

State of New Mexico
Energy, Minerals and Natural Resources Department

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**BY CERTIFIED MAIL -RETURN RECEIPT REQUESTED
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August 27, 2020

M&M Production and Operation
5006 Sandalwood Drive
Farmington, New Mexico 87402
mmprod75@gmail.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.

(1) *Alleged Violator:* M&M Production and Operation (“MMPO”) (OGRID # 13673).

(2) *Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

19.15.5.9(A)(4)(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....”

MMPO is registered as the operator of sixty one (61) wells. Of these wells, twenty seven (27) are out of compliance with 19.15.25.8 NMA and are not subject to an agreed compliance or final order, which exceeds the threshold of two (2) wells. See Exhibit A.

(3) *Compliance:* MMPO shall submit a plan to plug and abandon twenty five (25) inactive wells no later than thirty (30) days after receipt of this NOV.

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

- civil penalty
- modification, suspension, cancellation, or termination of a permit or authorization
- plugging and abandonment of a well
- remediation and restoration of a well location and associated facilities, including the removal of surface and subsurface equipment and other materials
- remediation and restoration of a location affected by a spill or release
- forfeiture of financial assurance
- shutting in a well or wells
- any other remedy authorized by law

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

1) Civil Penalty:

19.15.5.9(A)(4)(a) NMAC: \$ 6,250

The civil penalty calculation is attached.

OCD may seek an order to forfeit financial assurance and plug and abandon the inactive wells.

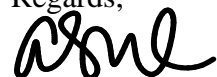
OCD will take into consideration the alleged violator's good faith effort to comply with the applicable requirement.

(5) *Informal Review and Resolution*: A process is available for the informal review and resolution of the alleged violation(s) in the NOV. To initiate the informal review process, contact the OCD employee identified at the end of this letter. If OCD and the alleged violator agree to resolve the alleged violations in the NOV, the agreement will be incorporated into a stipulated final order signed by both parties and stating that the alleged violator admits OCD's jurisdiction to file the NOV, consents to the specified relief, including the civil penalty, if any, and waives the right of review by the Oil Conservation Commission.

(6) *Hearing*: If this NOV is not resolved within thirty (30) days of receipt of service, OCD will hold a hearing on October 30, 2020. Please see 19.15.5.10 NMAC for more information regarding the hearing. Please note that the hearing does not prohibit OCD from negotiating with the alleged violator at any time to settle the NOV.

For more information regarding this NOV, contact Daniel Sanchez, OCD Compliance and Enforcement Manager, at (505) 476-3493 or Daniel.Sanchez@state.nm.us.

Regards,



Adrienne Sandoval
Director

cc: OCD Northern District
Office of Legal Counsel, EMNRD