

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN RE: L H OPERATING, LLC

CASE NO. 25609

OIL CONSERVATION DIVISION'S
DOCKETING NOTICE

The New Mexico Oil Conservation Division ("OCD"), pursuant to 19.15.5.10(E)(2)(a) NMAC, gives notice that it has docketed the Amended Notice of Violation ("NOV") attached as **Exhibit 1**, and states the following in support thereof:

1. On January 27, 2022 OCD issued an original NOV to L H Operating, LLC ("LH"), OGRID #329319. A true and correct copy of that NOV is attached as **Exhibit B** of the Amended NOV.
2. Based upon information, custom, and belief, certified mail containing the NOV arrived or will soon arrive at LH's address of record and according to the United States Postal Service was left at that address.
3. The NOV identifies the factual basis for the alleged violations, the compliance actions required to remedy the alleged violations, and the proposed sanctions.
4. The Original NOV stated that if LH did not informally resolve the NOV within 30 days of receipt of service, then OCD would proceed to a hearing.
5. The period for informal resolution has elapsed without coming to a resolution.
6. On or about September 22, 2025, an Amended NOV was sent to LH via certified mail to its address of record and electronic mail to its manager and several other officials associated with LH.
7. The Amended NOV identifies the factual basis for the alleged violations, the compliance actions required to remedy the alleged violations, and the proposed sanctions.
8. The Amended NOV states that OCD will hold a hearing on November 13, 2025.

WHEREFORE, OCD requests that the NOV be docketed for hearing on November 13, 2025.

Respectfully submitted,



Michael Hall
Assistant General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
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Email: Michael.Hall@emnrd.nm.gov

EXHIBIT 1

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary

Erin Taylor
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

September 18, 2025

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AMENDED NOTICE OF VIOLATION

The Director of the Oil Conservation Division ("OCD") issues this Notice of Violation ("NOV") pursuant to 19.15.5.10 NMAC. As OCD informed you on or about January 27, 2022, a process was available to informally discuss and resolve the NOV. However, you chose not to avail yourself of this option, and, thus, OCD will immediately docket this matter for a hearing on the NOV.

1. *Alleged Violator:* LH Operating, LLC, OGRID # 329319 ("Operator").
2. *Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

19.15.25.8 NMAC:

A. The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.

B. The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:

- 1. a 60 day period following suspension of drilling operations;*
- 2. a determination that a well is no longer usable for beneficial purposes; or*
- 3. a period of one year in which a well has been continuously inactive.*

19.15.5.9(A) NMAC:

An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator...

(4) has no more than the following number of wells out of compliance with 19.15.25.8 NMAC that are not subject to an agreed compliance or final order setting a schedule for bringing the wells into compliance with 19.15.25.8 NMAC and imposing sanctions if the schedule is not met:

- (a) two wells or fifty percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less;*
- (b) five wells if the operator operates between 101 and 500 wells;*
- (c) seven wells if the operator operates between 501 and 1000 wells; and*
- (d) 10 wells if the operator operates more than 1000 wells.*

Operator is the registered operator of five hundred and forty-nine (549) wells. The one hundred and seventeen (117) wells identified in **Exhibit A** are out of compliance with 19.15.25.8 NMAC and are not subject to an agreed compliance or final order.

3. *Compliance:* No later than thirty (30) days after receipt of this NOV, Operator shall:

a. plug and abandon the one hundred and thirty-four (117) wells listed in **Exhibit A**.

4. *Sanction(s):* OCD may impose one or more of the following sanctions:

a. civil penalty;

- b. modification, suspension, cancellation, or termination of a permit or authorization;
- c. plugging and abandonment of well(s);
- d. remediation and restoration of well location(s) and associated facilities, including the removal of surface and subsurface equipment and other materials;
- e. remediation and restoration of location(s) affected by a spill or release;
- f. forfeiture of financial assurance;
- g. shutting in well(s); and
- h. any other remedy authorized by law.

For the alleged violations described above, OCD proposes the following sanctions:

- a. Plug and Abandon Wells: OCD will request an order requiring Operator to plug and abandon wells listed in **Exhibit A**, and/or authorizing OCD to plug and abandon those wells.
- b. Termination of Authorization to Transport: OCD will request an order terminating Operator's authority to transport from all wells.
- c. Civil Penalties: OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort (or lack thereof) to comply with the applicable requirements, including that the number of inactive wells have risen from 67 to 117 since the issuance of the original NOV in January of 2022. For your convenience, I have also attached a copy of the January 2022 NOV as **Exhibit B**. Copies of the civil penalty calculations are attached as **Exhibit C**.

