

Received by OCD: 6/4/2025 7:22:54 AM

Page 2 of 25

Well Name: AVALON FED 32	Well Location: T20S / R27E / SEC 32 / NENE / 32.533858 / -104.2991048	County or Parish/State: EDDY / NM
Well Number: 1	Type of Well: CONVENTIONAL GAS WELL	Allottee or Tribe Name:
Lease Number: NMNM15869	Unit or CA Name: AVALON FEDERAL 32 COM	Unit or CA Number: NMNM72045
US Well Number: 3001522477	Operator: SAN MARCO PETROLEUM INC	

Conditions of Approval

Specialist Review

Avalon_Fed_32_1___2850277___COA_AND_PROCEDURE_20250603125641.pdf

Operator

I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a

Operator Electronic Signature: JOSH MATHEWS

Signed on: JUN 02, 2025 10:59 AM

Name: SAN MARCO PETROLEUM INC

Title: Vice President

Street Address: 1161 S HURON ST

City: DENVERState: CO

Phone: (936) 522-6086

Email address: JOSH@TAQENERGY.COM

Field

Representative Name:

Street Address:

City:State:Zip:

Phone:

Email address:

BLM Point of Contact

BLM POC Name: KEITH P IMMATTY

BLM POC Title: ENGINEER

BLM POC Phone: 5759884722

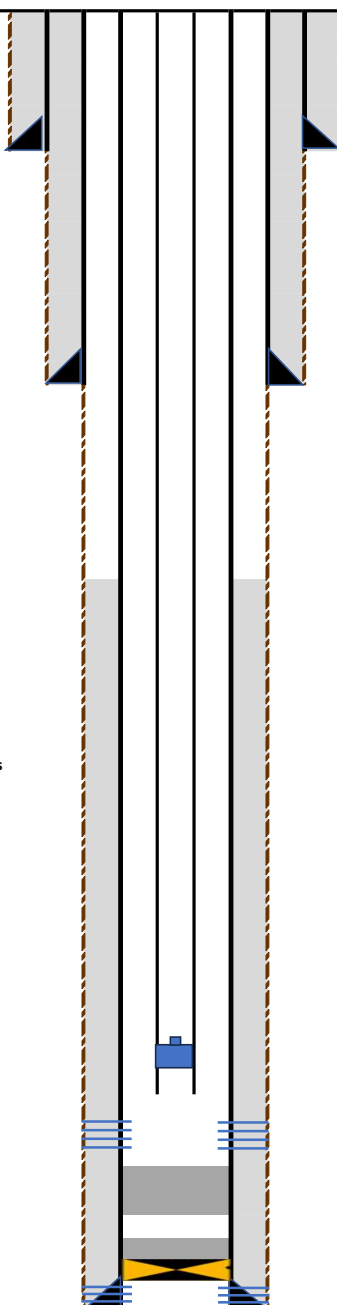
BLM POC Email Address: KIMMATTY@BLM.GOV

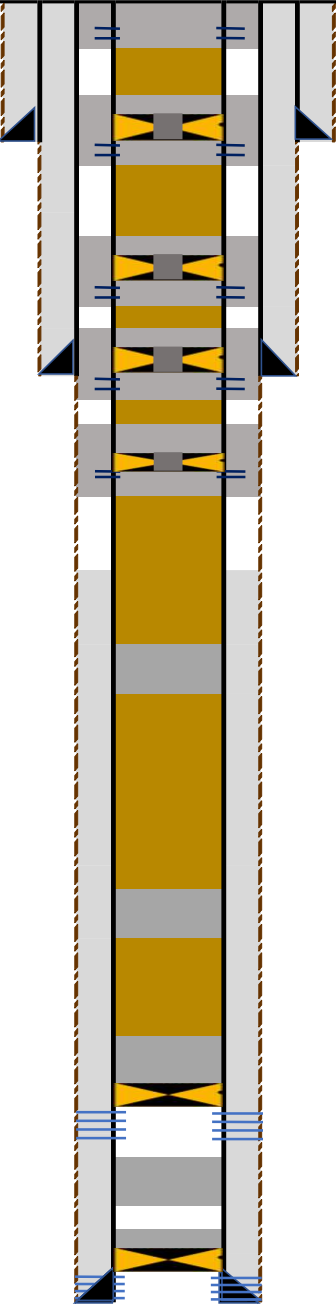
Disposition: Approved

Disposition Date: 06/03/2025

Signature: KEITH IMMATTY

San Marco Petroleum																																																																																																																																																					
Procedure - Proposed Plug and Abandonment																																																																																																																																																					
Well Name:	Avalon Federal 32 #1	Version:	FINAL																																																																																																																																																		
API:	3001522477	Date:	5/6/2025																																																																																																																																																		
<p>Purpose: The subject well is shut in with no future plans to produce. It is being requested to permanently abandon the well according to state guidelines.</p> <p>Regulatory - Notify the NMOC and BLM at least 48 hours before plugging operations commence. Ensure proper ground disturbance forms have been completed, one call for utility identification has been done and proper paperwork is on location.</p> <p>General - Hold a pre-job safety meeting. Discuss all aspects of the procedure with any involved personnel. Identify and address any safety concerns before the job begins.</p> <ul style="list-style-type: none"> - Follow all pertinent operator and service company SOP's for downhole workover projects. - Mix 5 gal of corrosion inhibitor and 5 gal of biocide per 100 bbl of fluid to be used on all displacement and working fluids. - All cement plugs will be neat class G, unless otherwise approved and stated. <p>1) Pull test dead man anchors. MIRU WOR. Kill well if necessary. ND wellhead, NU BOP.</p> <p>2) Retrieve plunger using sand line. POOH w/ tubing and plunger. Lay down all equipment to be sent for inspection.</p> <p>3) PU workstring, RIH, pump first plug (Morrow) per plug table below. POOH.</p> <p>4) RU WL and RIH w/ CIBP. Set CIBP and pressure test to 500 psi for 30 minutes. Run CBL to surface. Email CBL to josh@taqenergy.com.</p> <p>5) Confirm no plugs need to be changed based on CBL. MIRU cementing services and pump following cement plugs.</p>																																																																																																																																																					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Plugs in order</th> <th>Placement</th> <th>Top (rKB')</th> <th>Bottom (rKB')</th> <th>Volume (sks)</th> <th>Pump Type</th> <th>Cement Class</th> <th>Isolation</th> <th>Isolation Depth:</th> <th>Tag</th> </tr> </thead> <tbody> <tr> <td>Morrow</td> <td>Internal</td> <td>10,256</td> <td>10,476</td> <td>25</td> <td>Balanced</td> <td>H</td> <td></td> <td></td> <td>N</td> </tr> <tr> <td>Top Perf/CIBP</td> <td>Internal</td> <td>9,220</td> <td>9,440</td> <td>25</td> <td>Balanced</td> <td>H</td> <td>CIBP</td> <td>9,440</td> <td>N</td> </tr> <tr> <td>Wolfcamp</td> <td>Internal</td> <td>7,918</td> <td>8,138</td> <td>25</td> <td>Balanced</td> <td>H</td> <td></td> <td></td> <td>N</td> </tr> <tr> <td>Plug</td> <td>Internal</td> <td>8,668</td> <td>8,888</td> <td>25</td> <td>Balanced</td> <td>C</td> <td></td> <td></td> <td>N</td> </tr> <tr> <td rowspan="3">Bone Springs</td> <td>Internal</td> <td>5,557</td> <td>5,715</td> <td>18</td> <td