

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

IN RE: NOTICE OF VIOLATION ISSUED TO KIMLAR OIL COMPANY

OGRID # 152098

CASE NO. 26302

**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 Notice of Violation ("NOV"), a true and correct copy of which is attached as **Exhibit A**, and states the following in support thereof:

1. On or about June 18, 2026, OCD issued an original NOV to the above-referenced operator ("Respondent").
2. Based upon information, custom, and belief, certified mail containing the NOV arrived or will soon arrive at Respondent's address of record. Additionally, electronic mail was sent to Respondent's known email addresses of record and based upon past correspondence with Respondent, if any.
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 Respondent did not informally resolve the NOV within 30 days of receipt of service, then OCD would proceed to a hearing.
5. Unless this case is resolved prior, the period for informal resolution will have elapsed without coming to a resolution prior to July 21, 2026.
6. The NOV states that OCD will hold a hearing on July 21, 2026, should this case fail to be resolved prior to that date.

WHEREFORE, OCD requests that the NOV be docketed for hearing on July 21, 2026.

Respectfully submitted,



Michael Hall
Assistant General Counsel
New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Phone: (505) 479-1137
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Exhibit A

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Erin Taylor
Acting Cabinet Secretary

Ben Shelton
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

June 18, 2026

KIMLAR OIL COMPANY
824 So Avenue C
Kermit, TX 79745

Becky Hill, Secretary
kimlaroil@att.net

NOTICE OF VIOLATION

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC.

1. **Alleged Violator:** KIMLAR OIL COMPANY, OGRID # 152098 (“Operator”).
2. **Factual and Legal Basis for Alleged Violation(s):**

Operator is the registered operator of four (4) wells. The four (4) wells identified in **Exhibit A** have been continuously inactive since at least March 2019, and therefore out of compliance with 19.15.25.8 NMAC and are not already subject to an agreed compliance or final order.

These alleged facts constitute violations of the following:

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:

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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.*

3. **Compliance**: No later than thirty (30) days after receipt of this NOV, Operator shall:
 - a. plug and abandon the four (4) 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 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 listed in **Exhibit A**.
- 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. Copies of the civil penalty calculations are attached as **Exhibit B**.

Civil Penalty: \$1,800.00

5. **Informal resolution**: A process is available to informally discuss and resolve the NOV. This process will run for 30 days from the date of your receipt of this letter. To initiate this

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process, contact the OCD employee identified at the end of this letter.

6. **Hearing**: OCD will docket this matter for July 21, 2026, at which time this case will move forward to a formal hearing should informal resolution be unsuccessful. 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: 4 Inactive Well Count: 4

Printed On: Tuesday, December 30 2025

| District | API | Well | ULSTR | OCD Unit | Ogrid | Operator | Lease Type | Surface Owner | Well Type | Last Production | Formation/Notes | Status | TA Exp Data |
|----------|--------------|----------------------|--------------|----------|--------|--------------------|------------|---------------|-----------|-----------------|-----------------|--------|-------------|
| 2 | 30-015-22660 | GOURLEY FEDERAL #003 | A-31-22S-26E | A | 152098 | KIMLAR OIL COMPANY | F | F | O | 01/2018 | | | |
| 2 | 30-015-22661 | GOURLEY FEDERAL #004 | J-31-22S-26E | J | 152098 | KIMLAR OIL COMPANY | F | F | S | 03/2019 | | | |
| 2 | 30-015-23501 | GOURLEY FEDERAL #005 | J-31-22S-26E | J | 152098 | KIMLAR OIL COMPANY | F | F | O | 01/2018 | | | |
| 2 | 30-015-23707 | GOURLEY FEDERAL #008 | I-31-22S-26E | I | 152098 | KIMLAR OIL COMPANY | F | F | O | 03/2019 | | | |

EXHIBIT B



| | | |
|---------------------------|--|--------------|
| Alleged Violator | KIMLAR OIL COMPANY | |
| Alleged Violator OGRID | 152098 | |
| History of Non-Compliance | No history less than 50 wells or gross sales less than \$500,000 | 0 |
| Economic Impact | | 0 |
| Total Penalty | \$ | 1,800 |

| API # or Facility ID | Violation Citation | Type of Violation | Description | MinPA(\$) | Multi Day / Single Day | Days in violation | Days Penalized | Penalty Subtotal | Effort to Comply | Negligence and Willfulness | Factor Subtotal | Outstanding Conditions | TOTAL | Comments |
|----------------------|--------------------|--|-------------|-----------|------------------------|-------------------|----------------|------------------|------------------------------|----------------------------|-----------------|---------------------------|-------------|----------|
| 30-015-22660 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 |
| 30-015-22661 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 |
| 30-015-23501 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 |
| 30-015-23707 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 |