

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

**IN RE NOTICE OF VIOLATION ISSUED TO  
BAR V BARB, LLC**

**CASE NO. 21900  
ORDER NO. R-21756**

**ORDER**

This matter came before the Director of the New Mexico Oil Conservation Division (“Division”) on the Notice of Violation (“NOV”) issued to Bar V Barb, LLC (OGRID # 371067) (“BVB”). The Division Hearing Examiner conducted a public hearing on June 2, 2021. The Director, having considered the testimony and evidence presented, and the recommendations 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 6 exhibits in support of his testimony.
4. On March 10, 2021, the Division issued the NOV, which alleged 2 violations:
  - a. BVB has more inactive wells than allowed by 19.15.5.9(A)(4)(a) NMAC. BVB is the registered operator of 17 wells in the state of New Mexico. Because BVB operates less than 100 wells, it must plug and abandon or place into approved temporary abandonment (“TA”) status those inactive wells that exceed the lesser threshold of 2 wells or 50 percent of all wells. *Id.* BVB has 2 wells in approved TA status until 2023 and 15 wells that are inactive and have not been plugged and abandoned nor placed into approved TA status:

<u>API</u>	<u>Well</u>	<u>Last Production Reported</u>
30-005-20403	Federal 21 #001	6/2019
30-005-20361	Federal 28 #001	6/2019
30-005-20372	Federal 28 #003	6/2019
30-005-60360	South Lucky Lake Queen Unit #001	6/2019

30-005-61227	South Lucky Lake Queen Unit #001E	7/2013
30-005-60244	South Lucky Lake Queen Unit #001F	7/2013
30-005-60371	South Lucky Lake Queen Unit #002	6/2019
30-005-60375	South Lucky Lake Queen Unit #002B	6/2019
30-005-60361	South Lucky Lake Queen Unit #002C	6/2019
30-005-60382	South Lucky Lake Queen Unit #002X	6/2019
30-005-60350	South Lucky Lake Queen Unit #002Z	6/2019
30-005-60352	South Lucky Lake Queen Unit #003	6/2019
30-005-60377	South Lucky Lake Queen Unit #003B	6/2019
30-005-20384	WR Means #002	6/2019
30-005-20386	WR Means #003	4/2019

For this violation, the Division requested an order requiring BVB 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 BVB to pay the excess cost to plug and abandon the wells. The Division also proposed to assess a civil penalty of three thousand nine hundred dollars (\$3,900).

b. BVB does not have sufficient financial assurance for inactive wells as required by 19.15.5.9(D) NMAC. BVB is the registered operator of 3 inactive wells that are not covered by blanket financial assurance and have insufficient one well financial assurance.

<u>API</u>	<u>Well</u>	<u>Existing FA</u>	<u>Required FA</u>
30-005-60360	South Lucky Lake Queen Unit #001	\$6,825	\$28,650
30-005-60371	South Lucky Lake Queen Unit #002	\$6,800	\$28,600
30-005-60332	South Lucky Lake Queen Unit #001A	\$6,848	\$28,696

For this violation, the Division requested an order requiring BVB to provide sufficient one well or blanket financial assurance for the wells, and proposed to assess a civil penalty of nine hundred dollars (\$900).

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 BVB. BVB did not contact the Division during the informal resolution period, which expired on or about April 9, 2021.

6. On April 15, 2021, the Division filed and served the Docketing Notice.

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

8. BVB 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 BVB with the Notice of Violation and the Notice of Docketing.

11. Based on the Division’s testimony and evidence, the Director finds that BVB violated 19.15.5.9(A)(4)(A) NMAC, by failing to plug and abandon inactive wells; and 19.15.5.9(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. BVB’s authority to transport from all wells is hereby revoked.

2. BVB shall plug and abandon the 15 wells identified in paragraph 4(a) no later than 30 days after issuance of this Order.

3. If BVB fails to plug and abandon the 15 wells identified in 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 BVB 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. BVB is assessed civil penalties in the amount of four thousand eight hundred dollars (\$4,800). BVB 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 BVB 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