rowspan="3">Squeeze</td> <td rowspan="3">C</td> <td rowspan="3">CICR</td> <td rowspan="3">5,690</td> <td rowspan="3">N</td> </tr> <tr> <td>Annulus</td> <td>5,557</td> <td>5,715</td> <td>38</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>56</td> </tr> <tr> <td rowspan="3">Int Shoe</td> <td>Internal</td> <td>2,807</td> <td>2,937</td> <td>15</td> <td rowspan="3">Squeeze</td> <td rowspan="3">C</td> <td rowspan="3">CICR</td> <td rowspan="3">2,912</td> <td rowspan="3">N</td> </tr> <tr> <td>Annulus</td> <td>2,807</td> <td>2,937</td> <td>26</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>41</td> </tr> <tr> <td rowspan="3">Delaware</td> <td>Internal</td> <td>2,266</td> <td>2,390</td> <td>15</td> <td rowspan="3">Squeeze</td> <td rowspan="3">C</td> <td rowspan="3">CICR</td> <td rowspan="3">2,365</td> <td rowspan="3">N</td> </tr> <tr> <td>Annulus</td> <td>2,266</td> <td>2,390</td> <td>24</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>39</td> </tr> <tr> <td rowspan="3">Capitan Reef</td> <td>Internal</td> <td>1,236</td> <td>1,350</td> <td>13</td> <td rowspan="3">Squeeze</td> <td rowspan="3">C</td> <td rowspan="3">CICR</td> <td rowspan="3">1,325</td> <td rowspan="3">N</td> </tr> <tr> <td>Annulus</td> <td>1,236</td> <td>1,350</td> <td>20</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>33</td> </tr> <tr> <td rowspan="3">Surface/Surface Shoe</td> <td>Internal</td> <td>Surf</td> <td>636</td> <td>73</td> <td rowspan="3">Squeeze</td> <td rowspan="3">C</td> <td rowspan="3"></td> <td rowspan="3"></td> <td rowspan="3">N</td> </tr> <tr> <td>Annulus</td> <td>Surf</td> <td>636</td> <td>105</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>178</td> </tr> </tbody> </table>										Plugs in order	Placement	Top (rKB')	Bottom (rKB')	Volume (sks)	Pump Type	Cement Class	Isolation	Isolation Depth:	Tag	Morrow	Internal	10,256	10,476	25	Balanced	H			N	Top Perf/CIBP	Internal	9,220	9,440	25	Balanced	H	CIBP	9,440	N	Wolfcamp	Internal	7,918	8,138	25	Balanced	H			N	Plug	Internal	8,668	8,888	25	Balanced	C			N	Bone Springs	Internal	5,557	5,715	18	Squeeze	C	CICR	5,690	N	Annulus	5,557	5,715	38	Total			56	Int Shoe	Internal	2,807	2,937	15	Squeeze	C	CICR	2,912	N	Annulus	2,807	2,937	26	Total			41	Delaware	Internal	2,266	2,390	15	Squeeze	C	CICR	2,365	N	Annulus	2,266	2,390	24	Total			39	Capitan Reef	Internal	1,236	1,350	13	Squeeze	C	CICR	1,325	N	Annulus	1,236	1,350	20	Total			33	Surface/Surface Shoe	Internal	Surf	636	73	Squeeze	C			N	Annulus	Surf	636	105	Total			178
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<p>6) RDMO workover unit and support equipment.</p> <p>7) Dig around wellhead, cut off 3' below GL. Top off w/ cement if top plug is not at surface.</p> <p>8) Weld information plate to casing stub with 1/4" weep hole. Take GPS reading of well information plate for regulatory agencies. Inscribe plate with following:</p> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> <p>San Marco Petroleum</p> <p>Avalon Federal 32 #1</p> <p>3001522477</p> <p>[Date Plugged]</p> </div> <div style="text-align: center;"> <p>NENE 32 20S 27E</p> <p>1265 FNL 1303 FEL</p> <p>Unit A</p> <p>Eddy Co, NM</p> </div> </div> <p>9) Back fill hole and release equipment.</p>																																																																																																																																																					

San Marco Petroleum											
WBD - Current											
Well Name:		Avalon Federal 32 #1		GL (ft):		3,201		Sec:		32	
API:		3001522477		Lat:		32.5338500		Twn:		20S	
Field:		Avalon		Long:		-104.2991000		Rng:		27E	
								S/T/R:		NENE 32 20S 27E	
				Casing and Tubulars							
				String	Top (rGL'):	Bottom (rGL'):	OD (in):	ID (in):	Wt. (lb/ft):	Grade:	Hole (in):
				Surface	Surf	586	13.375	12.615	54.50	J55	17.50
				Intermediate	Surf	2,887	8.625	7.921	40.00		12.25
				Production	Surf	10,856	5.500	4.89	17.0		7.88
				Tubing	Surf	9,474	2.375				
				Formations				Cement			
				Zone	Top (rGL'):	String		Top (rGL'):	Bottom (rKB'):	Method	
				Delaware	2,367	Surface	0	586	Calc		
				Bone Springs	4,073	Intermediate	0	2,887	Calc		
Third Bone Springs	7,790	Production	Unk	10,856							
Wolfcamp	8,111	Downhole Tools									
Strawn	9,426					Item	Top (rKB'):	Bottom (rKB'):	Size (in):		
Atoka	9,846										
Morrow	10,292	Current and Previously Abandoned Zones									
Zone	Top (rKB'):	Bottom (rKB'):	Coverage	Top (rKB'):	Bottom (rKB'):	Height (ft):	Volume (sks):	Type	Pump Type	Isolation	
Atoka	9,490	9,516	Morrow	10,476	10,520	44	5	Test	Balanced	CIBP	
Morrow	10,566	10,846	Design Considerations								

