

## OCD EXHIBIT 7

**From:** [Ames, Eric, EMNRD](#)  
**To:** [Zimmerman Oil](#)  
**Cc:** [Sanchez, Daniel J., EMNRD](#); [Ames, Eric, EMNRD](#)  
**Subject:** NOV  
**Date:** Wednesday, March 3, 2021 9:54:05 AM

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Mr. and Mrs. Zimmerman –

Per our discussion yesterday, OCD reviewed the alleged violations in the NOV.

19.15.9.9(B) NMAC – Operator of Record: Zimmerman is, and for several years has been, the operator of Mr. Tipton’s wells. OCD’s rules require that operators maintain an accurate record of the wells for which they are responsible. Please file an application to change the operator of record for Mr. Tipton’s wells pursuant to 19.15.5.9(B) NMAC. Because Mr. Tipton has deceased, you do not have to file a joint application, but must provide documentary evidence that Mr. Tipton has deceased, e.g., a death certificate, and documentary evidence that you have the right to assume operations of the wells, e.g., an operating agreement, proof of ownership, etc. With respect to well signs, 19.15.16.8 NMAC requires the sign to identify the well number and operator. This identification is critical because it is the only way for OCD to determine the responsible party for a well and any activity occurring at the wellsite. Yesterday you expressed concern about the cost to change the operator’s name on the well signs. Other operators facing the same concern have adopted the low-cost approach of printing vinyl stickers showing the new operator’s name. You may want to check with a local printing shop or search on-line; a quick google search indicates many options to print vinyl stickers at a relatively low cost.

19.15.8.9(C)(2)(c) NMAC – Active Well Blanket FA: Zimmerman must increase the FA from \$50,000 to \$125,000. Please check with Daniel if you have any questions.

19.15.5.9(A)(4)(a) NMAC – Inactive Wells: According to our records, Zimmerman filed a single production report for each well showing production of 1 bbl oil in September 2020. Given that these wells have not reported production since 2018 or 2019, a report of such nominal production in a single month raises a serious question of its validity. Please provide additional information indicating that each well produced oil or gas since its last reported production cited in the NOV.

19.15.5.9(D)(1) NMAC – Inactive Well FA: Same as 19.15.5.9(A)(4)(a) NMAC.

Regards,

Eric Ames

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