

## Inactive Well Additional Financial Assurance Report

19914 S &amp; D PARTNERSHIP

Total Well Count: 1

Printed On: Wednesday, August 02 2017

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
9700	DRINKARD HOMESTEAD #001	P	C-25-22S-37E	C	30-025-25653	O	09/2014	10/01/2016	7817	12817	Y		0	Y

WHERE Ogrid:19914

OCD Case # 15788

Exhibit 1: Financial Assurance Report

Page 1 of 1

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Susana Martinez  
Governor

Ken McQueen  
Cabinet Secretary

Matthias Sayer  
Deputy Cabinet Secretary  
February 27, 2017

David R. Catanach, Division Director  
Oil Conservation Division



S & D Partnership  
P.O. Box 1046  
Eunice, NM 88231

**Notice of Violation**

Dear S & D Partnership,

The Oil Conservation Division ("OCD") now reviews all operators out of compliance with the OCD's financial assurance requirements. Pursuant to 19.15.8.9 NMAC, an operator is required to furnish financial assurance acceptable to the OCD in the form of an irrevocable letter of credit, plugging insurance policy, or cash or surety bond running to the state of New Mexico conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with division rules. According to OCD records, S & D Partnership is the operator of record of the attached list of wells that require additional financial assurance.

Failure to provide the OCD with acceptable financial assurance is a violation of OCD rules and the Oil and Gas Act, NMSA 1978 § 70-2 *et. seq.*, and could be punishable by a fine of not more than one thousand dollars (\$1,000) per day for each violation. NMSA 1978, § 70-2-31.

Please review 19.15.8 NMAC to determine the types and amounts of financial assurance that the OCD accepts. Immediate action is now required. If no response is received within 30 days, the OCD will take further compliance action against S & D Partnership, including, but not limited to, seeking a formal order to require S & D Partnership to provide acceptable financial assurance for its wells at an OCD hearing and pursuing other available legal remedies to obtain compliance.

If you have any questions regarding the contents of this letter, please contact the OCD Bond Administrator, Denise Gallegos at (505) 476-3453 to schedule a compliance conference to discuss the outstanding compliance issues.

Sincerely,

  
Michael P. Valdez  
OCD Compliance and Enforcement Supervisor  
[MichaelP.Valdez@state.nm.us](mailto:MichaelP.Valdez@state.nm.us)

EC: Keith Herrmann, ENMRD Assistant General Counsel  
Encl: Additional Financial Assurance Report

OCD Case # 15788  
Exhibit 2: Notice of Violation  
Page 1 of 3

# Inactive Well Additional Financial Assurance Report

19914 S & D PARTNERSHIP

Total Well Count: 1

Printed On: Thursday, February 23 2017

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Production	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Statutory Bond	Bond In Place	In Violation
9700	DRINKARD HOMESTEAD #001	P	C-25-225-37E	C	30-025-25653	O	09/2014	10/01/2018	7817	12817	Y		D	Y

WHERE Ogrid:19914

OCD Case # 15788

Exhibit 2: Notice of Violation

Page 2 of 3

7013 0600 0001 8697 9500

U.S. Postal Service		
<b>CERTIFIED MAIL RECEIPT</b>		
(Domestic Mail Only; No Insurance Coverage Provided)		
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>		
<b>OFFICIAL USE</b>		
Postage \$	Postmark Here	
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage	S & D Partnership P.O. Box 1046 Eunice, NM 88231	
Sent To	Street, Apt. No. or PO Box No. City, State, ZIP	
PS Form 3800, August 2006		See Reverse for Instructions

<b>SENDER: COMPLETE THIS SECTION</b>		<b>COMPLETE THIS SECTION ON DELIVERY</b>	
<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature <i>Craig McKeel</i> <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <i>Craig McKeel</i> C. Date of Delivery</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If YES, enter delivery address below:</p>	
<p>1. Article Addressed to:</p> <p>S &amp; D Partnership P.O. Box 1046 Eunice, NM 88231</p>		<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> Restricted Delivery</p>	
<p>2. Article Number (Transfer from service label)</p> <p>9590 9402 2074 6132 2575 62</p> <p>7013 0600 0001 8697 9500</p>			
PS Form 3811, July 2015 PSN 7530-02-000-9053		Domestic Return Receipt	

OCD Case # 15788  
Exhibit 2: Notice of Violation  
Page 3 of 3

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER  
AGAINST S & D PARTNERSHIP, FOR A WELL OPERATED IN LEA COUNTY,  
NEW MEXICO.

