

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

**IN RE: NOTICE OF VIOLATION ISSUED TO H L BROWN OPERATING, LLC
OGRID # 213179**

CASE NO. 26071

STIPULATED FINAL ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(C) NMAC, the Director of the Oil Conservation Division ("OCD") and H L Brown Operating, LLC ("Operator"), OGRID # 213179, enter into this Stipulated Final Order ("SFO") to resolve a Notice of Violation ("NOV").

1. OCD is charged with the administration and enforcement of the Oil and Gas Act and its rules and has jurisdiction over Operator and its wells in the state of New Mexico.
2. Operator operates under OGRID # 213179.
3. Operator has had too many inactive wells under its operatorship in violation of 19.15.5.9 NMAC, as set out more thoroughly in the NOV, a true and correct copy of which is attached hereto as **Exhibit A**.
4. Operator is the responsible party for all required reporting and for the wells that are subject to the NOV.
5. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and its rules, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. *See* 19.15.5.10 NMAC.
6. Operator requests this SFO to avoid sanctions for violating the Oil and Gas Act and the specific violations set out more thoroughly in the NOV, which is hereby incorporated by reference.

7. Operator admits the violations alleged in the NOV and waives any right to appeal from this SFO.
8. Additionally, Operator agrees to:
 - a. Each well subject to the NOV shall be produced by May 30, 2026.
 - b. Pay a civil penalty of One thousand and six hundred dollars (\$1,600.00) by May 30, 2026.
 - c. Payments shall be made to the State of New Mexico, Oil Conservation Division and sent to the attention of the Melissa Shelley.
9. Operator admits to OCD's jurisdiction to file the NOV, consents to the relief specified herein, and waives the right to review by the Oil Conservation Commission or other judicial relief.
10. The person executing this SFO on behalf of Operator represents that they have the requisite authority to bind Operator to the provisions of this SFO and that such representation shall be legally sufficient to evidence their actual or apparent authority.
11. This Order only satisfies the violations set out in the NOV attached hereto as Exhibit A. This Order shall not be construed to relieve the Operator from other regulatory compliance with OCD or resolve liability with any other regulatory authority or agency.
12. Notwithstanding the foregoing provisions, OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.
13. Should Operator fail to meet any deadline in this SFO, OCD may immediately plug and abandon, restore, and/or remediate any of the wells. Operator agrees that it will forfeit any financial assurance associated with any well which is plugged and abandoned by OCD.
14. This SFO shall not be construed as a resolution or to absolve Operator from any costs or liabilities associated with the plugging and abandonment, restoration, or remediation of a well by

OCD. Operator is liable for any and all costs associated with the plugging and abandonment, restoration, and/or remediation on Operator's wells incurred by OCD.

15. Operator may request an extension of any deadline in this SFO from OCD. OCD, at its sole discretion, may grant such extension if good cause is shown.

16. This Order will remain in full force and effect as to all successors-in-interest of Operator, including, but not limited to, any entity or entities that procure or acquire from Operator individual wells or sites referenced in the NOV that resulted in this Order or that are found in Exhibit A to this Order. Operator shall provide a copy of this Order, including Exhibit A, to any entity to which Operator intends to transfer assets covered by this Order or any entity that is otherwise a successor-in-interest of Operator.

17. This SFO becomes effective on the date of final execution by the OCD Director.

NEW MEXICO OIL CONSERVATION DIVISION



Albert C.S. Chang, Director

5/4/2026

Date

OPERATOR, H L Brown Operating, LLC



Signature

5/4/26

Date



Printed Name

OPERATIONS MGR.

EXHIBIT A

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Erin Taylor
Acting Cabinet Secretary

Ben Shelton
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

March 25, 2026

H L BROWN OPERATING, LLC
P.O. Box 2237
Midland, TX 79702

Rachael Braden, Production Analyst
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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:** H L BROWN OPERATING, LLC, OGRID # 213179 (“Operator”).
2. **Factual and Legal Basis for Alleged Violation(s):**

Operator is the registered operator of sixteen (16) wells. The seven (7) wells identified in **Exhibit A** have been continuously inactive since at least March 2019 and are therefore out of compliance with 19.15.25.8 NMAC and are not already subject to an agreed compliance or final order.

