

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

IN RE BAR V BARB, LLC

CASE NO. 24773

**OIL CONSERVATION DIVISION'S
DOCKETING NOTICE**

The New Mexico Oil Conservation Division (“OCD”), pursuant to 19.15.5.10(E)(2)(a) NMAC, gives notice that it has docketed the Notice of Violation (“NOV”) attached as Exhibit 1, and states the following in support thereof:

1. On July 19, 2024, OCD issued the NOV to Bar V Barb, OGRID #371067 (“Operator”).
2. On July 29, 2024, certified mail containing the NOV arrived at the operator’s address of record. However, has yet to be picked up.
3. The NOV identified the factual basis for the alleged violations, the compliance actions required to remedy the alleged violations, and the proposed sanctions.
4. Order R-21756 established plugging authority for twelve (12) of the wells. Operator did not respond or participate in that case. OCD docketed this subsequent NOV for hearing under the information and believe that Operator remains unavailable.
5. The NOV stated that if Bar V Barb, LLC, did not informally resolve the NOV within 30 days of receipt of service, then OCD would hold a hearing on September 12, 2024.

WHEREFORE, OCD requests that the NOV be docketed for hearing on September 12, 2024.

Respectfully submitted,

Christy B. Treviño

Christy Treviño
Assistant General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Tel (505) 607-4524
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Christy.Trevino@emnrd.nm.gov

CERTIFICATE OF SERVICE

I certify that on August 9, 2024, this pleading was served by certified and electronic mail on:

Steve Oldfield

Owner

Bar V Barb, LLC

P.O. Box 4435

Rosewell, New Mexico 88202

brokenspearcattleco@gmail.com

Christy B. Treviño

Christy Treviño

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Melanie A. Kenderdine
Cabinet Secretary-Designate

Ben Shelton
Deputy Secretary (Acting)

Gerasimos Razatos
Division Director (Acting)
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

Steve Oldfield
Owner
BAR V BARB LLC
P.O. Box 4435
Roswell, NM 88202
Brokenspearcattleco@gmail.com

NOTICE OF VIOLATION

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC. A process is available to informally discuss and resolve the NOV. OCD will not request a hearing on the NOV until the end of this process, which runs for 30 days from the date of your receipt of this letter. OCD will extend this process if it would facilitate informal resolution of the NOV. To initiate this process, contact the OCD employee identified at the end of this letter.

(1) Alleged Violator: BAR V BARB LLC, OGRID #371067 (“Operator”).

(2) Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):

19.15.25.8 NMAC:

- A.** *The operator of wells drilled for oil or gas or services wells including seismic, core, exploration or injection wells, whether cased or uncased, shall plug the wells as Subsection B of 19.15.25.8 NMAC requires.*
- B.** *The operator shall either properly plug and abandon a well or place the well in approved temporary abandonment in accordance with 19.15.25 NMAC within 90 days after:*

- (1)** *a 60 day period following suspension of drilling operations;*
(2) *a determination that a well is no longer usable for beneficial purposes; or*

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(3) a period of one year in which a well has been continuously inactive.

19.15.5.9(A) NMAC:

An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator...

(4) has no more than the following number of wells out of compliance with 19.15.25.8 NMAC that are not subject to an agreed compliance or final order setting a schedule for bringing the wells into compliance with 19.15.25.8 NMAC and imposing sanctions if the schedule is not met:

- (a) two wells or fifty percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less;*
- (b) five wells if the operator operates between 101 and 500 wells;*
- (c) seven wells if the operator operates between 501 and 1000 wells; and*
- (d) 10 wells if the operator operates more than 1000 wells.*

Operator is the registered operator of twelve (12) wells. All twelve (12) wells are out of compliance with 19.15.25.8 NMAC. See Exhibit A. Of the twelve (12) wells in Exhibit A, ten (10) wells are subject to OCD plugging authority in order R-21756.¹ The remaining two (2) wells: API # 30-005-60332 and 30-005-60213, in Exhibit A are not subject to an agreed compliance or final order.

19.15.8.9 NMAC:

D. Inactive wells. *An operator shall provide financial assurance for wells that are covered by Subsection A of 19.15.8.9 NMAC that have been in temporarily abandoned status for more than two years or for which the operator is seeking approved temporary abandonment pursuant to 19.15.25.13 NMAC in one of the following categories:*

- (1) a one well financial assurance in the amount of \$25,000 plus \$2 per foot of the projected depth of a proposed well or the depth of an existing well; the depth of a well is the true vertical depth for vertical and horizontal wells and the measured depth for deviated and directional wells; or*
- (2) a blanket plugging financial assurance covering all wells of the operator subject to Subsection D of 19.15.8.9 NMAC:*
 - (a) \$150,000 for one to five wells;*
 - (b) \$300,000 for six to 10 wells;*
 - (c) \$500,000 for 11 to 25 wells; and*

¹ Identified in Exhibit D is Case No. 21900, Division Order No. R-21756, which list fifteen (15) wells that required Bar V Barb, LLC to plug and abandon certain wells and maintain financial assurances. Ten (10) wells remain subject to that order and are on an updated inactive well report in Exhibit A.