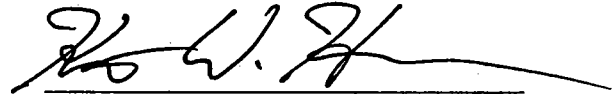
CASE NO. 15788

AFFIDAVIT OF SERVICE

In accordance with 19.15.4.9 and 19.15.4.12 NMAC, I hereby certify that notice of the August 3, 2017 hearing in the above captioned case was mailed to the following party by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

S & D Partnership  
P.O. Box 1046  
Eunice, NM 88231

A copy of this notice is attached as *Exhibit 3-A* to this affidavit.

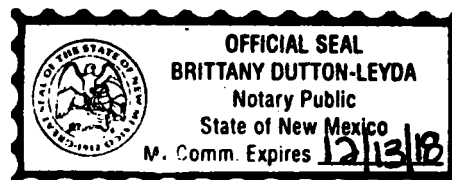
  
Keith W. Herrmann

SUBSCRIBED AND SWORN before me on this 2nd day of August, 2017.

  
Notary Public

My Commission Expires:

December 13, 2018



State of New Mexico  
Energy, Minerals and Natural Resources Department

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Susana Martinez  
Governor

Ken McQueen  
Cabinet Secretary

Matthias Sayer  
Deputy Cabinet Secretary

David Catanach, Division Director  
Oil Conservation Division



July 6, 2017

S & D Partnership  
P.O. Box 1046  
Eunice, NM 88231

**VIA CERTIFIED MAIL, RETURN RECEIPT: 7009 1680 0002 3341 1830**

**Re: OCD Case No. 15788 for a Compliance Order against S & D Partnership**

Dear Operator:

Pursuant to the notice provisions contained in 19.15.4 NMAC, you are hereby notified that at 8:15 AM on August 3, 2017, the New Mexico Oil Conservation Division ("OCD") will hold a hearing in front of a Division Examiner seeking an order determining that S & D Partnership ("Operator") (1) is out of compliance with OCD rule 19.15.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.8 NMAC; and (3) in the event of non-compliance, finding the Operator in violation of a Division order for each day after the deadline established in the sought order to obtain acceptable financial assurance. The hearing will be held in Porter Hall at 1220 South St. Francis Dr., Santa Fe, New Mexico.

Please review 19.15.4 NMAC to see applicable rules for division hearings. A person entitled to notice may enter an appearance at any time by filing a written notice of appearance with the division or the commission clerk, as applicable, or, subject to the provisions in Subsection C of 19.15.4.10 NMAC, by oral appearance on the record at the hearing. A party who has not entered an appearance at least one business day prior to the pre-hearing statement filing date provided in Paragraph (1) of Subsection B of 19.15.4.13 NMAC shall not be allowed to present technical evidence at the hearing unless the Oil Conservation Commission chairman or the OCD examiner, for good cause, otherwise directs.

OCD Case # 15788  
Exhibit 3-A: Direct Notice to Operator  
Page 1 of 3

July 6, 2017  
Page 2

If you have any questions regarding the hearing process, please contact me at (505) 476-3463 or [keith.herrmann@state.nm.us](mailto:keith.herrmann@state.nm.us).

Sincerely



Keith Herrmann  
Attorney for the New Mexico Oil Conservation Division  
Compliance and Enforcement Bureau

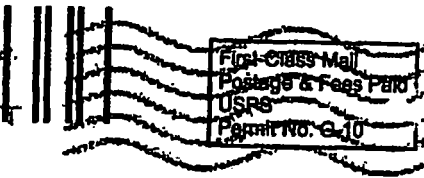
Encl: OCD Case No. 15788 Compliance and Enforcement Bureau Application for Hearing

OCD Case # 15788  
Exhibit 3-A: Direct Notice to Operator  
Page 2 of 3

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<input type="checkbox"/> Complete items 1, 2, and 3. <input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you. <input type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature <i>RSMOREYNOLOS</i> <input type="checkbox"/> Agent <input type="checkbox"/> Addressee	
1. Article Addressed to:  <p style="text-align: center;"><b>S &amp; D Partnership P.O. Box 1046 Eunice, NM 88231</b></p>		B. Received by (Printed Name) <i>RSMOREYNOLOS</i> C. Date of Delivery <i>7/11/17</i> Does delivery address differ from item 1? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, enter delivery address below:	
2. Article Number (Transfer from service label) <p style="text-align: center;"><b>9590 9402 1826 6104 4470 12</b>  <b>7009 1680 0002 3341 1830</b></p>		3. Service Type <input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery <input type="checkbox"/> Mail Restricted Delivery (2)	

PS Form 3811, July 2015 PSN 7530-02-000-8053 Domestic Return Receipt

USPS TRACKING# *9590 9402 1826 6104 4470 12*

1 

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Service

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New Mexico Energy, Minerals and  
Natural Resources Department  
Office of the General Counsel  
1220 South St. Francis Drive  
Santa Fe, NM 87505

*Attn: Keith Herrmann*