San Marco Petroleum													
WBD - Proposed Plugged and Abandoned													
Well Name:		Avalon Federal 32 #1		GL (ft):		3,201		Sec:		32			
API:		3001522477		Lat:		32.5338500		Twn:		20S			
Field:		Avalon		Long:		-104.2991000		Rng:		27E			
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				Wolfcamp	8,111								
				Strawn	9,426								
				Atoka	9,846								
				Morrow	10,292								
				Perforations									
				Zone	Top (rKB'):	Bottom (rKB'):							
				Surface/Surface Shoe	100	101							
				Delaware	2,390	2,391							
				Int Shoe	2,937	2,938							
				Bone Springs	5,715	5,716							
				Plug	8,888	8,889							
				Atoka	9,490	10,846							
				Morrow	10,566	10,846							
				Abandonment Plugs									
				Coverage	Plug Split	Top (rKB'):	Bottom (rKB'):	Height (ft):	Volume (sks):	Pump Type	Cement Class	Mech. Isolation	
				Surface/Surface Shoe	Internal	Surf	636	636	73	Squeeze	C		
					Annulus	Surf	636	636	105				
					Total				178				
				Capitan Reef	Internal	1,236	1,350	114	13	Squeeze	C	CICR	
					Annulus	1,236	1,350	114	20				
					Total				33				
				Delaware	Internal	2,266	2,390	124	15	Squeeze	C	CICR	
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					Total				39				
				Int Shoe	Internal	2,807	2,937	130	15	Squeeze	C	CICR	
					Annulus	2,807	2,937	130	26				
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				Morrow	Internal	10,256	10,476	220	25	Balanced	H		
				Design Considerations									
				All displacement fluid is 9ppg treated displacement brine									
				Wellbore fluids contain 5 gal corrosion inhibitor and 5 gal biocide per 100 bbl of fluid									

Sundry Finder Information

Sundry ID	Sundry Type of Submission	Has SR?	Sundry Type of Action	Sundry Status	Well Number	Well Name	US Well Number	BLM Office
2850277	NOI	No	Plug and Abandonment	Approved	1	AVALON FED 32	3001522477	Carlsbad

State of New Mexico
Energy, Minerals and Natural Resources Department
Oil Conservation Division
Standard Plugging Conditions



This document provides OCD's general plugging conditions of approval. It should be noted that the list below may not cover special plugging programs in unique and unusual cases, and OCD expressly reserves the right to impose additional requirements to the extent dictated by project conditions. The OCD also reserves the right to approve deviations from the below conditions if field conditions warrant a change. A C-103F NOI to P&A must be approved prior to plugging operations. Failure to comply with the conditions attached to a plugging approval may result in a violation of 19.15.5.11 NMAC, which may result in enforcement actions, including but not limited to penalties and a requirement that the well be re-plugged as necessary.

1. Notify OCD office at least 24 hours before beginning work and seek prior approval to implementing any changes to the C-103 NOI to PA.
 - North Contact, Monica Kuehling, 505-320-0243, monica.kuehling@emnrd.nm.gov
 - South Contact, Gilbert Cordero, 575-626-0830, gilbert.cordero@emnrd.nm.gov
2. A Cement Bond Log is required to ensure strata isolation of producing formations, protection of water and correlative rights. A CBL must be run or be on file that can be used to properly evaluate the cement behind the casing.

Note: Logs must be submitted to OCD via OCD permitting. A copy of the log may be emailed to OCD inspector for faster review times, but emailing does not relieve the operators obligation to submit through OCD permitting.

3. Once Plugging operations have commenced, the rig must not rig down until the well is fully plugged without OCD approval. If gap in plugging operations exceeds 30 days, the Operator must file a subsequent sundry of work performed and revised NOI for approval on work remaining. At no time shall the rig be removed from location if it will result in waste or contamination of fresh water.
4. Insure all bradenheads have been exposed, identified and valves are operational prior to rig up.
5. Fluids must be placed between all cement plugs mixed at 25 sacks per 100 bbls of water.
 - North, water or mud laden fluids
 - South, mud laden fluids
6. Closed loop system is to be used for entire plugging operation. Upon completion, contents of steel pits are to be hauled to an OCD permitted disposal facility.

7. Class of cement shall be used in accordance with the below table for depth allowed.

Class	TVD Lower Limit (feet)
Class A/B	6,000
Class I/II	6,000
Class C or III	6,000
Class G and H	8,000
Class D	10,000
Class E	14,000
Class F	16,000

8. After cutting the well head any “top off cement jobs” must remain static for 30 minutes. Any gas bubbles or flow during this 30 minutes shall be reported to the OCD for approval of next steps.
9. Trucking companies being used to haul oilfield waste fluids (Commercial or Private) to a disposal facility shall have an approved OCD C-133 permit.
- A copy of this permit shall be available in each truck used to haul waste products.
 - It is the responsibility of the Operator and Contractor to verify that this permit is in place prior to performing work.
 - Drivers shall be able to produce a copy upon request of an OCD Compliance Officer.
10. Filing a [C-103] Sub. Plugging (C-103P) will serve as notification that the well has been plugged.
11. A [C-103] Sub. Release After P&A (C-103Q) shall be filed no later than a year after plugging and a site inspection by OCD Compliance officer to determine if the location is satisfactorily cleaned, all equipment, electric poles and trash has been removed to meet OCD standards before bonding can be released.
12. Produced water or brine-based fluids **may not** be used during any part of plugging operations without **prior OCD approval**.
13. Cementing;
- All cement plugs will be neat cement and a minimum of 100’ in length. 50’ of calculated cement excess required for inside casing plugs and 100% calculated cement excess required on outside casing plugs.
 - If cement does not exist between or behind the casing strings at recommended formation depths, the casing perforations will be shot at 50’ below the formation top and the cement retainer shall be set no more than 50’ from the perforations.
 - WOC (Wait on Cement) time will be:
 - 4 hours for accelerated (calcium chloride) cement.
 - 6 hours on regular cement.
 - Operator must tag all cement plugs unless it meets the below condition.
 - The operator has a passing pressure test for the casing annulus and the plug is only an inside plug.
 - If perforations are made operator must tag all plugs using the work string to tag unless given approval to tag with wireline by the correct contact from COA #1 of this document.
 - This includes plugs pumped underneath a cement retainer to ensure retainer seats properly after cement is pumped.
 - Cement can only be bull-headed with specific prior approval.
 - Squeeze pressures are not to exceed the exposed formations frac gradient or the burst pressure of the casing.