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(d) \$1,000,000 for more than 25 wells.

Operator currently has three (3) wells that are inactive and lack sufficient financial assurance. See Exhibit B.

19.15.7.24 NMAC:

- A. An operator shall file a form C-115 for each non-plugged well completion for which the division has approved a form C-104 and for each secondary or other enhanced recovery project or pressure maintenance project injection well or other injection well within the state, setting forth complete information and data indicated on the forms in the order, format and style the director prescribes. The operator shall estimate oil production from wells producing into common storage as accurately as possible on the basis of periodic tests.*
- B. An operator shall file the reports 19.15.7.24 NMAC requires using the division's web-based online application on or before the 15th day of the second month following the month of production, or if such day falls on a weekend or holiday, the first workday following the 15th. An operator may apply to the division for exemption from the electronic filing requirement based upon a demonstration that such requirement would operate as an economic or other hardship.*

Operator is the registered operator of twelve (12) wells. Operator has not submitted the required C-115 for any well since September 9, 2019. See Exhibit C.

(3) Compliance: No later than thirty (30) days after receipt of this NOV, Operator shall (a) submit production reports for the wells identified in Exhibit A; (b) plug and abandon all twelve (12) wells listed in Exhibit A; and (c) provide inactive well blanket plugging financial assurance of \$150,000 or increase the one well financial assurance to the specified amounts in Exhibit B.

(4) Sanction(s): OCD may impose one or more of the following sanctions:

- civil penalty
- modification, suspension, cancellation, or termination of a permit or authorization
- plugging and abandonment of a well
- remediation and restoration of a well location and associated facilities, including the removal of surface and subsurface equipment and other materials
- remediation and restoration of a location affected by a spill or release
- forfeiture of financial assurance
- shutting in a well or wells
- any other remedy authorized by law

For the alleged violations described above, OCD proposes the following sanctions:

- (a) Plug and Abandon Wells: OCD will request an order requiring Operator to plug and abandon twelve (12) wells listed in Exhibit A, and alternatively, an order authorizing OCD to plug and abandon those wells.

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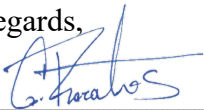
- (b) Financial Assurance: OCD will request an order requiring Operator to provide an inactive well blanket plugging financial assurance of \$150,000 or additional one well financial assurance in the specified amounts in Exhibit B, and alternatively, an order forfeiting financial assurance.
- (c) Termination of Authorization to Transport: OCD will request an order terminating Operator's authority to transport from all wells.
- (d) Civil Penalties: OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort to comply with the applicable requirements. Copies of the civil penalty calculations are attached.

| | |
|---|--------------|
| Civil Penalty: 19.15.5.9(A)(4)(a) NMAC: | \$ 4,500.00 |
| 19.15.8.9 NMAC: | \$ 1,350.00 |
| 19.15.7.24 NMAC | \$ 21,600.00 |

(5) *Hearing*: If this NOV cannot be resolved informally, OCD will hold a hearing on September 12, 2024. Please see 19.15.5.10 NMAC for more information regarding the hearing. Even if OCD schedules a hearing, you can request an informal resolution at any time.

For more information regarding this NOV, contact Christy Treviño at (505)-607-4524 or Christy.Trevino@emnrd.nm.gov.

Regards,



Gerasimos Razatos
Acting Director

cc: Office of Legal Counsel, EMNRD

Inactive Well List

Total Well Count: 12 Inactive Well Count: 12
Printed On: Thursday, June 27 2024

| District | API | Well | ULSTR | OCD Unit | Ogrid | Operator | Lease Type | Surface Owner | Well Type | Last Production | Formation/Notes | Status | TA Exp Date |
|----------|--------------|-----------------------------------|--------------|----------|--------|----------------|------------|---------------|-----------|-----------------|-----------------|--------|-------------|
| 1 | 30-005-20403 | FEDERAL 21 #001 | O-21-14S-30E | O | 371067 | BAR V BARB LLC | F | F | O | 06/2019 | | | |
| 1 | 30-005-20361 | FEDERAL 28 #001 | G-28-14S-30E | G | 371067 | BAR V BARB LLC | F | F | O | 06/2019 | | | |
| 1 | 30-005-20372 | FEDERAL 28 #003 | B-28-14S-30E | B | 371067 | BAR V BARB LLC | F | F | O | 06/2019 | | | |
| 2 | 30-005-60360 | SOUTH LUCKY LAKE QUEEN UNIT #001 | P-16-15S-29E | P | 371067 | BAR V BARB LLC | S | S | O | 06/2019 | | | |
| 2 | 30-005-60332 | SOUTH LUCKY LAKE QUEEN UNIT #001A | O-16-15S-29E | O | 371067 | BAR V BARB LLC | S | S | I | 04/2013 | | T | 4/1/2023 |
| 2 | 30-005-60213 | SOUTH LUCKY LAKE QUEEN UNIT #001B | F-22-15S-29E | F | 371067 | BAR V BARB LLC | F | F | I | 07/2013 | | T | 7/1/2023 |
| 2 | 30-005-61227 | SOUTH LUCKY LAKE QUEEN UNIT #001E | M-15-15S-29E | M | 371067 | BAR V BARB LLC | F | F | I | 07/2013 | | | |
| 2 | 30-005-60244 | SOUTH LUCKY LAKE QUEEN UNIT #001F | H-21-15S-29E | H | 371067 | BAR V BARB LLC | F | F | I | 07/2013 | | | |
| 2 | 30-005-60371 | SOUTH LUCKY LAKE QUEEN UNIT #002 | N-16-15S-29E | N | 371067 | BAR V BARB LLC | S | S | O | 06/2019 | | | |
| 2 | 30-005-60361 | SOUTH LUCKY LAKE QUEEN UNIT #002C | A-21-15S-29E | A | 371067 | BAR V BARB LLC | F | F | O | 06/2019 | | | |
| 1 | 30-005-20384 | W R MEANS #002 | J-28-14S-30E | J | 371067 | BAR V BARB LLC | F | F | O | 06/2019 | | | |
| 1 | 30-005-20386 | W R MEANS #003 | O-28-14S-30E | O | 371067 | BAR V BARB LLC | F | F | O | 04/2019 | | | |

