

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

IN RE: NOTICE OF VIOLATION ISSUED TO NITRO OIL & GAS, LLC

OGRID # 330754

CASE NO. 25802

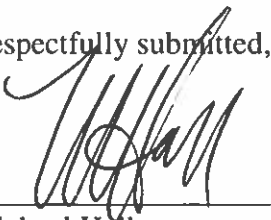
**OIL CONSERVATION DIVISION'S
DOCKETING NOTICE**

The New Mexico Oil Conservation Division ("OCD"), pursuant to 19.15.5.10(E)(2)(a) NMAC, gives notice that it has docketed the Notice of Violation ("NOV"), a true and correct copy of which is attached as **Exhibit A**, and states the following in support thereof:

1. On or about November 24, 2025 OCD issued an original NOV to Nitro Oil & Gas, LLC ("Nitro"), OGRID #330754.
2. Based upon information, custom, and belief, certified mail containing the NOV arrived or will soon arrive at Nitro's address of record. Additionally, electronic mail was sent to Nitro's known email addresses of record and based upon past correspondence with Nitro.
3. The NOV identifies the factual basis for the alleged violations, the compliance actions required to remedy the alleged violations, and the proposed sanctions.
4. The Original NOV stated that if Dominion did not informally resolve the NOV within 30 days of receipt of service, then OCD would proceed to a hearing.
5. Unless this case is resolved prior, the period for informal resolution will have elapsed without coming to a resolution prior to January 8, 2026.
6. The NOV states that OCD will hold a hearing on January 8, 2026, should this case fail to be resolved prior to that date.

WHEREFORE, OCD requests that the NOV be docketed for hearing on January 8, 2026.

Respectfully submitted,



Michael Hall
Assistant General Counsel

New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Phone: (505) 479-1137
Email: Michael.Hall@emnrd.nm.gov

EXHIBIT A

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary

Ben Shelton
Deputy Secretary

Erin Taylor
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

November 24, 2025

Nitro Oil & Gas, LLC
223 W. Wall Street
Ste. 240
Midland, Texas 79701

Bob Koricanek
Manager
accounting@nitro-og.com
operations@nitro-og.com

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:** Nitro Oil & Gas, LLC, OGRID # 330754 ("Operator").
2. **Factual and Legal Basis for Alleged Violation(s):**

Operator is the registered operator of twenty (20) wells. The thirteen (13) wells identified in **Exhibit A** have been continuously inactive since at least February of 2024, and therefore out of compliance with 19.15.25.8 NMAC and are not subject to an agreed compliance or final order.

In addition, on October 31, 2025, OCD received a phone call from a land owner informing OCD that the Oberholtzer #001 Well, located at Township 12 South, Range 38 East, Section 8, OCD Unit Letter B, 660 feet from the north line and 1980 feet from the west line, (API 30-025-07171) ("The Well") is leaking. OCD tried contacting representatives of the registered operator and responsible party, Nitro Oil & Gas, LLC. [OGRID #330754] ("Operator"), repeatedly through both emails and phone calls to the address and phone number on file with OCD.

Operator has not reported production on any well registered under its name since January 2025. Operator has not submitted any form or information through OCD Permitting since February 3, 2025. As of the date of this Order, the Operator has not reported the release or notified OCD that the release has been contained.

OCD believes Operator has not been conducting proper maintenance or operation of its wells and that Operator is unable or unwilling to respond to OCD inquiries. Due to the Operator's

unresponsiveness, OCD has had to issue an Emergency Order. A true and correct copy of said Emergency Order is attached hereto as **Exhibit C**.

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:

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.*

19.15.29.8 NMAC:

A. *Prohibition. Except as provided in 19.15.27 NMAC or 19.15.28 NMAC, major releases and minor releases are prohibited.*

19.15.29.11 NMAC:

A. *Characterization requirements. The responsible party must submit information characterizing the release to the appropriate division district office within 90 days of discovery of the release or characterize the release by submitting a final closure report within 90 days of discovery of the release in accordance with Subsection E of 19.15.29.12 NMAC. The responsible party may seek an extension of time to submit characterization information for good cause as determined by the division. The responsible party must submit the following information to the division.*

19.15.29.12 NMAC:

A. *The responsible party must remediate all releases regardless of volume.*

3. **Compliance:** No later than thirty (30) days after receipt of this NOV, Operator shall:
- a. plug and abandon the thirteen (13) wells listed in **Exhibit A**. OCD reserves the right to order plugging (or to plug itself) the additional seven wells operated by Operator due to Operator's continued non-compliance and unavailability.
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 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.
- 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**.
- d. **Reservation of Rights:** OCD reserves the right to seek plugging and abandonment of all wells operated by Operator due to Operator's inability and/or unwillingness to comply with OCD Rules.