Civil Penalty: 19.15.5.9(A)(4)(c) NMAC: \$ 366,300.00

5. *Hearing*: OCD will hold a hearing on November 13, 2025. Please see 19.15.5.10 NMAC for more information regarding the hearing.

For more information regarding this NOV, contact Michael Hall at (505) 479-1137 or Michael.Hall@emnrd.nm.gov

Regards,



Albert C.S. Chang
Director, Oil Conservation Division

cc: Office of General Counsel, EMNRD

Exhibit A

Inactive Well List

Total Well Count: 549 Inactive Well Count: 117
Printed On: Thursday, September 18 2025

District	API	Well	ULSTR	OCU Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-28889	C A RUSSELL #020	2-18-17S-31E	E	329319	LH Operating, LLC	F	F	O	11/2021	GRAYBURG JACKSON		
2	30-015-05253	FREN OIL COMPANY #005	P-19-17S-31E	P	329319	LH Operating, LLC	F	S	I	09/2021			
2	30-015-05255	FREN OIL COMPANY #007	N-19-17S-31E	N	329319	LH Operating, LLC	F	S	I	08/2022			
2	30-015-05258	FREN OIL COMPANY #008	K-19-17S-31E	K	329319	LH Operating, LLC	F	S	I	04/2021	GRAYBURG JACKSON		
2	30-015-05280	FREN OIL COMPANY #012	O-19-17S-31E	O	329319	LH Operating, LLC	F	S	I	04/2021			
2	30-015-29537	FREN OIL COMPANY #025	I-19-17S-31E	I	329319	LH Operating, LLC	F	S	I	04/2021	SAN ANDRES		
2	30-015-29719	FRIESS FEDERAL #005	J-19-17S-31E	J	329319	LH Operating, LLC	F	S	I	07/2017	GRAYBURG- JACKSON		
2	30-015-05054	H E WEST A #011	G-03-17S-31E	G	329319	LH Operating, LLC	F	F	I	10/2023			
2	30-015-28018	H E WEST A #016	F-03-17S-31E	F	329319	LH Operating, LLC	F	F	I	10/2023			
2	30-015-28573	H E WEST A #018	2-03-17S-31E	B	329319	LH Operating, LLC	F	F	O	08/2023	QUEEN		
2	30-015-29348	H E WEST A #035	F-03-17S-31E	F	329319	LH Operating, LLC	F	F	I	11/2022	SAN ANDRES		
2	30-015-05070	H E WEST B #006	E-04-17S-31E	E	329319	LH Operating, LLC	F	F	I	08/2022			
2	30-015-05118	H E WEST B #012	G-09-17S-31E	G	329319	LH Operating, LLC	F	F	I	08/2023			
2	30-015-05122	H E WEST B #013	E-10-17S-31E	E	329319	LH Operating, LLC	F	F	I	10/2023			
2	30-015-05123	H E WEST B #014	K-10-17S-31E	K	329319	LH Operating, LLC	F	F	I	01/2024			
2	30-015-05057	H E WEST B #018	O-03-17S-31E	O	329319	LH Operating, LLC	F	F	I	10/2023			
2	30-015-05125	H E WEST B #019	C-10-17S-31E	C	329319	LH Operating, LLC	F	F	I	10/2023			
2	30-015-05126	H E WEST B #020	O-10-17S-31E	O	329319	LH Operating, LLC	F	F	I	04/2023			
2	30-015-05127	H E WEST B #021	M-10-17S-31E	M	329319	LH Operating, LLC	F	F	I	04/2023			
2	30-015-25954	H E WEST B #032	L-10-17S-31E	L	329319	LH Operating, LLC	F	F	I	01/2024			
2	30-015-25944	H E WEST B #033	L-03-17S-31E	L	329319	LH Operating, LLC	F	F	I	10/2023	RWTI 08/01/11 BLM		
2	30-015-25995	H E WEST B #036	H-09-17S-31E	H	329319	LH Operating, LLC	F	F	I	10/2023			
2	30-015-26000	H E WEST B #037	J-03-17S-31E	J	329319	LH Operating, LLC	F	F	I	10/2023			
2	30-015-26001	H E WEST B #038	F-10-17S-31E	F	329319	LH Operating, LLC	F	F	I	01/2024			
2	30-015-26033	H E WEST B #041	N-10-17S-31E	N	329319	LH Operating, LLC	F	F	O	08/2023			
2	30-015-26574	H E WEST B #044	N-03-17S-31E	N	329319	LH Operating, LLC	F	F	I	10/2023	SR QN GB SA		
2	30-015-27111	H E WEST B #055	K-03-17S-31E	K	329319	LH Operating, LLC	F	F	I	10/2023			
2	30-015-28798	HUDSON FEDERAL #010	H-18-17S-31E	H	329319	LH Operating, LLC	F	F	O	10/2022	GRAYBURG- JACKSON		
2	30-015-28962	HUDSON FEDERAL #011	A-18-17S-31E	A	329319	LH Operating, LLC	F	F	O	09/2023	GRAYBURG- JACKSON		
2	30-015-05084	J L KEEL A #008	P-07-17S-31E	P	329319	LH Operating, LLC	F	F	I	04/2024	RWTI 09/19/11 BLM		
2	30-015-05102	J L KEEL A #014	1-07-17S-31E	D	329319	LH Operating, LLC	F	F	I	08/2022			
2	30-015-20014	J L KEEL A #015	2-07-17S-31E	E	329319	LH Operating, LLC	F	F	I	05/2024	SR-Q-G-SA		
2	30-015-28234	J L KEEL A #025	4-07-17S-31E	M	329319	LH Operating, LLC	F	F	O	01/2024			
2	30-015-28298	J L KEEL A #029	4-07-17S-31E	M	329319	LH Operating, LLC	F	F	O	08/2023			
2	30-015-05084	J L KEEL B #021	J-06-17S-31E	J	329319	LH Operating, LLC	F	F	I	05/2024	RET TO WJ 10-14- 11		
2	30-015-05087	J L KEEL B #024	F-06-17S-31E	F	329319	LH Operating, LLC	F	F	I	06/2022			
2	30-015-28100	J L KEEL B #046	P-08-17S-31E	P	329319	LH Operating, LLC	F	F	O	11/2023			
2	30-015-31192	J L KEEL B #048Q	3-05-17S-31E	C	329319	LH Operating, LLC	F	F	O	07/2023	G-J-SR-Q-G-SA		
2	30-015-28098	J L KEEL B #052	P-06-17S-31E	P	329319	LH Operating, LLC	F	F	O	10/2023	GRAYBURG		
2	30-015-28291	J L KEEL B #055	D-08-17S-31E	D	329319	LH Operating, LLC	F	F	O	12/2022			
2	30-015-28101	J L KEEL B #059	4-06-17S-31E	D	329319	LH Operating, LLC	F	F	O	10/2022	GRAYBURG JACKSON		
2	30-015-28250	J L KEEL B #071	H-06-17S-31E	H	329319	LH Operating, LLC	F	F	O	11/2022	GRAYBURG- JACKSON		
2	30-015-28307	J L KEEL B #082	H-06-17S-31E	H	329319	LH Operating, LLC	F	F	O	09/2023	GRAYBURG- JACKSON		
2	30-015-05413	LEAD #003	H-26-17S-31E	H	329319	LH Operating, LLC	F	F	I	05/2006			
2	30-015-05416	LEAD #006	J-26-17S-31E	J	329319	LH Operating, LLC	F	F	I	05/2006			
2	30-015-20658	LEAD #007	F-26-17S-31E	F	329319	LH Operating, LLC	F	F	I	08/2023			
2	30-015-29703	LEAD #023	F-26-17S-31E	F	329319	LH Operating, LLC	F	F	O	10/2022	SAN ANDRES		
2	30-015-31285	LEAD #024	A-26-17S-31E	A	329319	LH Operating, LLC	F	F	O	12/2023	GRAYBURG JACKSON-SR-QN- GB-SA		