14. A cement plug is required to be set from 50' below to 50' above (straddling) formation tops, casing shoes, casing stubs, any attempted casing cut offs, anywhere the casing is perforated, DV tools.
- Perforation/Formation top plug. (When there is less than 100ft between the top perforation to the formation top.) These plugs are required to be started no greater than 50ft from the top perforation. However, the plug should be set below the formation top or as close to the formation top as possible for the maximum isolation between the formations. The plug is required to be a 100ft cement plug plus excess.
 - Perforation Plug when a formation top is not included. These plugs are required to be started within 50ft of the top perforation. The plug is required to be a 100ft cement plug plus excess.
 - Cement caps on top of bridge plugs or cement retainers for perforation plugs, that are not straddling a formation top, may be set using a bailer with a minimum of 35' of cement in lieu of the 100' plug. The bridge plug or retainer must be set within 50ft of the perforations.
 - Perforations are required below the surface casing shoe if cement does not exist behind the casing, a 30-minute minimum wait time will be required immediately after perforating to determine if gas and/or water flows are present. If flow is present, the well will be shut-in for a minimum of one hour and the pressure recorded. If gas is detected contact the OCD office for directions.
15. No more than 3000 feet is allowed between cement plugs in cased hole and no more than 2000 feet is allowed in open hole.
16. Formation Tops to be isolated with cement plugs, but not limited to are:
- Northwest See Figure A
 - South (Artesia) See Figure B
 - Potash See Figure C
 - In the R-111-P (Or as subsequently revised) Area a solid cement plug must be set across the salt section. Fluid used to mix the cement shall be saturated with the salts that are common to the section penetrated and in suitable proportions, not more than 3% calcium chloride (by weight of cement) will be considered the desired mixture whenever possible, woe 4 hours and tag, this plug will be 50' below the bottom and 50' above the top of the Formation.
 - South (Hobbs) See Figure D1 and D2
 - Areas not provided above will need to be reviewed with the OCD on a case by case basis.
17. Markers
- Dry hole marker requirements 19.15.25.10.
The operator shall mark the exact location of plugged and abandoned wells with a steel marker not less than four inches in diameter set in cement and extending at least four feet above mean ground level. The marker must include the below information:
 1. Operator name
 2. Lease name and well number
 3. API number
 4. Unit letter
 5. Section, Township and Range

- AGRICULTURE (Below grade markers)

In Agricultural areas a request can be made for a below ground marker. For a below ground marker the operator must file their request on a C-103 notice of intent, and it must include the following;

A) Aerial photo showing the agricultural area

B) Request from the landowner for the below ground marker.

C) Subsequent plugging report for a well using a below ground marker must have an updated C-102 signed by a certified surveyor for SHL.

Note: A below ground marker is required with all pertinent information mentioned above on a plate, set 3' below ground level, a picture of the plate will be supplied to OCD for record, the exact location of the marker (longitude and latitude by GPS) will be provided to OCD. OCD requires a current survey to verify the location of the below ground marker, however OCD will accept a GPS coordinate that were taken with a GPS that has an accuracy of within 15 feet.

18. If work has not commenced within 1 year of the approval of this procedure, the approval is automatically expired. After 1 year a new [C-103] NOI Plugging (C-103F) must be submitted and approved prior to work.

Figure A

North Formations to be isolated with cement plugs are:

- San Jose
- Nacimiento
- Ojo Alamo
- Kirtland
- Fruitland
- Picture Cliffs
- Chacra (if below the Chacra Line)
- Mesa Verde Group
- Mancos
- Gallup
- Basin Dakota (plugged at the top of the Graneros)
- Deeper formations will be reviewed on a case-by-case basis

Figure B

South (Artesia) Formations to be isolated with cement plugs are:

- Fusselman
- Montoya
- Devonian
- Morrow
- Strawn
- Atoka
- Permo-Penn
- Wolfcamp
- Bone Springs
- Delaware , in certain areas where the Delaware is subdivided into;
 - 1. Bell Canyon
 - 2. Cherry Canyon
 - 3. Brushy Canyon
- Any salt sections
- Abo
- Yeso
- Glorieta
- San Andres
- Greyburg
- Queen
- Yates

Figure C

Potash Area R-111-P

T 18S – R 30E

Sec 10 Unit P. Sec 11 Unit M,N. Sec 13 Unit L,M,N. Sec 14 Unit C -P. Sec 15 Unit A G,H,I,J,K,N,O,P. Sec 22 Unit All

except for M. Sec 23, Sec 24 Unit C,D,E,L, Sec 26 Unit A-G, Sec 27 Unit A,B,C

T 19S – R 29E

Sec 11 Unit P. Sec 12 Unit H-P. Sec 13. Sec 14 Unit A,B,F-P. Sec 15 Unit P. Sec 22 Unit A,B,C,F,G,H,I,J K,N,O,P. Sec 23.

Sec 24. Sec 25 Unit D. Sec 26 Unit A- F. Sec 27 Unit A,B,C,F,G,H.

