

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

IN THE MATTER OF W.W. OIL AND GAS, INC.,

Respondent.

AGREED COMPLIANCE ORDER -132

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended (hereinafter, "Act"), and the rules promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico (hereinafter, "OCD") issues this Order to **W.W. Oil & Gas, Inc.** (hereinafter "W.W.") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD Rules.

I. FINDINGS

- 1) The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
- 2) W.W. Enterprises, *d/b/a W.W. Oil and Gas Inc.*, is a foreign for Profit Corporation doing business in New Mexico, registered with the Public Regulatory Commission Secretary of the State, under number 2040723. W.W. is an active entity and has a mailing address of P.O. Box 2288, Farmington, New Mexico 87499 and a principal address of Route 2, Box 2615, Roosevelt, Utah 84006. Its registered agent for service of process in New Mexico is Olin Glover, 505 Sandstone Avenue, Farmington, New Mexico 87401. W.W.'s OGRID is 239475.
- 3) On March 23, 2006, OCD Deputy Oil and Gas Inspector Monica Kuehling, arrived on the site of the W.W. Oil & Gas, Right Angle Federal #1 well. On inspecting the site, Inspector Kuehling found all things in order, except there was no permit issued for the pit.
- 4) An OCD investigation found the following:
 - a. The permit to drill was approved by the BLM on January 23, 2006.
 - b. The well was spud on March 11, 2006.
 - c. No application for a pit permit has been received by the OCD from W.W.
 - d. Rule 50.A prohibits "[d]ischarge into, or construction of, any pit or below-grade tank ... absent possession of a permit issued by the division...."

- e. NMSA 1978, §70-2-31(A) provides that “[a]ny person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars (\$1,000) for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate violation.”
 - f. NMSA 1978, §70-2-33(A) defines person as “any individual estate, trust receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity.”
- 5) As a result of its investigation, the OCD issued Notice of Violation (3-06-28) to W.W., alleging violation of Rule 50.A.
 - 6) At the Administrative Conference on this matter, W.W. presented the following:
 - a. In response to the Notice of Violation sent to W.W., the company does not wish to contest the fine that was assessed for Civil Penalties in the amount of One Thousand Dollars (\$1,000.00).
 - a) W.W. will submit to the OCD all State pit permits for construction of earthen reserve pits with its Application to Drill, whether it is Federal, Tribal, State or Fee lease land.
 - b) This was the first well W.W. has drilled in New Mexico. It was under the impression that by submitting the required paperwork to the BLM that they had complied with the State of New Mexico Regulations. Submitting State pit permits with its Application to Drill should improve W.W.’s application process.

II. CONCLUSION

- 1) The OCD has jurisdiction over the parties and subject matter in this proceeding.
- 2) W.W. is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
- 3) W.W. is subject to civil penalties under NMSA 1978, § 70-2-31(A) at the Right Angle Federal #1 well for one knowing and willful violation of OCD Rule 50.A.

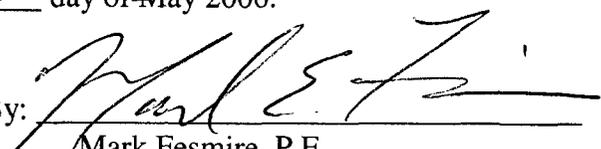
III. ORDER AND CIVIL PENALTY

- 1) Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty against W.W. totaling **One Thousand Dollars (\$1,000.00)** for one violation of Rule 50.A.
- 2) The civil penalty shall be paid at the time W.W. executes this Order. Payment shall be made by check payable to the “New Mexico Oil Conservation Division,” and

mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.

- 3) W.W. has submitted a permit request for a drilling pit.
- 4) By signing this Order, W.W. expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with Ordering paragraphs 1 and 2;
 - c. waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order;
 - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act.
- 5) Nothing in this Order relieves W.W. of its liability should its operations fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves W.W. of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Done at Santa Fe, New Mexico, this 6th day of July ~~May~~ 2006.

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division

ACCEPTANCE

W.W. Oil & Gas, Incorporated hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in the Order.

W.W. Oil & Gas, Incorporated

By: 

Title: Pres

Date: 5/26/06