2	30-015-05489	MAX FRIESS MA #002	A-30-17S-31E	A	329319	LH Operating, LLC	F	S	I	08/2023	
2	30-015-26882	MAX FRIESS MA #006	B-30-17S-31E	B	329319	LH Operating, LLC	F	S	O	08/2023	
2	30-015-26883	MAX FRIESS MA #007	G-30-17S-31E	G	329319	LH Operating, LLC	F	S	O	09/2023	
2	30-015-05344	SKELLY UNIT #002	C-22-17S-31E	C	329319	LH Operating, LLC	F	F	O	04/2024	
2	30-015-05327	SKELLY UNIT #007	E-21-17S-31E	E	329319	LH Operating, LLC	F	F	O	08/2022	
2	30-015-05323	SKELLY UNIT #013	K-21-17S-31E	K	329319	LH Operating, LLC	F	F	O	01/2023	
2	30-015-05318	SKELLY UNIT #062	D-21-17S-31E	D	329319	LH Operating, LLC	F	F	I	07/2022	
2	30-015-05342	SKELLY UNIT #065	G-21-17S-31E	G	329319	LH Operating, LLC	F	F	I	03/2023	
2	30-015-05340	SKELLY UNIT #077	P-21-17S-31E	P	329319	LH Operating, LLC	F	F	I	08/2023	
2	30-015-05429	SKELLY UNIT #089	B-26-17S-31E	B	329319	LH Operating, LLC	F	F	I	10/2022	
2	30-015-04885	SKELLY UNIT #093	F-26-17S-31E	F	329319	LH Operating, LLC	F	F	I	10/2022	
2	30-015-04884	SKELLY UNIT #094	G-26-17S-31E	G	329319	LH Operating, LLC	F	F	I	10/2022	SAN ANDRES
2	30-015-05432	SKELLY UNIT #100	L-26-17S-31E	L	329319	LH Operating, LLC	F	F	I	11/2022	SAN ANDRES
2	30-015-05146	SKELLY UNIT #104	E-14-17S-31E	E	329319	LH Operating, LLC	F	F	I	04/2021	
2	30-015-20549	SKELLY UNIT #112	A-14-17S-31E	A	329319	LH Operating, LLC	F	F	O	01/2024	
2	30-015-22268	SKELLY UNIT #132	C-27-17S-31E	C	329319	LH Operating, LLC	F	F	O	11/2022	
2	30-015-22507	SKELLY UNIT #139	O-23-17S-31E	O	329319	LH Operating, LLC	F	F	O	10/2023	
2	30-015-22510	SKELLY UNIT #142	K-23-17S-31E	K	329319	LH Operating, LLC	F	F	O	01/2024	
2	30-015-25038	SKELLY UNIT #156	J-22-17S-31E	J	329319	LH Operating, LLC	F	F	O	04/2024	
2	30-015-25040	SKELLY UNIT #158	P-22-17S-31E	P	329319	LH Operating, LLC	F	F	O	11/2022	
2	30-015-29204	SKELLY UNIT #182	H-15-17S-31E	H	329319	LH Operating, LLC	F	F	O	12/2022	SAN ANDRES
2	30-015-29313	SKELLY UNIT #192	I-15-17S-31E	I	329319	LH Operating, LLC	F	F	O	03/2023	GRAYBURG JACKSON
2	30-015-29217	SKELLY UNIT #194	F-14-17S-31E	F	329319	LH Operating, LLC	F	F	O	07/2023	SAN ANDRES
2	30-015-28966	SKELLY UNIT #204	P-14-17S-31E	P	329319	LH Operating, LLC	F	F	O	01/2023	GRAYBURG-JACKSON
2	30-015-28894	SKELLY UNIT #222	H-21-17S-31E	H	329319	LH Operating, LLC	F	F	O	07/2023	GRAYBURG JACKSON
2	30-015-28964	SKELLY UNIT #223	H-21-17S-31E	H	329319	LH Operating, LLC	F	F	O	11/2023	GRAYBURG-JACKSON
2	30-015-28949	SKELLY UNIT #228	E-23-17S-31E	E	329319	LH Operating, LLC	F	F	O	03/2023	SAN ANDRES
