

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

**IN RE NOTICE OF VIOLATION ISSUED TO  
PRIMAL ENERGY CORPORATION**

**CASE NO. 22221  
ORDER R-21967**

This matter came before the Director of the New Mexico Oil Conservation Division (“Division”) on the Notice of Violation (“NOV”) issued to Primal Energy Corporation, OGRID #154303 (“Operator”). The Division conducted a public hearing on December 1, 2021. The Director, having considered the testimony and evidence presented, and being otherwise fully advised in the premises, enters the following findings, conclusions and order:

**FINDINGS**

1. The Division has jurisdiction over the parties and the subject matter herein.
2. On August 12, 2021, the Division issued the NOV, which alleged three violations:
  - a. Operator has more inactive wells than are allowed by 19.15.5.9(A)(4)(a) NMAC. Operator is the registered operator of ten wells in the state of New Mexico. As an operator of less than one-hundred wells, it must plug and abandon or place into approved temporary abandonment status any inactive wells that exceed the threshold of two wells or fifty percent of all operated wells. Operator has ten inactive wells which have not been plugged and abandoned or placed into temporary abandonment status.

<u>API</u>	<u>Well</u>	<u>Last Production Reported</u>
30-015-27635	BIG EDDY UNIT #127	Dec-09
30-025-30812	COCHISE-KING GAS COM #001	Jul-06

30-025-09337	COCHISE-KING GAS COM #002	Jul-06
30-025-11103	FOWLER HAIR #001	Oct-02
30-025-11105	FOWLER HAIR #003	Jul-13
30-025-11107	FOWLER HAIR #005	Jul-04
30-025-24609	HARRISON #001	Feb-10
30-025-24749	HARRISON #002	Feb-10
30-025-24641	JUDY #001	Aug-12
30-025-26262	JUDY #003	Aug-12

For this violation, the Division requested an Order requiring the Operator to plug and abandon the wells by a date certain or, if the Operator fails to plug and abandon the wells, to allow the Division to do so, and if the Division plugs and abandons the wells, to forfeit any financial assurance for the wells, and to require Operator to pay the excess cost to plug and abandon the wells. The Division also proposed to assess a civil penalty of three thousand dollars (\$3,000) for exceeding the inactive well threshold.

b. Operator has failed to file required monthly production reports, form C-115, as required by 19.15.7.24 NMAC. Operator is the registered operator of ten wells but has not submitted a C-115 for any well since 2017. For this violation, the Division requested an Order revoking Operator's authorization to transport from all wells and proposed a civil penalty of twelve thousand dollars (\$12,000).

c. Operator does not have sufficient financial assurance for inactive wells. 19.15.8.9(C) NMAC requires blanket plugging inactive well financial assurance of three hundred thousand dollars (\$300,000) for operators with six to ten wells. Operator has ten

qualifying wells but has no inactive well financial assurance. OCD proposed a civil penalty of three thousand dollars (\$3,000).

3. Operator did not contact the Division during the informal resolution period which expired on or about September 30, 2021.
4. On September 20, 2021, the Division filed and served the Docketing Notice.
5. Operator did not file an answer to the NOV as allowed by 15.15.5.10 (E)(2)(b) NMAC.
6. The Division gave notice of the hearing as required by 19.15.5.10 NMAC. The hearing was scheduled for October 6, 2021 and was continued to December 1, 2021.
7. Operator did not appear at the hearing held on December 1, 2021.
8. The Division presented the testimony of one witness, Mr. Rob Jackson, Compliance Officer and Bond Administrator with the Division's Administrative and Compliance Bureau and offered ten exhibits in support of his testimony.
9. Based on the Division's testimony and evidence, the Director finds that Operator violated 19.15.5.9(A)(4)(a) NMAC, by failing to plug and abandon inactive wells; 19.15.7.24 NMAC, by failing to file monthly production reports; and 19.15.8.9 (D), by failing to provide sufficient inactive well financial assurance.
10. The Director finds that the sanctions proposed by the Division are allowed by law, 19.15.5.10(B) NMAC, and are supported by the record in this case.

### **ORDER**

11. Operator's authority to transport from all wells is hereby revoked.
12. Operator shall plug and abandon the ten wells listed in paragraph 2(a) no later than 30 days after issuance of this Order.

13. If Operator fails to plug and abandon the wells listed in paragraph 2(a) within 30 days of issuance of this Order, the Division shall be authorized to plug and abandon the wells and to forfeit the financial assurance for the wells. 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.
14. Operator is assessed civil penalties in the amount of eighteen thousand dollars (\$18,000).
15. 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:** 12/22/2021