

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

IN RE: NOTICE OF VIOLATION ISSUED TO SMITH & MARRS, INC.

CASE NO. 25871

ORDER NO. R- 24249

This matter came before the NM Oil Conservation Division (“OCD”) for a scheduled hearing at 9 a.m. on February 5, 2026, at Santa Fe, New Mexico, before a duly appointed Hearing Officer.

NOW, the Division Director, having considered the record in this matter and the failure of the Respondent to appear, issues the following Order pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Section 70-2-1 et seq., and 19.15.5.10 NMAC.

FINDINGS OF FACT

1. The OCD has jurisdiction over the parties and the subject matter in this proceeding.
2. The OCD duly filed a Notice of Violation ("NOV") and a Docketing Notice in this matter and properly served these documents on the Respondent, Smith & Marrs, Inc., via electronic mail and certified mail to the registered address on file on or about December 15, 2025. *Prehearing Statement, Exhibit 3, Exhibit 4.*
3. The NOV specified that a hearing would be held on February 5, 2026, and that a process for informal resolution was available for 30 days from receipt of the NOV *Prehearing Statement, Exhibit 3.*
4. The Respondent failed to avail themselves of the informal resolution period, failed to respond to notices from the OCD, and did not correct its ongoing non-compliance. *Prehearing Statement, p. 2.*
5. The Respondent, OGRID # 20989, failed to appear at the scheduled hearing on February 5, 2026.
6. The Respondent is the registered operator of eleven wells in New Mexico, of which seven were inactive at the time of the NOV and remain inactive and out of compliance with OCD regulations 19.15.25.8 and 19.15.5.9 NMAC. *Prehearing Statement, Exhibit 3.*
7. Respondent’s four other wells have been plugged but not released. *Prehearing Statement, p. 2.*

8. The civil penalty for these violations, as outlined in the NOV and supporting documents is \$29,700.00. *Prehearing Statement, Exhibit 3.*
9. The following OCD exhibits, attached to the Pre-Hearing Statement, were offered and admitted into evidence without objection:
 - a) Exhibit 1: Affidavit of Rob Jackson. *Prehearing Statement, Exhibit 1.*
 - b) Exhibit 2: Resume of Rob Jackson. *Prehearing Statement, Exhibit 2.*
 - c) Exhibit 3: Notice of Violation against Smith & Marrs, Inc., dated December 15, 2025 with supporting attachments. *Prehearing Statement, Exhibit 3.*
 - d) Exhibit 4: Affidavit of Sara Griego. *Prehearing Statement, Exhibit 4.*
10. The evidence demonstrates that the Respondent was provided due process through notice of the NOV and timely notice of the hearing, as outlined by the Affidavit of Sara Griego (Exhibit 4) and the Pre-Hearing Statement itself:
 - a) Electronic Mail: On or about December 15, 2025, the Docketing Notice and attached NOV were emailed to joshuaa125@yahoo.com, the email address provided by the Respondent to OCD Permitting. *Prehearing Statement, Exhibit 4.*
 - b) Certified Mail: The Docketing Notice and the NOV were also sent by certified mail on or about December 15, 2025, to the address provided to OCD by the Respondent: P.O. Box 863, Kermit, Texas 79745 (pp. 12, 24). However, these documents were returned to the OCD on or about January 6, 2026, due to an invalid address. *Id.*

CONCLUSIONS OF LAW

1. The Respondent's failure to appear at the duly noticed hearing constitutes a default judgement.
2. Pursuant to 19.15.5.10 NMAC, the OCD has the authority to impose sanctions, including civil penalties, termination of authorization to transport, and plugging and abandonment of wells, for violations of Division rules. *Prehearing Statement, Exhibit 3.*
3. The relevant and credible evidence presented by the OCD staff in the pre-hearing statement and supporting affidavits is sufficient to establish the violations outlined in the NOV by preponderance. *See Prehearing Statement, Exhibit 1, 2, 3, and 4.*

FINAL ORDER

IT IS THEREFORE ORDERED THAT:

1. The Respondent is found to be in default for its failure to appear at the hearing on February 5, 2026.
2. The Respondent has violated 19.15.5.9, 19.15.7.24, 19.15.25.8 NMAC. *Prehearing Statement, Exhibit 3.*
3. A civil penalty in the amount of \$29,700.00 is reasonable and assessed against Respondent. *Id.*
4. The civil penalty shall be remitted to the "New Mexico Oil Conservation Division" within thirty (30) days from the date of this Order.
5. The OCD is authorized to proceed with the remedies sought in its Pre-Hearing Statement and NOV, including directing the Respondent to plug and abandon the non-compliant wells, terminating the Respondent's authorization to transport from all wells, and seeking indemnification for costs incurred by the OCD *Prehearing Statement p.2; Prehearing Statement, Exhibit 3.*
6. Jurisdiction of this matter is retained for the entry of such further orders as the Division may deem necessary.



Albert C.S. Chang
Director, Oil Conservation Division