2	30-015-29238	SKELLY UNIT #230	A-23-17S-31E	A	329319	LH Operating, LLC	F	F	O	03/2023	SAN ANDRES
2	30-015-28788	SKELLY UNIT #247	N-21-17S-31E	N	329319	LH Operating, LLC	F	F	O	05/2024	QUEEN
2	30-015-29034	SKELLY UNIT #254	L-23-17S-31E	L	329319	LH Operating, LLC	F	F	O	02/2023	SAN ANDRES
2	30-015-28974	SKELLY UNIT #256	J-23-17S-31E	J	329319	LH Operating, LLC	F	F	O	07/2023	GRAYBURG JACKSON
2	30-015-28769	SKELLY UNIT #262	P-21-17S-31E	P	329319	LH Operating, LLC	F	F	O	11/2022	QUEEN
2	30-015-28951	SKELLY UNIT #266	D-26-17S-31E	D	329319	LH Operating, LLC	F	F	O	12/2022	SAN ANDRES
2	30-015-29224	SKELLY UNIT #267	M-23-17S-31E	M	329319	LH Operating, LLC	F	F	O	11/2023	SAN ANDRES
2	30-015-29064	SKELLY UNIT #272	C-26-17S-31E	C	329319	LH Operating, LLC	F	F	O	11/2023	SAN ANDRES
2	30-015-28967	SKELLY UNIT #277	G-27-17S-31E	G	329319	LH Operating, LLC	F	F	O	01/2023	GRAYBURG-JACKSON
2	30-015-29226	SKELLY UNIT #278	B-27-17S-31E	B	329319	LH Operating, LLC	F	F	O	02/2023	SAN ANDRES
2	30-015-29712	SKELLY UNIT #302	D-26-17S-31E	D	329319	LH Operating, LLC	F	F	O	02/2023	SAN ANDRES
2	30-015-29817	SKELLY UNIT #401	D-28-17S-31E	D	329319	LH Operating, LLC	F	F	O	08/2023	SAN ANDRES
2	30-015-31089	SKELLY UNIT #403	I-23-17S-31E	I	329319	LH Operating, LLC	F	F	O	05/2023	GRAYBURG-JACKSON-SR-QN-GB-SA
2	30-015-32874	STATE B #005	O-16-17S-31E	O	329319	LH Operating, LLC	S	S	O	05/2023	G-J-SR-Q-G-SA
2	30-015-36256	STATE B #012	P-16-17S-31E	P	329319	LH Operating, LLC	S	S	O	10/2022	GRAYBURG JACKSON; SR-Q-SA
2	30-015-05188	SUPERIOR FOSTER #002	K-17-17S-31E	K	329319	LH Operating, LLC	F	F	O	03/2021	
2	30-015-05240	TURNER A #015	F-19-17S-31E	F	329319	LH Operating, LLC	F	F	I	06/2022	WO BEGAN 05/13/11
2	30-015-28890	TURNER A #045	C-19-17S-31E	C	329319	LH Operating, LLC	F	F	O	05/2023	GRAYBURG JACKSON
2	30-015-28869	TURNER A #048	F-19-17S-31E	F	329319	LH Operating, LLC	F	F	O	10/2020	GRAYBURG-JACKSON
2	30-015-28837	TURNER A #049	G-19-17S-31E	G	329319	LH Operating, LLC	F	F	O	10/2022	GRAYBURG JACKSON
2	30-015-29773	TURNER A #053	J-18-17S-31E	J	329319	LH Operating, LLC	F	F	O	12/2022	GRAYBURG JACKSON
2	30-015-29001	TURNER A #058	O-18-17S-31E	O	329319	LH Operating, LLC	F	F	I	11/2023	GRAYBURG JACKSON
2	30-015-05284	TURNER B #012	L-20-17S-31E	L	329319	LH Operating, LLC	F	F	I	07/2022	
2	30-015-05278	TURNER B #042	E-20-17S-31E	E	329319	LH Operating, LLC	F	F	I	04/2021	
2	30-015-05458	TURNER B #048	C-29-17S-31E	C	329319	LH Operating, LLC	F	F	I	07/2017	
2	30-015-05446	TURNER B #059	A-29-17S-31E	A	329319	LH Operating, LLC	F	F	I	11/2023	RWTI 08/01/11 BLM

