

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

IN THE MATTER OF W.W. OIL AND GAS, INC.,

ACO-177

Respondent.

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended (hereinafter, "Act"), and the rules promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico (hereinafter, "OCD") issues this Order to **W.W. Oil & Gas, Inc.** (hereinafter "W.W.") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD Rules.

I. FINDINGS

- 1) The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
- 2) W.W. Enterprises, *d/b/a W.W. Oil and Gas, Inc.*, is a foreign for Profit Corporation doing business in New Mexico, registered with the Public Regulatory Commission Secretary of the State, under number 2040723. W.W. is an active entity and has a mailing address of P.O. Box 2288, Farmington, New Mexico 87499 and a principal address of Route 2, Box 2615, Roosevelt, Utah 84006. Its registered agent for service of process in New Mexico is Olin Glover, 505 Sandstone Avenue, Farmington, New Mexico 87401. W.W.'s OGRID is 239475.
- 3) On January 26, 2007, New Mexico Oil Conservation (hereinafter "OCD") Deputy Oil and Gas Inspector Brandon Powell arrived on the site of the W.W. Oil & Gas, Inc. (hereinafter, "W.W.") Right Angle Federal #1 well. On inspecting the site, Inspector Powell found an open drilling pit on location and that the well had been plugged.
- 4) An OCD investigation found the following:
 - a. A sundry received from the BLM on June 23, 2006 shows that the plugging and abandonment of the well was completed on April 11, 2006.
 - b. The pit has been open for more than 9 months after drilling and plugging operations on this location had ceased.
 - c. W.W. violated Rule 50.F(1) [19.15.2.50.F(1) NMAC], which requires "a pit or below-grade tank shall be properly closed within six months after cessation of use."

- d. NMSA 1978, §70-2-31(A) provides that “[a]ny person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars (\$1,000) for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate violation.”
 - e. NMSA 1978, §70-2-33(A) defines person as “any individual estate, trust receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity.”
- 5) As a result of its investigation, the OCD issued Notice of Violation (3-07-03) to W.W., alleging violation of Rule 50.F(1).
 - 6) At the Administrative Conference on this matter, W.W. presented the following:
 - a) The pit was fenced.
 - b) W.W. was in contact with the BLM about the pit.
 - c) W. W. will close the pit by June 30, 2007.
 - d) W.W. will file a form C-144 Pit or Below-Grade Tank Registration or Closure report.

II. CONCLUSION

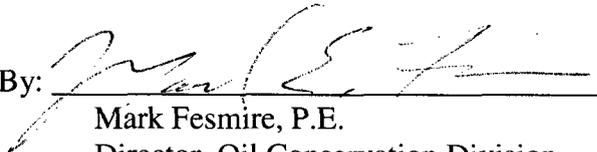
- 1) The OCD has jurisdiction over the parties and subject matter in this proceeding.
- 2) W.W. is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
- 3) W.W. is subject to civil penalties under NMSA 1978, § 70-2-31(A) at the Right Angle Federal #1 well for one knowing and willful violation of OCD Rule 50.F(1) (failing to timely close a pit).

III. ORDER AND CIVIL PENALTY

- 1) Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty against W.W. totaling **One Thousand Dollars (\$1,000.00)** for one knowing and willful violation of Rule 50.F(1) (failing to timely close a pit).
- 2) The civil penalty shall be paid at the time W.W. executes this Order. Payment shall be made by check 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) W.W. shall properly close the pit by June 30, 2007.

- 4) W.W. shall file a form C-144 Pit Closure report within 15 days of closing the pit.
- 5) By signing this Order, W.W. expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with Ordering paragraphs 2, 3 and 4;
 - 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;
 - 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.
- 6) Nothing in this Order relieves W.W. of its liability should its operations fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves W.W. of its responsibility for compliance with any other federal, state or local laws and/or regulations.

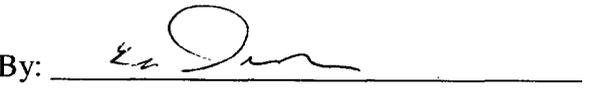
Done at Santa Fe, New Mexico, this 31st day of March 2007.

By: 
 Mark Fesmire, P.E.
 Director, Oil Conservation Division

ACCEPTANCE

W.W. Oil & Gas, Incorporated hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth in the Order.

W.W. Oil & Gas, Incorporated

By: 
 Title: Pres
 Date: MARCH 15/07