

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

**IN RE DWIGHT A. TIPTON and
ZIMMERMAN OIL & GAS EXPLORATION, INC.**

CASE NO. 21842

STIPULATED FINAL ORDER

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.*, and 19.15.5.10(C) NMAC, the Director of the Oil Conservation Division ("OCD"), the Estate of Dwight A. Tipton, OGRID #6550 ("Tipton"), and Zimmerman Oil & Gas Exploration, Inc., OGRID #239769 ("Zimmerman") enter into this Stipulated Final Order ("Order") to resolve the above-referenced matter.

1. OCD is charged with the administration and enforcement of the Act and the implementing rules, and has jurisdiction to regulate Tipton and Zimmerman's wells and production operations in the state of New Mexico.

2. Tipton is the operator of record for the wells identified in Exhibit A.

3. Tipton passed away on March 24, 2020.

4. Zimmerman has operated the wells identified in Exhibit A since on or about January 1, 2016.

5. On December 21, 2020, OCD issued a Notice of Violation ("NOV") to Tipton and Zimmerman alleging:

(a) Zimmerman operated and continues to operate the wells identified in Exhibit A without OCD's approval of a change of operator as required by 19.15.9.9(B) NMAC;

(b) Tipton and Zimmerman exceeded the number of inactive wells allowed by 19.15.5.9(A)(4)(a) NMAC; and

(c) Tipton and Zimmerman failed to provide financial assurance in the required amounts for active and inactive wells as required by 19.15.8.9(C) & (D) NMAC.

6. On June 2, 2021, OCD held a hearing in this matter.

7. Zimmerman appeared at the hearing, but neither admitted nor denied the alleged violations.

8. To resolve the alleged violations, Zimmerman agrees that:

(a) No later than 30 days after the OCD Director signs this Order, Tipton shall file Form C-145 for the wells identified in Exhibit A transferring the wells to Zimmerman. For the purpose of approving the Form C-145, OCD will consider the entry of this order to constitute compliance with the applicable rules under 19.15.5.9 NMAC.

(b) No later than 30 days after the OCD Director signs this Order, Zimmerman shall file financial assurance of \$125,000 for the wells identified in Exhibit A as required by 19.15.8.9(C) NMAC.

(c) No later than 30 days after the OCD Director signs this Order, Zimmerman shall file inactive well financial assurance for each well in the specified amount:

<u>API</u>	<u>Well</u>	<u>Financial Assurance</u>
30-005-61904	Plains 29 #004	\$29,608
30-005-61992	Plains 29 #006	\$29,600
30-005-61908	Mabel #005	\$29,610

(d) No later than 60 days after the OCD Director signs this Order, for each well identified in paragraph 8(c), Zimmerman shall return the well to production or file a Form C-103 to plug and abandon it.

(e) No later than 90 days after the OCD Director signs this Order, for each well identified in paragraph 8(c), Zimmerman shall submit the final C-103. If OCD disapproves the final C-103 for a well, Zimmerman shall take the required action and file a second final C-

103 for the well within the specified time.

9. Zimmerman shall give written notice of each action required by paragraph 8 to OCD at OCD.Engineer@state.nm.us.

10. Upon receipt of the financial assurance required by paragraph 8(b), OCD will release the \$50,000 bond in the name of Dwight A. Tipton.

11. Upon OCD's confirmation that a well identified in paragraph 8(c) has been returned to production or released after plugging and abandonment, OCD will release the inactive well financial assurance required by paragraph 8(c).

12. If Zimmerman complies with this Stipulated Final Order, OCD shall abate all of the civil penalties.

13. If Zimmerman fails to complete an action specified in paragraph 8 by the specified time, including failing to obtain OCD's approval of a final C-103, then Zimmerman shall pay a portion of the civil penalties in the amount of \$5,000 and a stipulated penalty of \$100.00 for each day until it completes the action.

14. If Zimmerman fails to pay the civil or stipulated penalty, as applicable, no later than 30 days after service of OCD's written demand, it shall pay interest on the civil or stipulated penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent as provided in NMSA 1978, § 56-8-4(A).

15. Tipton and Zimmerman admit OCD's jurisdiction to file the NOV, consent to the relief specified herein, and waive the right of review by the Oil Conservation Commission.

16. The persons executing this Order represent that they have the requisite authority to bind their respective parties and such representation shall be legally sufficient evidence of their actual or apparent authority.

OIL CONSERVATION DIVISION



Adrienne Sandoval
Director

Date: 7/16/2021

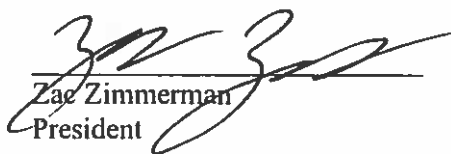
ESTATE OF DWIGHT A. TIPTON



Lillian Tipton
Personal Representative

Date: 6-23-21

ZIMMERMAN OIL & GAS EXPLORATION, INC.



Zac Zimmerman
President

Date: 6-25-21