2	30-015-05450	TURNER B #063	O-29-17S-31E	O	329319	LH Operating, LLC	F	F	O	10/2023	
2	30-015-26390	TURNER B #063	F-29-17S-31E	F	329319	LH Operating, LLC	F	F	O	11/2022	
2	30-015-26386	TURNER B #065	B-29-17S-31E	B	329319	LH Operating, LLC	F	F	O	06/2023	
2	30-015-26392	TURNER B #068	L-29-17S-31E	L	329319	LH Operating, LLC	F	F	O	11/2021	
2	30-015-26367	TURNER B #067	K-29-17S-31E	K	329319	LH Operating, LLC	F	F	O	09/2022	
2	30-015-26585	TURNER B #069	C-29-17S-31E	C	329319	LH Operating, LLC	F	F	O	04/2023	
2	30-015-26611	TURNER B #093	N-20-17S-31E	N	329319	LH Operating, LLC	F	F	O	12/2023	
2	30-015-26637	TURNER B #094	I-20-17S-31E	I	329319	LH Operating, LLC	F	F	O	10/2022	
2	30-015-26618	TURNER B #096	G-20-17S-31E	G	329319	LH Operating, LLC	F	F	O	02/2023	
2	30-015-26619	TURNER B #097	H-20-17S-31E	H	329319	LH Operating, LLC	F	F	O	01/2023	
2	30-015-26620	TURNER B #098	M-20-17S-31E	M	329319	LH Operating, LLC	F	F	O	11/2022	
2	30-015-26621	TURNER B #099	L-29-17S-31E	L	329319	LH Operating, LLC	F	F	O	02/2023	
2	30-015-28895	TURNER B #107	3-30-17S-31E	L	329319	LH Operating, LLC	F	F	O	05/2023	GRAYBURG JACKSON
2	30-015-28920	TURNER B #118	M-20-17S-31E	M	329319	LH Operating, LLC	F	S	O	02/2023	GRAYBURG JACKSON
2	30-015-29622	TURNER B #136	I-20-17S-31E	I	329319	LH Operating, LLC	F	F	O	02/2023	GRAYBURG JACKSON
2	30-015-29954	TURNER B #137	B-29-17S-31E	B	329319	LH Operating, LLC	F	F	O	06/2023	SAN ANDRES

