

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

IN RE:

NMOCD-ACOI-201926

AGREED COMPLIANCE ORDER FOR INACTIVE WELLS

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and SPECIAL ENERGY CORP [138008] ("Operator") enter into this Agreed Compliance Order for Inactive Wells ("ACOI").

I. FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. OCD is charged with the administration and enforcement of the Oil and Gas Act and the rules and has jurisdiction over Operator and its wells in the state of New Mexico.
2. Operator is the operator of record for 105 wells of which 44 are inactive.
3. Operator is under OGRID # 138008.
4. Operator will address each well listed on **Exhibit "A"** ("Well" or "Wells") due to inactivity and will return to production, TA, P&A or sell to another compliant operator.
5. Operator has sufficient financial assurance for the Wells under 19.15.8.9(C) NMAC.
6. Operator intends to restore production from the Wells before the applicability of the requirement for inactive well financial assurance under 19.15.8.9(D) NMAC.
7. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and the rules, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. *See* 19.15.5.10 NMAC.
8. Operator requests this ACOI to avoid sanctions for violating the Oil and Gas Act and 19.15.25 NMAC with respect to the Wells.
9. Operator admits the findings of fact and waives any right to appeal from this ACOI.



II. ORDER

9. No later than the dates listed on Exhibit A, Operator shall take one of the following actions for each well
 - (a) restore the Well to production and file a C-115;
 - (b) place the Well on approved temporary abandonment status in accordance with 19.15.25 NMAC; and
 - (c) plug the Well in accordance with 19.15.25 NMAC and file a C-105.
10. No later than the 15th day of each month following the entry of this ACOI, Operator shall file a report describing the action taken for each Well, and such other information as OCD may request for time to time. The report shall be sent by electronic mail to OCD's Administrative and Compliance Bureau, at OCDAdminComp@state.nm.us
11. Operator shall maintain sufficient financial assurance for the Wells under 19.15.8.9(C) NMAC.
12. If Operator fails to comply with a requirement of this ACOI for a Well, the Well shall be deemed to be out of compliance with the Oil and Gas Act and rules.
13. If Operator fails to comply with a requirement of this ACOI, no later than thirty (30) days after receipt of a written demand from OCD, in addition to any other sanction imposed by OCD pursuant to the Oil and Gas Act and the rules adopted thereunder, Operator shall pay a stipulated penalty of \$500.00 for each day until it complies with each separate requirement ("Stipulated Penalty"). Each failure to comply with a requirement of this ACOI shall be subject to a separate Stipulated Penalty.
14. If Operator fails to pay the Stipulated Penalty or portion thereof within thirty (30) days after receipt of a written demand from OCD, it shall pay interest on the Stipulated Penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent.
15. Operator shall not transfer a Well to another operator unless approved by OCD.



16. Notwithstanding the foregoing provisions, OCD reserves the right to apply for authorization to plug a Well and to forfeit the financial assurance if the Well poses an imminent threat to the public health or environment.
17. OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.

