

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

**NMOCD—06-134**

**IN THE MATTER OF ASHER ENTERPRISES CO., LTD.,**

**Respondent.**

**AGREED ORDER DIRECTING COMPLIANCE  
AND ASSESSING CIVIL PENALTY**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the regulations 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 ("OCD") issues this Order to **ASHER ENTERPRISES CO., LTD. ("Asher")** directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules.

**FINDINGS**

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Asher a for profit limited liability company doing business in New Mexico, SCC # 1731306. Asher is an active entity with a principal and mailing address at P.O. Box 423, Artesia, New Mexico 88211-0423. Asher has been assigned OGRID # 149538.
3. Asher is the operator of the Grayburg Jackson Unit # 1C, Unit Letter P, Section 23, Township 17 S, Range 30 E, API # 30-015-04298; Grayburg Jackson Unit # 4, Unit Letter P, Section 26, Township 17S, Range 30 E API # 30-015-04341; and Grayburg Jackson Unit # 8, Unit Letter L, Section 26, Township 17 S, Range 30 S, API # 30-015-04342, Eddy County, New Mexico.
4. The OCD scheduled mechanical integrity tests (hereinafter, "MIT") for the injection wells identified in paragraph 3 on three separate occasions, which were April 23, 2003, March 16, 2004 and April 8, 2005. The OCD gave Asher written notification at least thirty days prior to each scheduled test date, and instructed Asher to be injecting into the wells at the time of the test so the tests could be properly performed. On each occasion, Asher was not injecting and the tests could not be performed.
5. OCD Rule 704.A(2) [19.15.9.704.A(2)] requires, at a minimum, that injection wells be tested once every five years to assure their continued mechanical integrity.

6. OCD Rule 703.A [19.15.9.703.A] requires,

Injection wells shall be equipped, operated, monitored, and maintained to facility periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used.

7. As a result of these wells failing the MIT tests, on June 20, 2006, the OCD issued to Asher a Notice of Violation (2-06-6). The OCD alleged nine separate violations of OCD Rule 703.A, and recommended a Three Thousand Dollar penalty, on violation against each non-compliant well.
8. At the Administrative Conference held on July 11, 2006 on this matter, Kevin Jones, Asher, agreed Asher is in violation of OCD Rule 703.A, and that letters notifying Asher of the scheduled test dates had "fallen through the cracks." However, Asher has taken the following steps to bring the wells into compliance:
- a. Asher plans to make the Grayburg Jackson Unit # 1C a producing well. It has purchased most of the equipment to enable the well to become productive.
  - b. The Grayburg Jackson Unit #s 4 and 8 will be properly plugged. Asher has had these two wells on list to plug with Ricky Smith and is prepared to file the paperwork to plug these wells.

## II. CONCLUSIONS

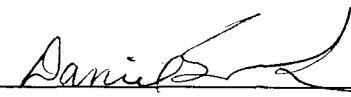
1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Asher is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
3. Asher is subject to civil penalties under NMSA 1978, § 70-2-31(A) at the Grayburg Jackson Unit #s 1C, 4 and 8 for violation of each of the wells of OCD Rule 703.A.

## III. ORDER AND CIVIL PENALTY

1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty totaling **Three Thousand Dollars (\$3,000.00)** against Asher for one violation of each of the three wells of OCD Rule 703.A (failing to maintain the wells to facilitate testing).
2. However, the One Thousand Dollar penalty on each well will be waived, provided that:
  - a. Grayburg Jackson Unit # 1C is returned to production no later than October 31, 2006.
  - b. Prepayment is made on the Grayburg Jackson Unit #s 4 and 8 by August 11, 2006, proof of prepayment is provided to the OCD Artesia District Office by August 15, 2006 and the wells are both plugged in accordance with OCD approved plugging procedures no later than January 11, 2007.

- c. If the condition for waiver is not met, then for each well for which the conditions have not been met, the \$1,000.00 penalty shall immediately become due and payable. For the Grayburg Jackson Unit #s 4 and 8, the penalties shall become immediately due and payable on any one of the several conditions not being met on the date specified.
3. In the event the civil penalty shall become due, payment shall be made by certified or cashier's check made 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.
4. Asher shall plug the Grayburg Jackson Unit #s 4 and 8 in accordance with OCD approved plugging procedures.
5. By signing this Order, Asher expressly:
  - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - b. agrees to comply with Ordering paragraphs 1, 2 and 3;
  - 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; and
  - 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 (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended).

Done at Santa Fe, New Mexico this 22<sup>nd</sup> day of <sup>August</sup>~~July~~ 2006.


By:   
for Mark Fesmire, PE, Director  
Oil Conservation Division

Signatures continued on Page 4

**ACCEPTANCE**

**Asher Enterprises Co., Ltd.** hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth therein.

**ASHER ENTERPRISES CO., LTD.**

By: 

Title: Partner

Date 8-7-06