WHERE Operator:329319, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Exhibit B

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Adrienne Sandoval, Division Director
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

January 27, 2022

Nick Holbrook
Manager
4809 Cole Ave.
Suite 106
Dallas, TX 75205
nick@lhoperating.com

NOTICE OF VIOLATION

The Director of the Oil Conservation Division ("OCD") issues this Notice of Violation ("NOV") pursuant to 19.15.5.10 NMAC. A process is available to informally discuss and resolve the NOV. OCD will not request a hearing on the NOV until the end of this process, which runs for 30 days from the date of your receipt of this letter. OCD will extend this process if it would facilitate informal resolution of the NOV. To initiate this process, contact the OCD employee identified at the end of this letter.

- (1) *Alleged Violator:* LH Operating LLC, OGRID # 329319 ("Operator").
- (2) *Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

19.15.5.9(A)(4)(c) NMAC:

An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator [...] has no more than the following number of wells out of compliance with 19.15.25.8 NMAC that are not subject to an agreed compliance or final order setting a schedule for bringing the wells into compliance with 19.15.25.8 NMAC and imposing sanctions if the schedule is not met: [...]

seven wells if the operator operates between 501 and 1000 wells; [...]

Operator is the registered operator of five hundred fifty (550) wells. The sixty-seven (67) wells identified in **Exhibit A** are out of compliance with 19.15.25.8 NMAC and are not subject to an agreed compliance or final order.

- (3) **Compliance:** No later than thirty (30) days after receipt of this NOV, Operator shall:
- a. plug and abandon at least sixty (60) wells listed in **Exhibit A**.
- (4) **Sanction(s):** OCD may impose one or more of the following sanctions:
- a. civil penalty
 - b. modification, suspension, cancellation, or termination of a permit or authorization
 - c. plugging and abandonment of a well
 - d. remediation and restoration of a well location and associated facilities, including the removal of surface and subsurface equipment and other materials
 - e. remediation and restoration of a location affected by a spill or release
 - f. forfeiture of financial assurance
 - g. shutting in a well or wells
 - h. any other remedy authorized by law

For the alleged violations described above, OCD proposes the following sanctions:

- a. **Plug and Abandon Wells:** OCD will request an order requiring Operator to plug and abandon wells listed in **Exhibit A**, and alternatively, an order authorizing OCD to plug and abandon those wells.
- b. **Termination of Authorization to Transport:** OCD will request an order terminating Operator's authority to transport from all wells.
- c. **Civil Penalties:** OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort to comply with the applicable requirements. Copies of the civil penalty calculations are attached.

Civil Penalty: 19.15.5.9(A)(4)(c) NMAC: \$ 54,000.00

- (5) **Hearing:** If this NOV cannot be resolved informally, OCD will hold a hearing on April 7, 2022. Please see 19.15.5.10 NMAC for more information regarding the hearing. Even if OCD schedules a hearing, you can request an informal resolution at any time.

For more information regarding this NOV, contact Jesse Tremaine at (505) 231-9312 or jessek.tremaine@state.nm.us.

LH Operating LLC
January 27, 2022

Page 3 of 3

Regards,



Adrienne Sandoval
Director

cc: Office of General Counsel, EMNRD

Inactive Well List

Total Well Count: 550 Inactive Well Count: 67
Printed On: Friday, January 21 2022