T 19S – R 30E

Sec 2 Unit K,L,M,N. Sec 3 Unit I,L,M,N,O,P. Sec 4 Unit C,D,E,F,G,I-P. Sec 5 Unit A,B,C,E-P. Sec 6 Unit I,O,P. Sec 7 – Sec

10. Sec 11 Unit D, G—P. Sec 12 Unit A,B,E-P. Sec 13 Unit A-O. Sec 14-Sec 18. Sec 19 Unit A-L, P. Sec 20 – Sec 23. Sec

24 Unit C,D,E,F,L,M,N. Sec 25 Unit D. Sec 26 Unit A-G, I-P. Sec 27, Sec 28, Sec 29 Unit

A,B,C,D,F,G,H,I,J,O,P. Sec 32

Unit A,B,G,H,I,J,N,O,P. Sec 33. Sec 34. Sec 35. Sec 36 Unit D,E,F,I-P.

T 19S – R 31E

Sec 7 Unit C,D,E,F,L. Sec 18 Unit C,D,E,F,G,K,L. Sec 31 Unit M. Sec 34 Unit P. Sec 35 Unit M,N,O. Sec 36 Unit O,P.

T 20S – R 29E

Sec 1 Unit H,I,P. Sec 13 Unit E,L,M,N. Sec 14 Unit B-P. Sec 15 Unit A,H,I,J,N,O,P. Sec 22 Unit A,B,C,F,G,H,I,J,O,P. Sec

23. Sec 24 Unit C,D,E,F,G,J-P. Sec 25 Unit A-O. Sec 26. Sec 27 Unit A,B,G,H,I,J,O,P. Sec 34 Unit A,B,G,H. Sec 35 Unit

A-H. Sec 36 Unit B-G.

T 20S – R 30E

Sec 1 – Sec 4. Sec 5 Unit A,B,C,E-P. Sec 6 Unit E,G-P. Sec 7 Unit A-H,I,J,O,P. Sec 8 – 17. Sec 18 Unit A,B,G,H,I,J,O,P.

Sec 19 Unit A,B,G,H,I,J,O,P. Sec 20 – 29. Sec 30 Unit A-L,N,O,P. Sec 31 Unit A,B,G,H,I,P. Sec 32 – Sec 36.

T 20S – R 31E

Sec 1 Unit A,B,C,E-P. Sec 2. Sec 3 Unit A,B,G,H,I,J,O,P. Sec 6 Unit D,E,F,J-P. Sec 7. Sec 8 Unit E-P. Sec 9 Unit E,F,J-P.

Sec 10 Unit A,B,G-P. Sec 11 – Sec 36.

T 21S – R 29E

Sec 1 – Sec 3. Sec 4 Unit L1 – L16,I,J,K,O,P. Sec 5 Unit L1. Sec 10 Unit A,B,H,P. Sec 11 – Sec 14. Sec 15 Unit A,H,I. Sec

23 Unit A,B. Sec 24 Unit A,B,C,D,F,G,H,I,J,O,P. Sec 25 Unit A,O,P. Sec 35 Unit G,H,I,J,K,N,O,P. Sec 36 A,B,C,F – P.

T 21S – R 30E

Sec 1 – Sec 36

T 21S – R 31E

Sec 1 – Sec 36

T 22S – R 28E

Sec 36 Unit A,H,I,P.

T 22S – R 29E

Sec 1. Sec2. Sec 3 Unit I,J,N,O,P. Sec 9 Unit G – P. Sec 10 – Sec 16. Sec 19 Unit H,I,J. Sec 20 – Sec 28. Sec 29 Unit

A,B,C,D,G,H,I,J,O,P. Sec 30 Unit A. Section 31 Unit C – P. Sec 32 – Sec 36

T 22S – R 30E

Sec 1 – Sec 36

T 22S – R 31E

Sec 1 – Sec 11. Sec 12 Unit B,C,D,E,F,L. Sec 13 Unit E,F,K,L,M,N. Sec 14 – Sec 23. Sec 24 Unit C,D,E,F,K,L,M,N. Sec 25

Unit A,B,C,D. Sec 26 Unit A,BC,D,G,H. Sec 27 – Sec 34.

T 23S – R 28E

Sec 1 Unit A

T 23S – R 29E

Sec 1 – Sec 5. Sec 6 Unit A – I, N,O,P. Sec 7 Unit A,B,C,G,H,I,P. Sec 8 Unit A – L, N,O,P. Sec 9 – Sec 16. Sec 17 Unit

A,B,G,H,I,P. Sec 21 – Sec 23. Sec 24 Unit A – N. Sec 25 Unit D,E,L. Sec 26. Sec 27. Sec 28 Unit A – J, N,O,P. Sec 33

Unit A,B,C. Sec 34 Unit A,B,C,D,F,G,H. Sec 35. Sec 36 Unit B,C,D,E,F,G,K,L.

T 23S – R 30E

Sec 1 – Sec 18. Sec 19 Unit A – I,N,O,P. Sec 20, Sec 21. Sec 22 Unit A – N, P. Sec 23, Sec 24, Sec 25. Sec 26 Unit

A,B,F-P. Sec 27 Unit C,D,E,I,N,O,P. Sec 28 Unit A – H, K,L,M,N. Sec 29 Unit A – J, O,P. Sec 30 Unit A,B. Sec 32 A,B. Sec

33 Unit C,D,H,I,O,P. Sec 34, Sec 35, Sec 36.

T 23S – R 31E

Sec 2 Unit D,E,J,O. Sec 3 – Sec 7. Sec 8 Unit A – G, K – N. Sec 9 Unit A,B,C,D. Sec 10 Unit D,P. Sec 11 Unit G,H,I,J,M,N,O,P. Sec 12 Unit E,L,K,M,N. Sec 13 Unit C,D,E,F,G,J,K,L,M,N,O. Sec 14. Sec 15 Unit A,B,E – P.

Sec 16 Unit

I, K – P. Sec 17 Unit B,C,D,E, I – P. Sec 18 – Sec 23. Sec 24 Unit B – G, K,L,M,N. Sec 25 Unit B – G, J,K,L. Sec 26 – Sec

34. Sec 35 Unit C,D,E.

T 24S – R 29E

Sec 2 Unit A, B, C, D. Sec 3 Unit A

T 24S – R 30E

Sec 1 Unit A – H, J – N. Sec 2, Sec 3. Sec 4 Unit A,B,F – K, M,N,O,P. Sec 9 Unit A – L. Sec 10 Unit A – L, O,P. Sec 11.

