formal notice that the authority to inject into the well(s) identified in Attachment A has terminated pursuant to 19.15.26.12(C)(1) New Mexico Administrative Code ("NMAC"). This citation of the NMAC states as follows:

**Abandonment of injection operations:**

*Whenever there is a continuous one-year period of non-injection into all wells in an injection or storage project or into a produced water disposal well or special purpose injection well, the division shall consider the project or well abandoned, and the authority for injection shall automatically terminate ipso facto.*

**Injection of any fluid into any of the identified wells is prohibited until a new injection permit is approved by the Director. Additionally, the operator of the identified wells must immediately ensure the well is shut-in and disconnected from incoming sources of disposal.**

Failure to report disposal volumes to the Oil Conservation Division ("OCD") is considered as "non-injection" for purposes of triggering automatic termination of the authority to use the well for disposal. Pursuant to 19.15.7.24 NMAC, disposal volumes must be reported on or before the 15th day of the second month following the month of disposal on Form C-115 (Monthly Production Reports). In addition to the loss of injection authority, the failure to report is, in its own right, a violation that may be punishable under 19.15.5.10 (D) NMAC by assessing a civil penalty of no more than two thousand and five hundred dollars (\$2500) per day of noncompliance for each violation.

Contango Resources, LLC  
Formal Notice of Loss of Injection Authority

If you plan to continue the use of the well for disposal, you must apply for a new Underground Injection Control ("UIC") permit pursuant to 19.15.16.8 NMAC using Form C-108 and completing the requirements specified in the form. The approval of a UIC permit may be either through the administrative review process or through hearing. Submission of an administratively complete Form C-108 does not guarantee the OCD will approve a new UIC permit for the well.

The well(s) shall be shut in and must not be used for disposal purposes until the following have been approved and all conditions of approval completed. The well(s) must have the following prior to reopening:

- An Approved UIC permit
- A new passing Mechanical Integrity Test (MIT).
- The OCD has approved a new form C-105 for well(s).
- All conditions of approval in the UIC permit have been completed.

Please also be aware that pursuant to 19.15.25.8 NMAC or any applicable Agreed Compliance Order, there is a limited time in which a well(s) must be returned to service or abandoned through either proper temporary abandonment or plugging. For these deadlines, please refer to said rule or agreement.

If you have any question regarding the procedure to obtain a new disposal permit for this well, please contact the Engineering Bureau at [OCD.engineer@emnrd.nm.gov](mailto:OCD.engineer@emnrd.nm.gov). If you have questions as to C-115 reporting, inactive well status, or other compliance issues, contact the OCD Admin and Compliance Bureau at [OCD.AdminComp@emnrd.nm.gov](mailto:OCD.AdminComp@emnrd.nm.gov).

Sincerely,



Brandon Powell  
Deputy Director

1/10/24

Date:

Enclosure: Attachment A: List of Well(s) with Loss of Injection Authority

Cc: Well file for wells listed in Attachment A  
Imaging file of corresponding UIC permit in Attachment A

**Attachment A**  
**List of Wells with Loss of Injection Authority**

**1. State #002 [30-015-04686]**

Pool: Barber; Yates

Unit N, Sec 17, 20S, 30E, NMPM

Lea, New Mexico

**Disposal Permit: SWD-563**

**Last Month of Reported Disposal: 4/1/2019**

[End of List of Effected Wells]

**District I**  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720  
**District II**  
811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170  
**District IV**  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

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

CONDITIONS

Action 305857

CONDITIONS

Operator: NEW MEXICO ENERGY MINERALS & NATURAL RESOURCE 1220 S St Francis Dr Santa Fe , NM 87504	OGRID: 264235
	Action Number: 305857
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.skrien	None	1/20/2024