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-29719	FRIESS FEDERAL #006	J-19-17S-31E	J	329319	LH Operating, LLC	F	I	07/2017	GRAYBURG-JACKSON		
2	30-015-05061	H E WEST A #002	2-04-17S-31E	B	329319	LH Operating, LLC	F	O	09/2019			
2	30-015-28212	H E WEST A #017	P-04-17S-31E	P	329319	LH Operating, LLC	F	I	09/2017			
2	30-015-28573	H E WEST A #018	2-03-17S-31E	B	329319	LH Operating, LLC	F	O	09/2019	QUEEN		
2	30-015-28318	H E WEST A #028	H-03-17S-31E	H	329319	LH Operating, LLC	F	O	09/2019	GRAYBURG-JACKSON		
2	30-015-28445	H E WEST A #030	F-03-17S-31E	F	329319	LH Operating, LLC	F	O	09/2019	GRAYBURG-JACKSON		
2	30-015-28324	H E WEST A #032	G-03-17S-31E	G	329319	LH Operating, LLC	F	O	09/2019	GRAYBURG-JACKSON		
2	30-015-25921	H E WEST B #031	P-10-17S-31E	P	329319	LH Operating, LLC	F	O	04/2020			
2	30-015-25993	H E WEST B #035	L-09-17S-31E	L	329319	LH Operating, LLC	F	I	01/2020			
2	30-015-28049	H E WEST B #043	M-09-17S-31E	M	329319	LH Operating, LLC	F	O	09/2019			
2	30-015-28099	H E WEST B #045	N-09-17S-31E	N	329319	LH Operating, LLC	F	O	10/2013			
2	30-015-27311	H E WEST B #058	C-10-17S-31E		329319	LH Operating, LLC	F	O	04/2020	SAN ANDRES		
2	30-015-28535	H E WEST B #069	J-10-17S-31E	J	329319	LH Operating, LLC	F	O	01/2015	SAN ANDRES		
2	30-015-28573	H E WEST B #071	I-09-17S-31E	I	329319	LH Operating, LLC	F	O	04/2018	SAN ANDRES		
2	30-015-28316	H E WEST B #081	O-09-17S-31E	O	329319	LH Operating, LLC	F	O	12/2014	GRAYBURG-JACKSON		
2	30-015-28470	H E WEST B #091	K-09-17S-31E	K	329319	LH Operating, LLC	F	O	04/2020	GRAYBURG-JACKSON		
2	30-015-28888	HUDSON FEDERAL #008	E-17-17S-31E	E	329319	LH Operating, LLC	F	O	09/2019	GRAYBURG-JACKSON		
2	30-015-30995	HUDSON FEDERAL #013	D-17-17S-31E	D	329319	LH Operating, LLC	F	O	02/2016	GRAYBURG-JACKSON		
2	30-015-05091	J L KEEL A #003	N-07-17S-31E	N	329319	LH Operating, LLC	F	I	10/2017			
2	30-015-05092	J L KEEL A #004	K-07-17S-31E	K	329319	LH Operating, LLC	F	I	09/2017	RWTI 08/31/11		
2	30-015-20014	J L KEEL A #015	2-07-17S-31E	E	329319	LH Operating, LLC	F	I	11/2017	SR-Q-G-SA		
2	30-015-28234	J L KEEL A #025	4-07-17S-31E	M	329319	LH Operating, LLC	F	O	04/2020			
2	30-015-31182	J L KEEL B #048Q	3-06-17S-31E	C	329319	LH Operating, LLC	F	O	04/2020	G-J-SR-Q-G-SA		
2	30-015-28092	J L KEEL B #054	D-06-17S-31E	D	329319	LH Operating, LLC	F	O	04/2020	GRAYBURG-JACKSON		
2	30-015-28100	J L KEEL B #058	D-06-17S-31E	D	329319	LH Operating, LLC	F	O	04/2020	GRAYBURG-JACKSON		
2	30-015-05413	LEA D #003	H-26-17S-31E	H	329319	LH Operating, LLC	F	I	05/2006			
2	30-015-05414	LEA D #004	G-26-17S-31E	G	329319	LH Operating, LLC	F	I	05/2006			
2	30-015-05415	LEA D #005	I-26-17S-31E	I	329319	LH Operating, LLC	F	I	05/2006			
2	30-015-05416	LEA D #006	J-26-17S-31E	J	329319	LH Operating, LLC	F	I	05/2006			
2	30-015-20658	LEA D #007	F-26-17S-31E	F	329319	LH Operating, LLC	F	I	05/2006			
2	30-015-29703	LEA D #023	F-26-17S-31E	F	329319	LH Operating, LLC	F	O	12/2017	SAN ANDRES		
2	30-015-05344	SKELLY UNIT #002	C-22-17S-31E	C	329319	LH Operating, LLC	F	O	09/2019			
2	30-015-05332	SKELLY UNIT #015	M-21-17S-31E	M	329319	LH Operating, LLC	F	O	09/2019			
2	30-015-05340	SKELLY UNIT #077	P-21-17S-31E	P	329319	LH Operating, LLC	F	I	05/2006			
2	30-015-20488	SKELLY UNIT #109	E-15-17S-31E	E	329319	LH Operating, LLC	F	I	04/2018	TA EXP 10/02/14	T	10/2/2014
2	30-015-20549	SKELLY UNIT #112	A-14-17S-31E	A	329319	LH Operating, LLC	F	O	01/2015			
2	30-015-22254	SKELLY UNIT #120	M-14-17S-31E	M	329319	LH Operating, LLC	F	O	09/2019			
2	30-015-22258	SKELLY UNIT #124	G-22-17S-31E	G	329319	LH Operating, LLC	F	O	01/2016			
2	30-015-22269	SKELLY UNIT #135	G-27-17S-31E	G	329319	LH Operating, LLC	F	O	09/2019			
2	30-015-22506	SKELLY UNIT #137	C-28-17S-31E	C	329319	LH Operating, LLC	F	O	09/2019			
2	30-015-25040	SKELLY UNIT #158	P-22-17S-31E	P	329319	LH Operating, LLC	F	O	11/2016			
2	30-015-28972	SKELLY UNIT #199	N-15-17S-31E	N	329319	LH Operating, LLC	F	O	09/2017	GRAYBURG-JACKSON		
2	30-015-28966	SKELLY UNIT #204	P-14-17S-31E	P	329319	LH Operating, LLC	F	O	01/2020	GRAYBURG-JACKSON		
2	30-015-29182	SKELLY UNIT #226	A-22-17S-31E	A	329319	LH Operating, LLC	F	O	09/2020	SAN ANDRES		
2	30-015-28949	SKELLY UNIT #228	E-23-17S-31E	E	329319	LH Operating, LLC	F	O	09/2019	SAN ANDRES		
2	30-015-29183	SKELLY UNIT #243	G-23-17S-31E	G	329319	LH Operating, LLC	F	O	09/2019	SAN ANDRES		
2	30-015-28951	SKELLY UNIT #288	D-28-17S-31E	D	329319	LH Operating, LLC	F	O	05/2016	SAN ANDRES		
2	30-015-29084	SKELLY UNIT #272	C-28-17S-31E	C	329319	LH Operating, LLC	F	O	09/2019	SAN ANDRES		
2	30-015-29239	SKELLY UNIT #273	G-28-17S-31E	G	329319	LH Operating, LLC	F	O	09/2019	SAN ANDRES		
2	30-015-29210	SKELLY UNIT #274	G-28-17S-31E	G	329319	LH Operating, LLC	F	O	02/2016	SAN ANDRES		