Sec 12 Unit D,E,L. Sec 14 Unit B – G. Sec 15 Unit A,B,G,H.

T 24S – R 31E

Sec 3 Unit B – G, J – O. Sec 4. Sec 5 Unit A – L, P. Sec 6 Unit A – L. Sec 9 Unit A – J, O, P. Sec 10 Unit B – G, K – N. Sec

35 Unit E – P. Sec 36 Unit E, K, L, M, N.

T 25S – R 31E

Sec 1 Unit C, D, E, F. Sec 2 Unit A – H.

Figure D1 and D2

South (Hobbs) Formations to be isolated with cement plugs are:

The plugging requirements in the Hobbs Area are based on the well location within specific areas of the Area (See Figure D1). The Formations in the Hobbs Area to be isolated with cement plugs are (see Figure D2)

Figure D1 Map

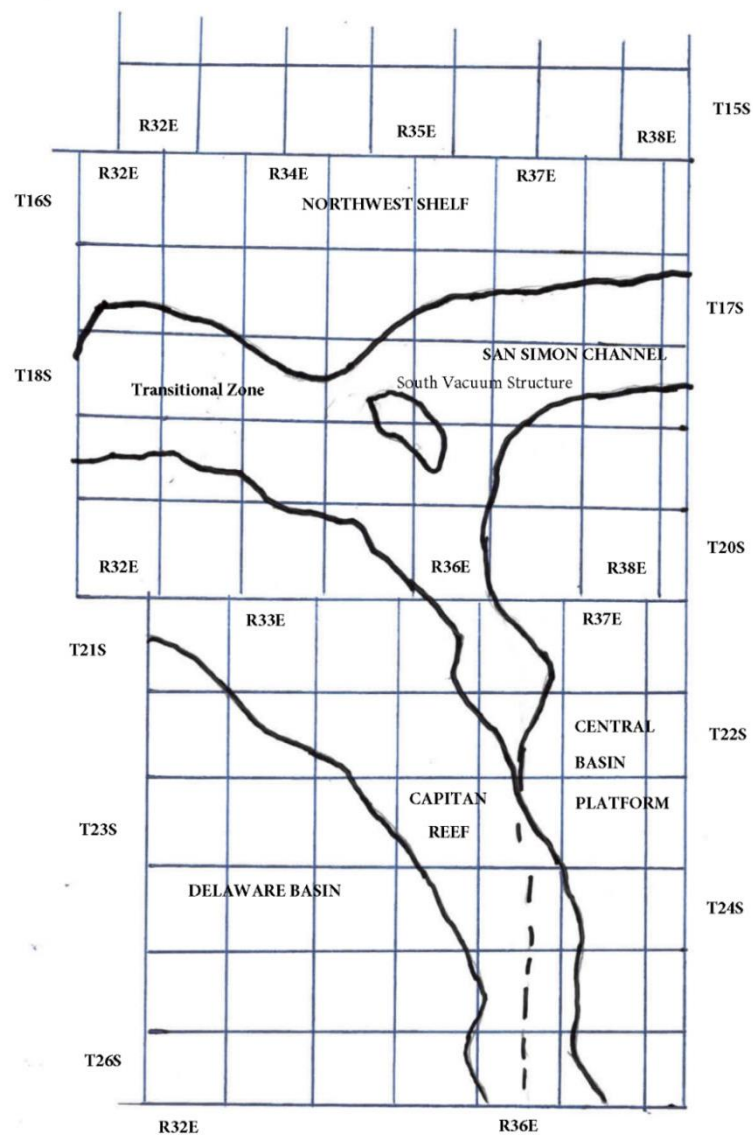


Figure D2 Formation Table

100' P'plug to isolate upper and lower fresh water zones (typiailly 2.50' to 350')						
NDIthwest Shelf	C;iptan Reef Area	Tran5ition Zone	San Simon Oh.annel	South \acJUUm Structure	Delaware Basin	Ce<n,tiral Basin Platform
Granit \.ash (Detrital basement material and fractured pre-Cambrian basement rock)	Siluro-Devonian	Morrow	Siluro-Devonian	Ellenburger	Siluro-Devonian	Granit \.ash (Detrital basement material, fractured pre-Cambrian basement rock and fracture Mafic Volcanic intrusives).
Montoya	Mississippian	Atoka	Morrow	Mckee	Morrow	Ellenburger
Fusselman	Morrow	Strawn	\.olfcamp	Siluro-Devonian	Atoka	Connell
Woodford	Atoka	Cisco	Abo Reef	Woodford	Strawn	Waddell
Siluro-Devonian	Strawn	Pennsylvanian	Bone Spring	Mississippian	Pennsylvanian	Mckee
Chester	Pennsylvanian	\.olfcamp	Delaware	Barnett Shale	Low er \.olfcamp	Simpson Group
Austin	\.olfcamp	Bone Spring	San Andres	Morrow	Upper \.olfcamp	Montoya
Mississippian	Abo Reef, if present	Delaware	Queen	Atoka	\.olfcamp	Fusselman
Morrow	Abo, if present	San Andres	Yates	Strawn	Third Bone Spring Sand (Top of \.olfbone)	Silurian
Atoka	Queen, if present	Grayburg-San Andres	Base of Salt	Canyon	First Bone Spring Sand (Top of Lower Bone Spring)	Devonian
Lower Pennsylvanian	Bone Spring	Queen	Rustler	Pennsylvanian	Bone Spring	Strawn
Cisco-Canyon	Delaware	Seven Rivers		Blinebry	Brushy Canyon	Pennsylvanian
Pennsylvanian	Base Capitan Reef	Yates		Bone Spring	Delaw are (Base of Salt)	\.olfcamp
Bough	Seven Rivers	Base of Salt		San Andres	Rustler	Abo
\.olfcamp	Yates	Rustler		Queen		Abo Reef
Abo	Top Capitan Reef			Base of Salt		Drinkard
Abo Reef, if present	Base of Salt			Rustler		Tubb
Yeso (Township 15 South to Township 17 South)	Rustler					Blinebry
Drinkard or Low er Yeso (Township 15 South to Township 17 South)						Paddock
Tubb (Township 15 South to Township 17 South)						Glorieta
Blinebry (Township 15 South to Township 17 South)						San Andres
Paddock (Township 15 South to Township 17 South)						Grayburg
Glorieta						Grayburg-San Andres
San Andres						Queen
Queen (Township 15 South to Township 17 South)						Seven Rivers
Seven Rivers (Township 15 South to Township 17 South)						Yates
Yates (Township 15 South to Township 17 South)						Base of Salt
Base of Salt						Rustler
Rustler						

