

State of New Mexico
Energy, Minerals and Natural Resources Department

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BY CERTIFIED AND ELECTRONIC MAIL

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NOTICE OF VIOLATION

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

(1) *Alleged Violators:* EOG Resources, Inc., OGRID 7377 (“Operator”).

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

19.15.27.8(G) Reporting of vented or flared natural gas.

1(A). *Venting or flaring caused by an emergency, a malfunction or of long duration. The operator shall notify the division of venting or flaring that exceeds 50 MCF in volume and either results from an emergency or malfunction, or lasts eight hours or more cumulatively within any 24-hour period from a single event by filing a form C-129 in lieu of a C-141, except as provided by Subparagraph (d) of Paragraph (1) of Subsection G of 19.15.27.8 NMAC, with the division as follows...*

2. *Monthly reporting of vented and flared natural gas. For each well or facility at which venting or flaring occurred, the operator shall separately report the volume of vented natural gas and volume of flared natural gas for each month in each category listed below. Beginning October 1, 2021, the operator shall gather data for quarterly reports in a format specified by the division and submit by February 15, 2022 for the fourth quarter and May 15, 2022 for the first quarter. Beginning April 2022, the operator shall submit a form C-115B monthly on or before the 15th day of the second month following the month in which it vented or flared natural gas. The operator shall specify whether it estimated or measured each reported volume. In filing the initial report, the operator shall provide the methodology (measured or estimated using calculations and industry standard factors) used to report the volumes and shall report changes in the methodology on future forms. The operator shall make and keep records of the measurements and estimates, including records showing how it calculated the estimates, for no less than five years and make such records available for inspection by the division upon request...*

AFFECTED FACILITIES

**ANTIETAM 9 FED COM CTB [fAPP2201855861]
BANDIT 29 STATE COM CTB [fAPP2202627910]
CASSIDY 18 FC CENTRAL CTB [fAPP2220640715]
HAWK 35 FED CTB [fAPP2204049819]
LACEY SWISS 1 FC CTB [fAPP2303031525]
MAMBA 30 STATE SOUTH CTB [fAPP2203935529]
PEREGRINE 27 FED COM CTB [fAPP2127757810]
RESOLUTE 12 FED COM CTB [fAPP2134345435]
ROSS DRAW 08 CTB [fAPP2202625849]
YUKON 20 FED COM CTB [fAPP2127139952]
ALMOST EDDY 30 FED COM CTB [fAPP2130736725]
DAUNTLESS 7 FED CTB [fAPP2203924934]
QUIJOTE 2 STATE COM CTB [fAPP2203333498]
STONEWALL 28 FED COM CTB [fAPP2202627298]**

1. On September 01, 2023, the Oil Conservation Division (“OCD”) issued a request for information to the Operator for methane release events for the month of June 2023 regarding the Javelina 30 Federal Com wells.
2. On September 14, 2023, the Operator responded to the request for information (RFI) to the division stating, *“EOG undertook a detailed investigation and has identified 13 reportable instances of vented natural gas since June 4, 2023, all involving flare pilot malfunctions. These 13 events were reported under NMAC 19.15.27 but were incorrectly categorized as flared natural gas instead of vented natural gas. EOG is preparing corrections to recategorize these events as vented natural gas.”* Operator also disclosed six (6) manual purge instances and stated that these were not reportable instances of vented natural gas.
3. On November 7, 2023, the Oil Conservation Division (“OCD”) issued a second request for information asking the operator for descriptions of the equipment type for the 13 vent releases and to verify that the six (6) manual purge events were not reportable per 19.15.27.8 G NMAC.
4. On November 21, 2023, the Operator responded with the equipment types as requested for the 13 vent events. The Operator also reviewed the six (6) manual purge events and *“has determined that the manual liquid unloading events that exceed 50 MCF in volume and either result from an emergency or malfunction, or last eight hours or more cumulatively within any 24-hour period from a single event should be reported under NMAC 19.15.27.8 G.”* The Operator also stated *“EOG plans to review its reporting process following resolution of the Form C-129 reporting system constraints for events that span more than one calendar day.”*
5. As of March 15, 2024, the operator has not corrected any C-129s for the above events.

(3) *Compliance:* No later than five (5) business days after issuance of this NOV, Operator shall:

6. Submit corrected venting and flaring incident report C-129A.
7. Correct all C-115Bs from the months of June to December 2023.
8. Submit C-129 venting and flaring reports for all missing flare events.

(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(s)
- 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):

- **Civil Penalty:**
OCD calculated civil penalties in excess of \$5,000,000 for the twenty-six listed violations. However, OCD proposes to assess civil penalties of \$200,000 after consideration of multiple factors, including but not limited to, the nature of the violations, self-reporting, and cooperation with the OCD in the investigation. OCD reserves the right to seek the total civil penalty calculation or to recalculate the civil penalties based upon facts and information discovered during the informal resolution period or any necessary hearing on the merits. OCD will take into consideration Operator’s good faith effort to comply with the applicable rules and compliance actions outlined in the NOV.

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 8, 2024. 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, Attorney Supervisor, (505) 231-9312 or JesseK.Tremaine@emnrn.nm.gov.

Regards,



Dylan M. Euge
 Director (Acting)

5/29/24

 Date

cc: EMNRD-OGC