

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

2007 APR 24 AM 9 30

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST YESO ENERGY, INC. FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO SIX WELLS, DETERMINING THAT THE VIOLATION IS KNOWING AND WILLFUL AND IMPOSING A PENALTY, REQUIRING OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE DECLARING THE WELLS ABANDONED, AUTHORIZING THE DIVISION TO PLUG THE WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, EDDY, LEA AND ROOSEVELT COUNTIES, NEW MEXICO.

CASE NO. 13921

**APPLICATION FOR COMPLIANCE ORDER**  
**AGAINST YESO ENERGY, INC.**

1. Yeso Energy, Inc. ("Operator") is a corporation operating wells in New Mexico under OGRID 221710.

2. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.

3. The following wells ("subject wells") operated by Operator in New Mexico have been inactive for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with 19.15.4.203 NMAC:

• Connie C State #003	30-015-25587	K-25-19S-28E
• Connie C State #004	30-015-25648	B-25-19S-28E
• Cortland Myers Unit #004	30-025-11198	N-22-24S-37E

- acy, 29 Federal #001  
02 2 11A 15 89A 1005

4. OCD personnel contacted the Operator regarding the need to comply with

5. Operator has posted the following surety bonds with U.S. Specialty

- a. \$50,000 blanket plugging bond #B001414;
- b. \$5,000 single well bond #B001616 for the Connie C State #4;
- c. \$5,000 single well bond #B001615 for the Connie C State #3.

6. NMSA 1978, Section 70-2-14(B) provides:

If any of the requirements of the Oil and Gas Act [70-2-1 NMSA 1978] or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules. If the order is not complied with in the time period set out in the order, the financial assurance shall be forfeited.

7. NMSA 1978, Section 70-2-31 (A) provides, in relevant part:

Any 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.

8. NMSA 1978, Section 70-2-33(A) defines “person” as used in the Oil and

WHEREFORE, the Enforcement and Compliance Manager of the Division

- A. Determining that the subject wells are not in compliance with 19.15.4.201 NMAC;
- B. Determining that Operator knowingly and willfully violated 19.15.4.201 NMAC;
- C. Imposing a penalty on the Operator for the knowing and willful violation of 19.15.4.201 NMAC as to the subject wells;
- D. Requiring the Operator to plug and abandon or otherwise return each of the subject wells to compliance with 19.15.4.201 NMAC by a date certain;
- E. If the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set in the order,
  - 1. declaring the wells abandoned;
  - 2. authorizing the OCD to plug the subject wells in accordance with a OCD-approved plugging program and restore and remediate the locations; and
  - 3. authorizing the OCD to forfeit the applicable financial assurance;
- F. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,  
this 24<sup>th</sup> day of April, 2007 by



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- Case No. 13921. Application of the New Mexico Oil Conservation Division for a Compliance Order against Yeso Energy, Inc. The Applicant seeks an order finding the operator in violation of 19.15.4.201 NMAC as to six wells, determining that the violation is knowing and willful and imposing a penalty, requiring operator to bring the six wells into compliance with 19.15.4.201 NMAC by a date certain and authorizing the division to plug said wells in the event of non-compliance and forfeit the applicable financial assurance. The affected wells are: Connie C State #003, 30-015-25587, K-25-19S-28E, and Connie C State #004, 30-015-25648, B-25-19S-28E (located approximately 15 miles northeast of Carlsbad in Eddy County, New Mexico); Cortland Myers Unit #004; 30-025-11198, N-22-24S-37E and Knight #005, 30-025-20356, M-22-24S-37E (located approximately 5-10 miles north of Jal in Lea County, New Mexico); Las Cruces B #001, 30-041-00234, 1-30-08S-37E (located within 5 miles of Milnesand in Roosevelt County, New Mexico); and Tracy 29 Federal #001, 30-015-28142, O-29-17S-31E (located within 5 miles of Maljamar in Eddy County, New Mexico).