

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

NMOCD - OGA 04-ACO-87

IN THE MATTER OF VMJ OILFIELD SERVICE, INC.,

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 **VMJ OILFIELD SERVICE, INC.** ("VMJ"), directing compliance with the Act and the OCD Rules, and assessing a penalty for violations of the Act and OCD Rules.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. VMJ is a domestic profit corporation authorized to do business in the State of New Mexico under Public Regulation Commission ("PRC") SCC number 1690171.
3. On January 29, 2004, the OCD approved Form C-133, authorizing VMJ to move produced water.
4. The OCD authorized the permit under 19.15.9.709 NMAC [OCD Rule 709], which states in pertinent part, "... [a]uthorization to transport produced water may be obtained by filing three copies of Form C-133 with the director of the division in Santa Fe. ... No owner or operator shall permit produced water to be removed from its leases or field facilities by motor vehicle except by a person possessing an approved Form C-133."
5. OCD Rule 19.15.9.710 NMAC [OCD Rule 710] provides that no person or transporter may dispose of produced water in any manner that may constitute a hazard to any fresh water supplies; a violation of these OCD rules may be cause for the cancellation of Form C-133.
6. By eyewitness report, on April 16, 2005, a VMJ truck, with trailer license plate number NM 39465D, was seen spewing a green liquid stream from its valve directly onto Raw Hide Road and the JAL Highway. By its color and smell, the witness identified the liquid as production water.

7. VMJ trip tickets numbers 61490, 61492, 61493 and 61494 show that VMJ was in the vicinity of Raw Hide Road and the JAL Highway delivering brine or salt water to Poker Lake #216.
8. NMSA 1978, Section 70-2-31(A) authorizes the assessment of civil penalties of up to one thousand dollars per day per violation against any person who knowingly or willfully violates any provision of the Oil and Gas Act or any rule adopted pursuant to the Act.
9. NMSA 1978, Section 70-2-33(A) defines "person" to include corporations.
10. On September 21, 2005, the OCD issued a Notice of Violation to VMJ for violating Rule 710.

CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. VMJ is a "person" subject to civil penalties for knowing and willful violations of the Oil and Gas Act or OCD Rules.
3. VMJ knowingly and willfully violated the terms of its approved Form C-133 issued pursuant to OCD Rule 709 by disposing of produced water on Raw Hide Road and the JAL Highway on April 16, 2005, in plain indifference to or reckless disregard of the requirements of Form C-133 and OCD rules.

ORDER AND CIVIL PENALTY

1. The OCD hereby assesses a civil penalty of **One Thousand Dollars (\$1,000)** against VMJ for by disposing of produced water on Raw Hide Road and the JAL Highway on April 16, 2005 contrary to the requirements of Form C-133 issued pursuant to OCD Rule 709.
2. The **One Thousand Dollars (\$1,000.00)** shall be paid by VMJ at the time this Agreed Compliance Order is executed. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division" and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.
3. Pursuant to OCD Rule 710, the OCD also hereby suspends VMJ's authorization to move produced water for **thirty (30) days** for violating Rule 709. This suspension shall take effect at 12:01 a.m. on October 24, 2005 and continue through midnight of November 23, 2005.
4. By signing this Order, VMJ expressly:

- a) acknowledges the correctness of the Findings and Conclusions set forth in this Order;
- b) agrees to comply with Ordering Paragraphs (1) and (2);
- c) waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order; and
- d) agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended).

Done at Santa Fe, New Mexico this 11th day of October, 2005

By: 
MARK FESMIRE, P.E., Director
Oil Conservation Division

ACCEPTANCE

VMJ Oilfield Service, Inc. hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in the Order.

VMJ OILFIELD SERVICE, INC.

By: 

Title: Owner
Date: 10/11/05