

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

NMOCD-OGA 04-07

92

IN THE MATTER OF TEXAKOMA OIL & GAS CORPORATION,

Respondent.

**AGREED ORDER DIRECTING COMPLIANCE AND ASSESSING CIVIL
PENALTY**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), the Director of the Oil Conservation Division ("OCD") issues this Order to TEXAKOMA OIL & GAS CORPORATION ("Texakoma") to enforce the Act and the OCD Rules.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Texakoma is a corporation incorporated in Texas and authorized to do business in the State of New Mexico under Public Regulation Commission ("PRC") SCC number 1598176.
3. According to PRC records, Texakoma is an active corporation in good standing with a principal and mailing address in Texas of 5400 LBJ FRWY., STE. 500 DALLAS, TEXAS 75240, and a principal address in New Mexico of c/o CT Corporation System, 121 E. PALACE AVE. SANTA FE NEW MEXICO 87501.

4. On January 6, 2003, Oil Conservation Division Deputy Inspector W. Bruce Martin discovered an injection pressure violation at the Texakoma La Plata SWD Well No. 1 (API No. 30-045-10817), located in Unit D, Section 18, Township 31 North, Range 13 West, San Juan County, New Mexico.
5. An OCD investigation established the following facts:
 - a. On January 6, 2003, the gauge on the well indicated an injection pressure of 710 psi in violation of the maximum permitted injection pressure of 608 psi.
 - b. The pressure-limiting device on the injection pump was not working correctly in violation of Administrative Order No. SWD-785.
 - c. The Texakoma La Plata SWD Well No.1 was previously inspected on February 13, 2002. At the time of that inspection, OCD Deputy Inspector Bruce Martin found that the injection pressure and pressure-limiting device were in violation of Administrative Order No. SWD-785. Texakoma was contacted, and these violations were corrected. By certified letter dated March 08, 2002, the OCD, acting through Frank Chavez, District Supervisor of District III, notified Texakoma of these violations and informed Texakoma that if these violations were repeated the OCD would seek imposition of civil penalties pursuant to NMSA 1978 Section 70-2-31.A.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.

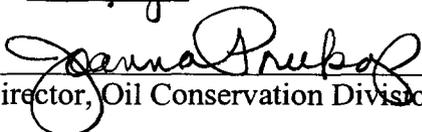
2. Texakoma is a "person" as defined by OCD Rule 7.P (19.15.1.7.P NMAC).
3. Texakoma personnel knowingly and willfully permitted injection into the La Plata SWD Well No. 1 (API No. 30-045-10817), located in Unit D, Section 18, Township 31 North, Range 13 West, San Juan County, New Mexico, at pressures in excess of those allowed under the applicable injection permit and when the pressure-limiting device at the wellhead was not functioning properly.

CIVIL PENALTY

NMSA 1978, Section 70-2-31.B (as amended) authorizes the assessment of civil penalties of up to one thousand dollars (\$1,000) per day per violation against anyone who knowingly and willfully violates the Oil and Gas Act or any rule or order issued pursuant to that act. Having considered the nature of the above-described violations, the response of Texakoma and extenuating circumstances deemed relevant, the Division hereby assesses a civil penalty against Texakoma in the amount of Two Thousand Dollars (\$2,000). Texakoma shall pay this penalty by remittance to "Director - Oil Conservation Division - Energy, Minerals and Natural Resources Department of the State of New Mexico." Payment shall be due not later than thirty (30) days after service upon Texakoma of a copy of this Order executed by the Director of the Division.

Done at Santa Fe, New Mexico this 18th day of May, 2004.

By:


Director, Oil Conservation Division

ACCEPTANCE

Texakoma Oil & Gas Corporation hereby accepts the above and foregoing Order No. NMOCD-OGA 04-07, and agrees to all of the terms and provisions therein set forth.

TEXAKOMA OIL & GAS CORPORATION

By: *Curt Blunt*

Title: *Manager of TRAVES Acquisition*

Date: *5-13-04*