

W. W. Oil & Gas, Inc.

OGRID: 239475

Closed: 3/21/07

ACQ 177
Nov 3-07-03

Charlie



BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico

Case No. 14186 Exhibit No. 6

Submitted by:

McElvain Oil & Gas Properties, Inc.

Hearing Date: October 15, 2008



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Reese Fullerton

Deputy Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

NOTICE OF VIOLATION (3-07-03)

February 7, 2007

Certified Mail

Return Receipt #: 7006 0810 0000 5448 5350

Mr. Olin Glover
W.W. Oil & Gas, Inc.
400 Sandstone Avenue
Farmington, New Mexico 87401

Re: Right Angle Federal #1, Unit Letter K, Section 19, Township 20 North, Range 2 West,
API #30-043-20991, Sandoval County, New Mexico
Violation of OCD Rule 50.F.1 [19.15.2.50.F.1 NMAC]

Dear Mr. Glover:

On January 26, 2007, New Mexico Oil Conservation (hereinafter "OCD") Deputy Oil and Gas Inspector Brandon Powell arrived on the site of the W.W. Oil & Gas, Inc. (hereinafter, "W.W.") Right Angle Federal #1 well. On inspecting the site, Inspector Powell found an open drilling pit on location and the well had been plugged.

An OCD investigation found the following:

- 1) A sundry received from the BLM on June 23, 2006 shows that plugging of the well was completed on April 11, 2006.
- 2) The pit has been open for more than nine months after drilling and plugging operations on this location have ceased.
- 3) OCD Rule 50.F(1) [19.15.2.50.F.1 NMAC] requires that a pit, unless exempted by Section 50 of 19.15.2 NMAC, "shall be properly closed within six months after cessation of use. As a condition of the permit, the division may require the operator to file a detailed closure plan before closure may commence. The division for good cause shown may grant a six-month extension of time to accomplish closure. Upon completion of closure a closure

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report (form C-144), or sundry notices and reports on wells shall be submitted to the division."

- 4) W.W. had not requested an extension to accomplish closure of the drilling pit nor has the OCD issued an extension to W.W. on this pit.
- 5) W.W. violated OCD Rule 50.F.1 by failing to properly close a drilling pit within six (6) months after cessation of use.

W.W.'s misconduct warrants issuance of this Notice of Violation and assessment of civil penalties pursuant to NMSA 1978, §70-2-31(A), for violations of the OCD rule described above. NMSA 1978, Section 70-2-31(A) authorizes penalties of up to **one thousand dollars (\$1,000.00)** per day per violation for any knowing and willful violation of any provision of the Oil and Gas Act or any rule adopted pursuant to the Act.

Because the rule violations at issue are serious and occurred over a period of time, the OCD Aztec District Office believes at this time a **One Thousand Dollar (\$1,000.00)** civil penalty and a definite commitment to future corrective action are essential. This penalty is based on one violation of OCD Rule 50.F.1.

If the matter cannot be resolved administratively, the OCD may take further enforcement action, which may include an enforcement hearing before an OCD hearing examiner seeking an order requiring that the well associated with the pit be plugged and abandoned pursuant to NMSA 1978, section 70-2-14(B). That statute provides:

If any of the requirements of the Oil and Gas Act 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.

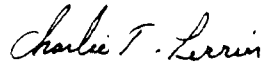
Please contact me within ten (10) days at 505-334-6178, extension 11, to schedule an administrative conference to discuss this matter. OCD legal counsel may be present by telephone for this conference and you may bring legal counsel if you wish. The purpose of the administrative conference is to discuss the facts surrounding this notice of violation, and to determine if the matter can be resolved administratively through an agreed compliance order.

Mr. Olin Glover
W.W. Oil & Gas, Inc.
February 7, 2007

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Thank you for your assistance in this matter. If you have any questions please do not hesitate to call.

Sincerely yours,



Charlie T. Perrin
District III Supervisor
charlie.perrin@state.nm.us

cc: Bureau of Land Management
Daniel Sanchez, OCD Compliance Manager
Gail MacQuesten, OCD Assistant General Counsel
Cheryl O'Connor, OCD Assistant General Counsel
NOV file

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

MAR 19 2007

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

Oil Conservation Division
1220 S. St. Francis Drive
Albuquerque, NM 87102

Respondent.

ACD-177

AGREED COMPLIANCE ORDER

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 January 26, 2007, New Mexico Oil Conservation (hereinafter "OCD") Deputy Oil and Gas Inspector Brandon Powell arrived on the site of the W.W. Oil & Gas, Inc. (hereinafter, "W.W.") Right Angle Federal #1 well. On inspecting the site, Inspector Powell found an open drilling pit on location and that the well had been plugged.
- 4) An OCD investigation found the following:
 - a. A sundry received from the BLM on June 23, 2006 shows that the plugging and abandonment of the well was completed on April 11, 2006.
 - b. The pit has been open for more than 9 months after drilling and plugging operations on this location had ceased.
 - c. W.W. violated Rule 50.F(1) [19.15.2.50.F(1) NMAC], which requires "a pit or below-grade tank shall be properly closed within six months after cessation of use."

- d. 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."
 - e. 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 (3-07-03) to W.W., alleging violation of Rule 50.F(1).
 - 6) At the Administrative Conference on this matter, W.W. presented the following:
 - a) The pit was fenced.
 - b) W.W. was in contact with the BLM about the pit.
 - c) W. W. will close the pit by June 30, 2007.
 - d) W.W. will file a form C-144 Pit or Below-Grade Tank Registration or Closure report.

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.F(1) (failing to timely close a pit).

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 knowing and willful violation of Rule 50.F(1) (failing to timely close a pit).
- 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. shall properly close the pit by June 30, 2007.

- 4) W.W. shall file a form C-144 Pit Closure report within 15 days of closing the pit.
- 5) 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 2, 3 and 4;
 - 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.
- 6) 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 17th day of March 2007.

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: _____

Date: Mar 15/07



WW OIL & GAS, INC.
P.O. BOX 2288
FARMINGTON, NM 87499
(505) 325-2986

BANK OF THE SOUTHWEST
FARMINGTON, NM 87401
95-629/1122

1124

MA 215 / 07

WW OIL & GAS, INC. OIL CONSERVATION DIV.

\$ *1000.00*

One Thousand

XX DOLLARS

Payable to order of

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WW OIL & GAS, INC.

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WW OIL & GAS, INC.

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