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OCD Permitting

Ex. A_LH Operating NOV_January 27, 2022 A002											
2	30-015-29226	SKELLY UNIT #278	B-27-17S-31E	B	329319	LH Operating, LLC	F	O	02/2016	SAN ANDRES	
2	30-015-29227	SKELLY UNIT #283	E-28-17S-31E	E	329319	LH Operating, LLC	F	O	09/2019	GRAYBURG JACKSON	
2	30-015-29314	SKELLY UNIT #284	J-28-17S-31E	J	329319	LH Operating, LLC	F	O	07/2020	GRAYBURG JACKSON; SR-Q-8A	
2	30-015-05188	STATE A #001	K-18-17S-31E	K	329319	LH Operating, LLC	S	O	04/2020		
2	30-015-38256	STATE B #012	P-18-17S-31E	P	329319	LH Operating, LLC	S	O	01/2020		
2	30-015-05227	TURNER A #002	3-18-17S-31E	L	329319	LH Operating, LLC	F	I	04/2020		
2	30-015-28789	TURNER A #038	3-18-17S-31E	L	329319	LH Operating, LLC	F	O	12/1992		T 1/28/2018
2	30-015-05305	TURNER B #033	A-20-17S-31E	A	329319	LH Operating, LLC	F	I	07/2017		T 7/28/2018
2	30-015-05458	TURNER B #048	C-29-17S-31E	C	329319	LH Operating, LLC	F	O	04/2020		
2	30-015-28390	TURNER B #063	F-29-17S-31E	F	329319	LH Operating, LLC	F	O	03/2020		
2	30-015-28387	TURNER B #087	K-29-17S-31E	K	329319	LH Operating, LLC	F	O	04/2020		
2	30-015-28603	TURNER B #091	A-29-17S-31E	A	329319	LH Operating, LLC	F	O	05/2018		
2	30-015-28620	TURNER B #098	M-28-17S-31E	M	329319	LH Operating, LLC	F	O	07/2020	SAN ANDRES	
2	30-015-28617	TURNER B #100	M-20-17S-31E	M	329319	LH Operating, LLC	F	O	03/2018	GRAYBURG JACKSON	
2	30-015-29530	TURNER B #111	O-30-17S-31E	O	329319	LH Operating, LLC	F	O	04/2020	GRAYBURG JACKSON	
2	30-015-29187	TURNER B #114	P-30-17S-31E	P	329319	LH Operating, LLC	F	O			
2	30-015-29820	TURNER B #134	H-20-17S-31E	H	329319	LH Operating, LLC	F	O			

WHERE Operator:329319, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Exhibit C

[illegible]