

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



**BY CERTIFIED AND ELECTRONIC MAIL**

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**NOTICE OF VIOLATION**

**Central Drinkard Unit #120H (30-025-06903)**

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC.

(1) *Alleged Violators:* Southwest Royalties, Inc., OGRID 21355 (“Operator”).

(2) *Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

**19.15.16.8 SIGN ON WELLS:**

*A. An operator shall identify wells and related facilities the division regulates by a sign, which shall remain in place until the operator plugs and abandons the well and closes the related facilities.*

*B. For drilling wells, the operator shall post the sign on the derrick or not more than 20 feet from the well.*

*C. The sign shall be of durable construction and lettering shall be legible and large enough to be read under normal conditions at a distance of 50 feet. [...]*

*F. Each sign shall show the: (1) well number; (2) property name; (3) operator’s name; (4) location by footage, quarter-quarter section, township and range [...]; and (5) API number.*

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1. On January 25, 2023, location was inspected. OCD identified that signage on location was missing in violation of 19.15.16.8 NMAC.
2. On January 31, 2023, OCD sent email notification of a field compliance to Operator. The field compliance notified Operator of the violation and required corrective action within a specified period of time, and to notify the Oil Conservation Division when remediation is completed.

3. Operator has not corrected the violation or notified OCD of the corrective action.

(3) *Compliance*: No later than Thirty (30) days after issuance of this NOV, Operator shall:

4. Correct the violation in conformity with 19.15.16.8 NMAC.
5. Inspect and correct any other compliance issues at the referenced site.
6. Assess and ensure compliance with any other field compliances at the referenced site or at any other sites controlled or operated by Operator.

(4) *Sanction(s)*: OCD may impose one or more of the following sanctions:

- civil penalty modification, suspension, cancellation, or termination of a permit or authorization
- shutting in a well or wells
- plugging and abandonment of a well
- remediation and restoration of a well location and associated facilities, including the removal of surface and subsurface equipment and other materials
- remediation and restoration of a location affected by a spill or release
- forfeiture of financial assurance
- any other remedy authorized by law

For the alleged violations described above and consistent with applicable law, OCD proposes the following sanctions (one or more of which may ultimately be selected):

- Remediation and restoration of a location affected by a spill or release:

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19.15.16.8	\$1,400.00

The civil penalty calculations are attached. OCD may recalculate the civil penalties for ongoing violations occurring on or after the date of issuance of this NOV and will take into consideration Operator's good faith effort to comply with the applicable requirements.

(5) *Informal Review and Resolution*: A process is available for the informal review and resolution of the alleged violations in the NOV. To initiate the informal review process, contact the OCD employee identified at the end of this letter. If OCD and the alleged violator agree to resolve the alleged violations in the NOV, the agreement will be incorporated into a stipulated final order signed by both parties and stating that the alleged violator admits OCD's jurisdiction to file the NOV, consents to the specified relief, including the civil penalty, if any, and waives the right of review by the Oil Conservation Commission.

(6) *Hearing*: If this Notice of Violation is not resolved within thirty (30) days of receipt of service, OCD will hold a hearing on September 7, 2023. Please see 19.15.5.10 NMAC for more information regarding the hearing. However, please note that the hearing does not prohibit OCD from negotiating with the alleged violator at any time to settle the NOV.

For more information regarding this NOV, contact Sheila Apodaca, Law Clerk, (505) 699-8358 or [Sheila.Apodaca@emnr.dnm.gov](mailto:Sheila.Apodaca@emnr.dnm.gov).

Regards,



Dylan M. Euge  
Director

6/16/2023

Date

cc: EMNRD-OGC