

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Dylan M. Fuge, Division Director
Oil Conservation Division



BY CERTIFIED AND ELECTRONIC MAIL

Lindsay Livesay
Regulatory Analyst
Southwest Royalties, Inc.
P.O. Box 53570
Midland, TX 79710
llivesay@swrpermian.com

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):

19.15.29.8 RELEASES:

B. *For all releases regardless of volume, the responsible party shall comply with [19.15.29.8](#) NMAC and shall remediate the release. For major and minor releases, the responsible party shall also comply with 19.15.29.9, 19.15.29.10, 19.15.29.11, [19.15.29.12](#) and [19.15.29.13](#) NMAC.*

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

1. On January 25, 2023, location was inspected. OCD identified an un-remediated release of hydrocarbons, produced water, or other oil field waste.
2. On January 31, 2023, a Letter of Violation (“LOV”) was sent to Operator, notifying Operator of the release and requiring corrective action to remediate the incident within 90 days, and to notify the Oil Conservation Division when remediation is completed.
3. Operator has not remediated the release or notified OCD that the release has been successfully remediated.

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

4. Remediate the release in conformity with 19.15.29 NMAC.
5. Inspect and correct any other compliance issues at the referenced site.

6. Assess and ensure compliance with any other LOVs 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:

Central Drinkard Unit #120H	(30-025-06903)
19.15.29.8	\$2,500.00

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 August 17, 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@emnrd.nm.gov.

Regards,



Dylan M. Fuge
Director

6/8/23

Date

cc: EMNRD-OGC