Civil Penalty: 19.15.5.9(A)(4) NMAC:	\$ 39,600.00
19.15.29.8	\$ <u>2,500.00</u>
TOTAL:	\$ 42,100.00

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 process, contact the OCD employee identified at the end of this letter.
6. **Hearing:** OCD will docket this matter for January 8, 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 C.S. Chang
Director, Oil Conservation Division

cc: Office of General Counsel, EMNRD

Exhibit A

Inactive Well List

Total Well Count: 20 Inactive Well Count: 13

Printed On: Monday, November 24 2025

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-07152	CLOVIS K KENDRICK #001	I-06-12S-38E	I	330754	Nitro Oil & Gas, LLC	P	P	O	07/2010		T	7/1/2024
1	30-025-07153	CLOVIS K KENDRICK #002	P-06-12S-38E	P	330754	Nitro Oil & Gas, LLC	P	P	O	11/2012		T	11/1/2024
1	30-025-07145	CONTINENTAL WALLACE #001	N-06-12S-38E	N	330754	Nitro Oil & Gas, LLC	P	P	S	11/2022			
1	30-025-43890	DECKER #001H	M-17-12S-38E	M	330754	Nitro Oil & Gas, LLC	P	P	O	01/2024			
1	30-025-07114	GLAD WALLACE #001	I-31-11S-38E	I	330754	Nitro Oil & Gas, LLC	P	P	S	01/2022		N	
1	30-025-07190	HENRY A HARRIS #004	G-18-12S-38E	G	330754	Nitro Oil & Gas, LLC	P	P	O	10/2007	TA EXPIRES 07/29/2017	T	10/1/2023
1	30-025-43888	JENNA #001H	O-30-11S-38E	O	330754	Nitro Oil & Gas, LLC	P	P	O	02/2024			
1	30-025-05019	JOHN SHULTS #001	O-13-12S-37E	O	330754	Nitro Oil & Gas, LLC	P	P	O	12/2023			
1	30-025-31152	PITTS KENDRICK #001	J-05-12S-38E	J	330754	Nitro Oil & Gas, LLC	P	P	O	04/2013	DEVONIAN	T	5/25/2024
1	30-025-45389	STATE 07 COM #001H	A-28-12S-38E	A	330754	Nitro Oil & Gas, LLC	S	P	O	09/2022	SAN ANDRES		
1	30-025-07148	V V WALLACE #003	G-08-12S-38E	G	330754	Nitro Oil & Gas, LLC	P	P	O	02/2013		T	5/25/2024
1	30-025-30034	YATES STATE #001	P-18-12S-38E	P	330754	Nitro Oil & Gas, LLC	S	P	O	08/2023	WOLFCAMP		
1	30-025-30255	YATES STATE #002	H-18-12S-38E	H	330754	Nitro Oil & Gas, LLC	S	P	O	08/2023	WOLFCAMP		

WHERE Operator:330754, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Exhibit B

Exhibit C

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

IN RE: API 30-025-07171

EMERGENCY ORDER

The Director of the New Mexico Oil Conservation Division ("Division" or "OCD") issues this Emergency Order to remediate an active release and to plug and abandon the underlying well, which according to the signage is the OBERHOLTZER #001 (API 30-025-07171) operated by Nitro Oil & Gas, LLC.

FINDINGS

1. On October 31, 2025, OCD received a phone call from a land owner informing OCD that the Oberholtzer #001 (API 30-025-07171) ("The Well") is leaking.
2. The Well is located at Township 12 South, Range 38 East, Section 8, OCD Unit Letter B, 660 feet from the north line and 1980 feet from the west line.
3. OCD tried contacting representatives of the registered operator and responsible party, Nitro Oil & Gas, LLC. [OGRID 330754] ("Operator"), repeatedly through both emails and phone calls to the address and phone number on file with OCD.
4. Operator is the registered operator of twenty wells, thirteen of which are in "inactive" status in violation of 19.15.25.8 NMAC and 19.15.5.9 NMAC.
5. Operator has not reported production on any well registered under its name since January 2025.
6. Operator has not submitted any form or information through OCD Permitting since February 3, 2025.
7. As of the date of this Order, the Operator has not reported the release or notified OCD that the release has been contained.
8. Upon information and belief, the release documented at The Well:
 - a. May qualify as a major release pursuant to 19.15.29.7(A) NMAC, but in any event constitutes an impermissible release under OCD regulations;
 - b. May with reasonable probability endanger public health or substantially damage property or the environment; and,
 - c. Is not subject to plugging or remediation activity by any currently identifiable operator.
9. Upon information and belief, Operator is not currently conducting proper maintenance on its wells, or able to be contacted.
10. The Division finds that, absent additional information, The Well, pursuant to Section 70-2-38 of the Oil and Gas Act and is eligible for remediation, reclamation, and any necessary plugging and abandonment activity through use of the Reclamation Fund.

11. Pursuant to Section 70-2-23 of the Oil and Gas Act and 19.15.2.11(A) NMAC, the Division finds that an emergency exists regarding the release identified at The Well, which requires an Order permitting the Division to immediately remediate the release and perform any necessary plugging, abandonment, and remediation of The Well and any associated tank battery, facility, and attached infrastructure.

ORDER

12. To reduce waste, prevent potential damage to correlative rights, and to protect public health and the environment, the Division hereby ORDERS that the Division may immediately remediate the identified release and perform any necessary work to properly plug and abandon, reclaim, and remediate The Well and attached infrastructure through use of the Reclamation Fund.
13. The Division hereby finds, and provides Operator with notice, that OCD intends to cancel Operator's authorization to transport or inject if Operator does not file an acceptable and complete form C-115. Operator is notified that it has a right to request a hearing pursuant to 19.15.4.8 NMAC.
14. The Division retains jurisdiction of this matter for the entry of such further orders as determined necessary and retains the right to pursue possible enforcement actions or potential actions to recover costs associated with work performed pursuant to this Order.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Albert Chang

**ALBERT C.S. CHANG
DIRECTOR**

11/24/2025

Date: