

State of New Mexico
Energy, Minerals and Natural Resources Department

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**BY CERTIFIED MAIL - RETURN RECEIPT REQUESTED
AND ELECTRONIC MAIL**

February 21, 2022

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NOTICE OF VIOLATION

Red Hills SWD Well No. 2 (API 30-025-45469)

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

(1) Alleged Violators: Mewbourne Oil Company, OGRID 14744 (“Operator”).

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

19.15.26.8 INJECTION OF FLUIDS INTO RESERVOIRS:

A. Permit for injection required

(1) *A permit is required under 19.15.26 NMAC for any injection wells that inject:*

(a) *produced water or other fluids that are brought to the surface in connection with natural gas storage operations or conventional oil or natural gas production....*

**19.15.5.11 ENFORCEABILITY OF PERMITS AND
ADMINISTRATIVE ORDERS:** *A person who conducts an activity pursuant to a permit, administrative order or other written authorization or approval from the division shall comply with every term, condition and provision of the permit, administrative order, authorization or approval.*

1. On March 7, 2019, OCD issued Administrative Order SWD-1988 (“SWD Permit”) authorizing Operator to dispose produced water into an interval consisting of the Devonian and Silurian formations from approximately 17,300 feet to 19,350 feet through the Red Hills SWD Well No. 2 (API 30-025-45469) (“Well”).

2. The SWD Permit established the following terms and conditions:

- a. Prior to commencing disposal of produced water into the Well, Operator shall submit a summary of depths for contacts of the formations demonstrating that only the permitted formation is open to disposal.
- b. Prior to commencing disposal of produced water into the Well, Operator shall obtain a bottom-hole pressure measurement representative of the open-hole completion and provide a copy to OCD.
- c. Operator shall notify OCD in writing of the date of commencement of disposal of produced water into the Well.

3. Operator commenced disposal of produced water into the Well on August 1, 2019.

4. Operator did not submit a summary of depths for contacts of the formations demonstrating that only the permitted formation is open to disposal prior to commencing disposal of produced water into the Well.

5. Operator did not obtain a bottom-hole pressure measurement representative of the open-hole completion prior to commencing disposal of produced water into the Well.

6. Operator did not provide a copy of the bottom-hole pressure measurement to OCD prior to commencing disposal of produced water into the Well.

7. Operator did not notify OCD in writing of the date of commencement of disposal of produced water into the Well.

(3) Compliance: No later than five (5) business days after issuance of this NOV, Operator shall submit a summary of depths for contacts of the formations demonstrating that only the permitted formation was open to disposal.

(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 of 19.15.5.11 NMAC described above and consistent with applicable law, OCD proposes the following sanctions (one or more of which may ultimately be selected):

(a) Civil Penalty:

Failure to Submit Summary of Depths	\$ 1,800.00
Failure to Obtain Bottom-Hole Pressure Measurement	\$ 1,800.00
Failure to Submit Bottom-Hole Pressure Measurement	\$ 1,800.00
Failure to Submit Notification of Injection Commencement	\$ 1,800.00

The civil penalty calculations are attached. OCD may recalculate the civil penalties for additional 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 May 18, 2022. 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 Jesse Tremaine, Assistant General Counsel, (505) 231-9312 or JesseK.Tremaine@state.nm.us.

Regards,


Adrienne Sandoval
Director

cc: OCD Southern District
EMNRD-OGC