NEW MEXICO OIL CONSERVATION DIVISION



Adrienne Sandoval

5/6/2022

Date



Name of Authorized Representative

3-16-22

Date

Exhibit A						
Operator Name:	SPECIAL ENERGY CORPORATION					
Operator OGRID:	138008					
ACOI submittal Date:						
ACOI Approval Date:						
Total Number of Non-Compliant Wells:	44					
Number of Wells per month brought into production or plugged:	3.14					
ACOI # : (Assigned by OCD)						
List of Noncompliant Wells		6/30/2023				
API	Well Name/Number	Plug or Produce?	Date of plugging or production	Date of Last Production	Financial Assurance Single well or Blanket bond?	Amount of Financial Assurance
30-015-31674	BRIGHT FEDERAL #004	Produce	12/1/2022	May-19		
30-015-10386	BRIGHT FEDERAL GAS COM #00	Produce	12/1/2022	May-19		
30-015-28556	BRIGHT FEDERAL GAS COM #00	Produce	12/1/2022	Apr-19		
30-015-25007	BUNNELL FEDERAL #002	Produce	10/1/2022	Apr-19		
30-025-27493	BYARS #001	Produce	4/1/2023	Oct-06	single well	\$48,982.00
30-025-07152	CLOVIS K KENDRICK #001	PA	8/1/2022	Jul-10	single well	\$48,990.00
30-025-07153	CLOVIS K KENDRICK #002	PA	8/1/2022	Nov-12	single well	\$49,014.00
30-025-35151	COOPER 5 #006	Produce	6/1/2022	Jun-19	single well	\$40,200.00
30-025-35990	COOPER 5 #009	Produce	6/1/2022	Feb-17	single well	\$38,600.00
30-025-44660	CORONADO STATE #001H	PA	4/1/2023	Jan-21		
30-025-33184	EUREKA 36 STATE #001	Produce	2/1/2023	Apr-12	single well	\$50,924.00
30-015-31180	FEDERAL 28 #002	Produce	11/1/2022	May-19		
30-015-33256	FEDERAL 28 #003	Produce	11/1/2022	May-19		
30-015-33402	FEDERAL 28 #004	Produce	11/1/2022	Apr-19		
30-015-25840	FEDERAL 9 #001	Produce	2/1/2023	Apr-20		
30-025-07114	GLAD WALLACE #001	Produce	4/1/2022	May-21		
30-025-07190	HENRY A HARRIS #004	PA	8/1/2022	Oct-07	single well	\$48,970.00
30-025-34975	LAUGHLIN #001	Produce	9/1/2022	Feb-20		
30-025-35182	LAUGHLIN #002	Produce	7/1/2022	May-20		
30-025-35477	LAUGHLIN #004	Produce	7/1/2022	May-19	single well	\$38,800.00
30-025-35676	LAUGHLIN #006	Produce	5/1/2022	Apr-20		
30-025-35870	LAUGHLIN #008	Produce	7/1/2022	Jun-21		
30-025-35958	LAUGHLIN #009	Produce	9/1/2022	Jun-20		
30-025-35862	LAUGHLIN 5 #002	Produce	6/1/2022	Jul-19	single well	\$38,600.00
30-015-31570	MAGNUM 5 FEDERAL COM #00	Produce	4/1/2022	Aug-20		
30-015-32651	MAGNUM 5 FEDERAL COM #00	Produce	4/1/2022	Apr-20		
30-015-33116	MAGNUM 5 FEDERAL COM #00	Produce	5/1/2022	Apr-20		
30-015-34778	MCGRUDER HILL FEDERAL #003	Produce	2/1/2023	Apr-20		
30-025-31152	PITTS KENDRICK #001	Produce	4/1/2023	Apr-13	single well	\$48,980.00
30-025-35923	SHELLEY 34 STATE #001	Produce	5/1/2023	Aug-21		
30-025-36002	SHELLEY 35 STATE #005	Produce	10/1/2022	May-21		
30-025-36243	SHELLEY 36 STATE #002	Produce	3/1/2023	Apr-19	single well	\$39,400.00
30-025-36433	SHELLEY 36 STATE #003	Produce	9/1/2022	Jun-20		
30-025-36465	SHELLEY 36 STATE #007	Produce	3/1/2023	Feb-19	single well	\$39,560.00
30-015-26834	SMITH FEDERAL GAS COM #002	Produce	1/1/2023	Mar-20		
30-015-30687	SMITH FEDERAL GAS COM #003	Produce	1/1/2023	Mar-20		
30-015-32470	SMITH FEDERAL GAS COM #004	Produce	1/1/2023	Apr-20		
30-015-20204	TRACY #001	Produce	2/1/2023	Apr-20		
30-025-07148	V V WALLACE #003	Produce	6/1/2023	Feb-13	single well	\$49,020.00
30-025-07149	V V WALLACE #004	Produce	5/1/2023	Sep-16	single well	\$49,020.00
30-015-33260	WAGON WHEEL 13 FEDERAL #0	Produce	3/1/2023	Jul-21		
30-015-30945	WEST INDIAN BASIN UNIT #001	Produce	10/1/2022	May-19		
30-025-35850	WILLIAMS 34 #005	Produce	5/1/2022	May-18	single well	\$39,200.00
30-025-35911	WILLIAMS 34 #006	Produce	6/1/2023	Mar-20		