

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

**IN RE NOTICE OF VIOLATION ISSUED TO  
ROGER SLAYTON DBA ESCUDILLA OIL COMPANY**

**CASE NO. 21899  
ORDER NO. R-21755**

**ORDER**

This matter came before the Director of the New Mexico Oil Conservation Division (“Division”) on the Notice of Violation (“NOV”) issued to Roger Slayton dba Escudilla Oil Company (OGRID # 228270) (“Slayton”). The Division Hearing Examiner conducted a public hearing on June 2, 2021. The Director, having considered the testimony and evidence presented, and having considered the recommendation of the Hearing Examiner, enters the following findings, conclusions and order.

**FINDINGS OF FACT**

1. The Division has jurisdiction over the parties and the subject matter herein.
2. The Division gave notice of the hearing as required by 19.15.5.10 NMAC.
3. The Division presented the testimony of one witness, Mr. Daniel Sanchez, Chief of the Division’s Administrative and Compliance Bureau, and offered 7 exhibits in support of his testimony.
4. On March 16, 2021, the Division issued the NOV, which alleged 3 violations:
  - a. Slayton has more inactive wells than allowed by 19.15.5.9(A)(4)(a) NMAC. Because Slayton operates less than 100 wells, it must plug and abandon or place into approved temporary abandonment status those inactive wells that exceed the lesser threshold of 2 wells or 50 percent of all wells. Slayton is registered as the operator of the following 8 wells, all of which are inactive and none of which have been plugged and abandoned or placed into approved temporary abandonment status:

<u>API</u>	<u>Well</u>	<u>Last Production Reported</u>
30-005-61893	ARD State #002	11/2018
30-005-10463	Avalanche Journal State #001	12/1992
30-005-10471	Avalanche Journal State #004	11/2018

30-005-10472	Avalanche Journal State #005	11/2018
30-005-10488	Avalanche Journal State #006	11/2018
30-005-10432	Lewis Neff #003	8/2015
30-005-00228	McIntyre State #001	2/2019
30-005-10429	Standard State #003	6/2018

For this violation, the Division requested an order requiring Slayton to plug and abandon the wells or to allow the Division to do so, and if the Division plugs and abandons the wells, to forfeit the financial assurance for the wells and require Slayton to pay the excess cost to plug and abandon the wells. The Division also proposed to assess a civil penalty of one thousand eight hundred dollars (\$1,800).

b. Slayton does not have sufficient financial assurance as required by 19.15.8.9(C) NMAC. Slayton is registered as the operator of 29 wells. For 29 wells, 19.15.8.9(C) NMAC requires one well financial assurance for each well or blanket plugging financial assurance in the amount of \$75,000, but Slayton does not have any one well financial assurance and has blanket plugging financial assurance of only \$50,000. For this violation, OCD requested an order requiring Slayton to provide one well financial assurance for each well or blanket plugging financial assurance in the amount of \$75,000, and also proposed to assess a civil penalty of three hundred dollars (\$300).

c. Slayton does not have sufficient financial assurance for inactive wells as required by 19.15.5.9(D) NMAC. Slayton is the registered operator of 8 inactive wells. Slayton has neither blanket financial assurance nor sufficient one well financial assurance for the inactive wells.

<u>API</u>	<u>Well</u>	<u>Existing FA</u>	<u>Required FA</u>
30-005-61893	ARD State #002	0	\$29,010
30-005-10463	Avalanche Journal State #001	\$6,975	\$29,950
30-005-10471	Avalanche Journal State #004	0	\$28,940
30-005-10472	Avalanche Journal State #005	0	\$28,928
30-005-10488	Avalanche Journal State #006	0	\$28,930
30-005-10432	Lewis Neff #003	\$6,975	\$28,952
30-005-00228	McIntyre State #001	0	\$28,958
30-005-10429	Standard State #003	0	\$29,950

For this violation, the Division requested an order requiring Flare to provide sufficient one well or blanket financial assurance for the inactive wells, and proposed to assess a civil penalty of two thousand four hundred dollars (\$2,400).

5. The NOV provided that a process is available for the informal review and resolution of the alleged violations in the NOV. If the NOV is not resolved informally within 30 days after service of notice, the Division will hold a hearing. 19.15.5.10(C)(1)(f) NMAC. The Division served the NOV on Slayton. Slayton did not contact the Division during the informal resolution period, which expired on or about April 19, 2021.

6. On April 19, 2021, the Division filed and served the Docketing Notice.

7. Slayton did not file an answer to the Docketing Notice and the NOV as required by 19.15.5.10(E)(2)(b) NMAC.

8. Slayton did not appear at the hearing.

### **CONCLUSIONS OF LAW**

9. The Division is authorized, when it determines that a person is violating, or has violated, the Oil and Gas Act (“Act”), or any provision of a rule, order, permit, or authorization issued under the Act, to seek compliance and civil penalties by issuing a notice of violation. NMSA 1978, §70-2-31(A).

10. The Division followed the requirements of the Act and the rules in issuing a Notice of Violation which described the alleged violations and possible sanctions and provided an opportunity for an informal resolution of the violations. The Division fulfilled the requirements to properly serve Slayton with the Notice of Violation and the Notice of Docketing.

11. Based on the Division’s testimony and evidence, the Director finds that Slayton violated 19.15.5.9(A)(4)(A) NMAC, by failing to plug and abandon inactive wells; 19.15.8.9(C) NMAC, by failing to maintain sufficient financial assurance for all wells; and 19.15.8.9(D) NMAC, by failing to maintain sufficient financial assurance for inactive wells.

12. The Act and the rules authorize a series of possible sanctions for violations. NMSA 1978, §70-2-31(B); 19.15.5.10(B) NMAC. Based on the evidence presented, the Director concludes that the proposed sanctions are appropriate for the violations.

### **ORDER**

1. Slayton’s authority to transport from all wells is hereby revoked.

2. Slayton shall plug and abandon the 8 wells identified in Finding Paragraph 4(a) no later than 30 days after issuance of this Order.

3. If Slayton fails to properly plug and abandon the 8 wells identified in Finding Paragraph 4(a) no later than 30 days after issuance of this Order, the Division shall be authorized to plug and abandon the wells and to forfeit the financial assurance for the wells, and Slayton 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.

4. Slayton is assessed civil penalties in the amount of four thousand five hundred dollars (\$4,500). Slayton shall pay the full amount of the civil penalty assessed in this Order no later than 30 days after the Director serves the Order unless Slayton files a notice of appeal to the Oil Conservation Commission.

5. 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**



**ADRIENNE SANDOVAL**  
**DIRECTOR**  
AES/bb

**Date:** 6/24/2021