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary-Designate

Benjamin Shelton
Deputy Secretary (Acting)

Gerasimos Razatos, Division Director (Acting)
Oil Conservation Division



BY ELECTRONIC MAIL

Kelley Montgomery
Director of Regulatory
OXY USA Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046
Kelley_Montgomery@oxy.com

Re: Oil Conservation Division Authorization for OXY USA Inc. to Plug and Abandon Well(s)

Ms. Montgomery:

The Oil Conservation Division ("OCD") received your request of November 11, 2024, requesting authorization for OXY USA Inc. ("OXY"), to plug and abandon the following wells:

API	Well Name
30-015-01633	Aston & Fair A #001
30-015-02305	Caroline #001
30-015-02306	Caroline #003
30-015-02307	Caroline #004
30-015-02308	Caroline #005
30-015-02309	Caroline #006
30-015-10184	State #006
30-015-21623	State #007
30-025-21947	Joannie #001
30-025-24718	Joannie #003
30-025-24548	Joannie #004

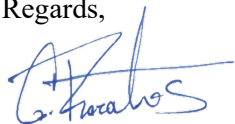
LLJ Ventures, LLC DBA Marker Oil & Gas, ("LLJ") is the registered operator of these wells and OXY is the leaseholder where the well is located. As the leaseholder, OXY may be deemed a responsible operator for purposes of plugging and remediation activities or for indemnification of costs incurred by OCD for such activities.

On October 11, 2024, OCD issued Final Order No. R-23494 ("R-23494"). R-23494 setting forth plugging compliance deadlines to be met by LLJ. That R-23494 and R-23494-A is incorporated herein as though set forth in full.

OCD hereby authorizes OXY to plug and abandon the above-identified well on OCD's behalf pursuant to its authority under R-23494.

Please contact Assistant General Counsel, Christy Treviño at (505)-607-4524 or Christy.Trevino@emnrd.nm.gov , with questions, including the submission of plugging sundries as OCD will not be transferring operatorship to you and will need to place the plugging sundries into the well files.

Regards,

A handwritten signature in blue ink, appearing to read "G. Razatos", is written over a horizontal line.

Gerasimos Razatos
Director (Acting)

4/16/2025

Date

cc: EMNRD-OGC

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

OIL CONSERVATION DIVISION
PETITIONER

v.

LLJ VENTURES, LLC
DBA MARKER OIL & GAS
RESPONDENT

CASE NO. 24801
ORDER NO. R-23484-A

NUNC PRO TUNC ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having determined that an error occurred in Order R-23484 in this matter, which requires correction, issues the following *Nunc Pro Tunc* Order.

FINDINGS OF FACT

1. Order R-23484, issued October 11, 2024, (“Order”) contains an error the number of wells in paragraph 21 of the Order.
2. Exhibit 8-A is not reflective of the total number of wells OCD requested authorization over.
3. An administrative error was discovered in that Exhibit 8-A was missing a well that was included in the original filings, Exhibit 2-A of the Notice of Violation. API # 30-015-00689 GATES STATE #001 was to be included in the supplemental Exhibit 8-A. Exhibit 2-A was generated on July 24, 2024, showing one hundred and fifty wells. API # 30-015-00689 GATES STATE #001 was plugged on August 12, 2024. Amended exhibits were filed on October 11, 2024, showing one hundred and forty-seven wells. Exhibit 8-A was a regeneration of Exhibit 2-A, which was intended to show the two wells transferred off the inactive well list. However, since API # 30-015-00689 GATES STATE #001 was plugged, not released it was inadvertently removed from the inactive well list report as well.
4. Unbeknownst to OCD API # 30-015-00689 GATES STATE #001, was plugged and certain site inspections still need to be complete to release the well.
5. The number of wells OCD was seeking authorization over was indicated as one hundred and forty-eight throughout the record for Case No. 24801 on page 28 through page 40 of the transcript.

ORDER

6. Paragraph 21 of the Order is corrected to read as follows:

“21. Operator shall plug and abandon all remaining non-compliant wells listed in OCD Ex. 2-A no later than 30 days after issuance of this Order.”

7. The corrections are effective *nunc pro tunc* as of the date of the Order.

8. All other provisions of the Order remain in full force and effect.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**Gerasimos Razatos
ACTING DIRECTOR**

Date: 12/24/2024

CASE NO. 24801
ORDER NO. R-23484-A

Page 2 of 2

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

**OIL CONSERVATION DIVISION,
PETITIONER**

v.

**LLJ VENTURES, LLC
DBA MARKER OIL & GAS,
RESPONDENT**

**CASE NO. 24801
ORDER NO. R-23494**

ORDER

This matter came before the Director of the New Mexico Oil Conservation Division (“Division” or “OCD”) on the Notice of Violation (“NOV”) dated on or about July 23, 2024, issued to LLJ Ventures, LLC DBA Marker Oil & Gas, OGRID #372279 (“Operator”). The Division’s Hearing Examiner conducted a public hearing on October 3, 2024. The Director, having considered the testimony and evidence presented, and being otherwise fully advised in the premises, finds, concludes and orders:

FINDINGS OF FACT

1. The Division has jurisdiction over the parties and the subject matter herein.
2. On or about July 9, 2024, the Division issued the NOV, which alleged three violations:
 - a. Operator allegedly violated 19.15.5.9(A)(4)(a) NMAC. At the time of the NOV, Operator was the registered operator of one hundred and fifty wells in New Mexico. Under 19.15.5.9(A)(4)(a) NMAC, as the operator of 100 wells or less, Operator was not permitted to have more than two inactive wells out of compliance with 19.15.25.8 NMAC, which requires inactive wells to be plugged and abandoned or placed into approved temporary abandonment status. At the time of the NOV, Operator had one hundred and fifty inactive

**FINAL ORDER
CASE NO. 24801
1**

wells, which were not plugged and abandoned or placed into temporary abandonment status as demonstrated by OCD Ex. 4-A.

- b. Operator allegedly violated 19.15.8.9 NMAC by lacking financial assurance for fifty wells.
- c. Operator allegedly violated 19.15.7.24 NMAC by not filing the required monthly production reports, form C-115, as demonstrated by OCD Ex 4-B. Operator had not submitted a C-115 for any well since at least June 2022.

OCD Ex.4

- 3. Operator transferred two wells, authorized by OCD to another operator. On October 2, 2024, OCD filed updated Inactive Well Report, Financial Assurance Report, and Civil Penalty Calculator to reflect the approved transfer. OCD Ex. 8A-D.
- 4. Based on the approved transfer of two wells, the correct number of inactive wells is one hundred and forty-eight (OCD Ex. 8-A), and the wells lacking sufficient financial assurance is forty-eight. OCD Ex. 8-C.
- 5. The NOV demanded the following relief:
 - a. Operator shall plug and abandon all one hundred and forty-eight wells listed in by a certain date or failing to do so, the Division would assume that duty,
 - b. Operator's financial assurance shall be forfeited,
 - c. Operator's authority to transport from the one hundred and forty-eight registered wells identified in shall be terminated,
 - d. Operator is civilly liable for violations of 19.15.5.9(A)(4)(a), 19.15.8.9 and 19.15.7.24 NMAC in the amount of \$414,000.00.

6. The NOV informed Operator of OCD's informal resolution process, and in the event Operator did not respond to the NOV, that a formal hearing would occur on the October 3, 2024 docket.
7. Operator did not contact the Division during the informal resolution period or provide any evidence that the alleged violations had not occurred. Operator did not file a prehearing statement to enter an appearance or otherwise present evidence pursuant to 19.15.5 NMAC.
8. On August 14, 2024, OCD filed and served the Docketing Notice and formally requested a hearing. Operator did not answer the NOV as contemplated by 19.15.5.10(E)(2)(b) NMAC.
9. The Division provided Operator with notice of the October 3, 2024 hearing as required under 19.15.5.10 NMAC.
10. A hybrid hearing (in-person at Pecos Hall in Santa Fe, NM and virtually through Microsoft Teams) on the NOV was held on October 3, 2024 before a Division Hearing Examiner. Operator did not appear.
11. The Division presented the Affidavits of Nicholas Karns, Compliance Officer and Bond Administrator with the Division's Administrative and Compliance Bureau, and Sara Griego, OCD Law Clerk and corresponding exhibits.
12. The Division provided evidence of notice of the Docketing Statement. OCD Ex. 6.
13. Eight Exhibits were admitted into evidence without objection in support of the NOV.
14. Mr. Karns, who was previously qualified as an expert in administrative compliance before the Division, provided the following evidence in support of the ongoing violations:
 - a. As of October 3, 2024, Operator remained out of compliance with the inactive well requirements of 19.15.5.9(A)(4)(a) NMAC. As of October 1, 2024, Operator had one hundred and forty-eight wells, all of which were

inactive wells that had not been plugged and abandoned or placed in approved temporary abandonment status. OCD Ex. 8-A.

- b. Operator remained out of compliance with 19.15.8.9 NMAC by lacking financial assurance for forty-eight wells. OCD Ex. 8-C.
- c. Operator remained out of compliance with 19.15.7.24 NMAC, because Operator had not filed the required C-115 production reports since June 2022. OCD Ex 4-C.

15. The Oil and Gas Act provides that “[i]n assessing a penalty authorized by this section, the division shall take into account the seriousness of the violation, any good faith efforts to comply with the applicable requirements, any history of noncompliance under the Oil and Gas Act and other relevant factors.” NMSA 1978, §70-2-31(C). OCD provided evidence that the penalties were reasonable and in accordance with the law. OCD Ex. 8-D

CONCLUSIONS OF LAW

16. The Division has met its burden to show by a preponderance of evidence that Operator has violated 19.15.5.9(A)(4)(a) NMAC by failing to plug and abandon one hundred and forty-eight inactive wells.
17. Operator has violated 19.15.8.9 NMAC by lacking financial assurance for forty-eight of the subject wells.
18. Operator has violated 19.15.7.24 NMAC by failing to submit the required C-115 forms for all subject wells.
19. The civil penalties calculated by the Division are allowed by law, reasonable under 19.15.5.10(B) NMAC, and are supported by the evidence in the Administrative and Hearing Records.

FINAL ORDER
CASE NO. 24801

4

ORDER

20. Operator's authority to transport from subject wells is hereby suspended until such time as Operator is compliant with this Order and the NM Oil and Gas Act.
21. Operator shall plug and abandon all twelve wells listed in OCD Ex. 8-A no later than 30 days after issuance of this Order.
22. If Operator fails to plug and abandon the subject wells as directed herein, the Division shall be authorized to plug and abandon the wells and to forfeit the financial assurance for the wells. Such plugging activities may include necessary reclamation or remediation work associated with wells that have been partially plugged and abandoned, Operator shall pay the excess cost to plug and abandon the wells no later than 30 days after actual or attempted service of the Division's written demand. If the excess costs to the Division are not received, the Division may seek indemnification.
23. The Division retains jurisdiction of this matter for the entry of such further orders as it may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**GERASIMOS RAZATOS
ACTING DIRECTOR**

**FINAL ORDER
CASE NO. 24801
5**

Sante Fe Main Office
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General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 470557

CONDITIONS

Operator: SAN MARCO PETROLEUM INC. 240 Milwaukee Denver, CO 80206	OGRID: 19575
	Action Number: 470557
	Action Type: [C-103] NOI Plug & Abandon (C-103F)

CONDITIONS

Created By	Condition	Condition Date
loren.diede	Notify the OCD inspection supervisor via email 24 hours prior to beginning Plug & Abandon (P&A) operations.	6/4/2025
loren.diede	Submit CBL tif file to NMOCD for upload into the Well File Log File.	6/4/2025
loren.diede	Just an FYI....The 2 plugs, (8668' to 8888' and 7918' to 8138') are presented in the Abandonment Plugs table in reverse order.	6/4/2025
loren.diede	NMOCD does not consider this well to be within the LPCH restricted area and a below ground P&A marker is not required by NMOCD. If BLM prefers a below ground P&A marker, NMOCD will defer to BLM.	6/4/2025