These alleged facts constitute violations of the following:

19.15.25.8 NMAC:

A. *The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.*

B. *The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:*

1. *a 60 day period following suspension of drilling operations;*
2. *a determination that a well is no longer usable for beneficial purposes; or*
3. *a period of one year in which a well has been continuously inactive.*

19.15.5.9(A) NMAC:

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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;*
 - (b) *five wells if the operator operates between 101 and 500 wells;*
 - (c) *seven wells if the operator operates between 501 and 1000 wells;*
and
 - (d) *10 wells if the operator operates more than 1000 wells.*
3. **Compliance**: No later than thirty (30) days after receipt of this NOV, Operator shall:
 - a. plug and abandon the seven (7) wells listed in **Exhibit A**.
4. **Sanction(s)**: OCD may impose one or more of the following sanctions:
 - a. civil penalty;
 - b. modification, suspension, cancellation, or termination of a permit or authorization;
 - c. plugging and abandonment of well(s);
 - d. remediation and restoration of well location(s) and associated facilities, including the removal of surface and subsurface equipment and other materials;
 - e. remediation and restoration of location(s) affected by a spill or release;
 - f. forfeiture of financial assurance;
 - g. shutting in well(s); and
 - h. any other remedy authorized by law.

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

- a. **Plug and Abandon Wells**: OCD will request an order requiring Operator to plug and abandon wells listed in **Exhibit A**, and/or an order authorizing OCD to plug and abandon those wells.
- b. **Termination of Authorization to Transport**: OCD will request an order terminating Operator's authority to transport from all wells listed in **Exhibit A**.
- c. **Civil Penalties**: OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort (or lack thereof) to comply with the applicable requirements. Copies of the civil penalty calculations are attached as **Exhibit B**.

Civil Penalty: \$ 3,150.00

5. **Informal resolution**: A process is available to informally discuss and resolve the NOV. This process will run for 30 days from the date of your receipt of this letter. To initiate this

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process, contact the OCD employee identified at the end of this letter.

6. ***Hearing***: OCD will docket this matter for May 5, 2026, at which time this case will move forward to a formal hearing should informal resolution be unsuccessful. Please see 19.15.5.10 NMAC for more information regarding the hearing.

For more information regarding this NOV, contact Michael Hall at (505) 479-1137 or Michael.Hall@emnrd.nm.gov

Regards,

Albert Chang

Albert C.S. Chang
Director, Oil Conservation Division

cc: Office of General Counsel, EMNRD

State of New Mexico
Energy, Minerals and Natural Resources Department

EXHIBIT A

Inactive Well List

Total Well Count: 16 Inactive Well Count: 7
 Printed On: Tuesday, December 30 2025

District	API	Well	ULSTR	OCD Unit	Ogrnd	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30 041 00047	FEDERAL #001	K 33 07S 37E	K	213179	H L BROWN OPERATING, LLC	F	P	G	09/2023			
1	30 041 20402	FEDERAL C #001	3 04 08S 37E	C	213179	H L BROWN OPERATING, LLC	F	P	G	09/2023	BLM EXT TIL 08-07-2012 TO RWTP BLM		
1	30 041 20403	FEDERAL D #001	C 09 08S 37E	C	213179	H L BROWN OPERATING, LLC	F	P	G	09/2023			
1	30 041 20404	FEDERAL E #001	L 34 07S 37E	L	213179	H L BROWN OPERATING, LLC	F	S	G	08/2024			
1	30 041 20425	FEDERAL H #001	I 05 08S 37E	I	213179	H L BROWN OPERATING, LLC	F	P	G	09/2023			
1	30 041 20397	W L PERKINS #001	D 10 08S 37E	D	213179	H L BROWN OPERATING, LLC	P	P	G	08/2024			
1	30 041 20901	W L PERKINS #002	D 10 08S 37E	D	213179	H L BROWN OPERATING, LLC	P	P	O	08/2023	GRANITE WASH		

EXHIBIT B



Alleged Violator	M L BROWN OPERATING, LLC
Alleged Violator OGRID	213179
History of Non-Compliance	No history
Less than 150 wells or gross sales less than \$500,000	0
Total Penalty	\$ 3,150

API # or Facility ID	Violation Citation	Type of Violation	Description	Min/Max	Multi Day / Single Day	Days In violation	Days Penalized	Penalty Subtotal	Effort to Comply	Negligence and Willfulness	Factor Subtotal	Outstanding Conditions	TOTAL	Comments	
30-041-00067	5.9(a)(2)(F)(4)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-041-20102	5.9(a)(2)(F)(4)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-041-20103	5.9(a)(2)(F)(4)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	0.1	1.8	No outstanding conditions	\$ 1,500.00	\$ 420
30-041-20104	5.9(a)(2)(F)(4)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-041-20123	5.9(a)(2)(F)(4)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-041-20197	5.9(a)(2)(F)(4)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-041-20191	5.9(a)(2)(F)(4)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450