WHERE Operator:371067, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Inactive Well Additional Financial Assurance Report

371067 BAR V BARB LLC

Total State & Fee Wells: 3

Printed On: Thursday, June 27 2024

| Property | Well Name | Lease Type | ULSTR | OCD Unit Letter | API | Well Type | Last Prod/Inj | Inactive Additional Bond Due | Bonding Depth | Required Bond Amount | Bond Required Now | Covered By Blanket TA Bond | Bond In Place | In Violation |
|----------|-----------------------------------|------------|--------------|-----------------|--------------|-----------|---------------|------------------------------|---------------|----------------------|-------------------|----------------------------|---------------|--------------|
| 315977 | SOUTH LUCKY LAKE QUEEN UNIT #001 | S | P-16-15S-29E | P | 30-005-60360 | O | 06/2019 | 07/2021 | 1825 | 28,650 | Y | | 6,825 | Y |
| | SOUTH LUCKY LAKE QUEEN UNIT #001A | S | O-16-15S-29E | O | 30-005-60332 | I | 04/2013 | 05/2015 | 1848 | 28,696 | Y | | 6,848 | Y |
| | SOUTH LUCKY LAKE QUEEN UNIT #002 | S | N-16-15S-29E | N | 30-005-60371 | O | 06/2019 | 07/2021 | 1800 | 28,600 | Y | | 6,800 | Y |

WHERE Ogrid:371067

Exhibit C

| Source | Id | Form Family | Form Medium Name | Type | Description | Primary Ogrid | Primary Operator | Secondary Ogrid | Secondary Operator | Submitted Date | Status | Status Date |
|--------|--------|-------------|------------------------------|------|---------------------------------|---------------|------------------|-----------------|--------------------|----------------|----------|-------------|
| Permit | 272574 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 06/2019 | 371067 | BAR V BARB LLC | | | 9/23/2019 | APPROVED | 9/23/2019 |
| Permit | 272132 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 05/2019 | 371067 | BAR V BARB LLC | | | 9/12/2019 | APPROVED | 9/13/2019 |
| Permit | 268336 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 04/2019 | 371067 | BAR V BARB LLC | | | 6/6/2019 | APPROVED | 6/6/2019 |
| Permit | 268335 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 03/2019 | 371067 | BAR V BARB LLC | | | 6/6/2019 | APPROVED | 6/6/2019 |
| Permit | 268334 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 02/2019 | 371067 | BAR V BARB LLC | | | 6/6/2019 | APPROVED | 6/6/2019 |
| Permit | 264178 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 01/2019 | 371067 | BAR V BARB LLC | | | 6/6/2019 | APPROVED | 6/6/2019 |
| Permit | 264177 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 12/2018 | 371067 | BAR V BARB LLC | | | 2/25/2019 | APPROVED | 2/25/2019 |
| Permit | 264175 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 12/2018 | 371067 | BAR V BARB LLC | | | 2/25/2019 | REJECTED | 2/25/2019 |
| Permit | 260595 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 11/2018 | 371067 | BAR V BARB LLC | | | 12/3/2018 | APPROVED | 12/4/2018 |
| Permit | 260594 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 10/2018 | 371067 | BAR V BARB LLC | | | 12/3/2018 | APPROVED | 12/4/2018 |
| Permit | 258291 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 09/2018 | 371067 | BAR V BARB LLC | | | 10/8/2018 | APPROVED | 10/9/2018 |
| Permit | 258290 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 08/2018 | 371067 | BAR V BARB LLC | | | 10/8/2018 | APPROVED | 10/9/2018 |
| Permit | 258289 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 07/2018 | 371067 | BAR V BARB LLC | | | 10/8/2018 | APPROVED | 10/9/2018 |
| Permit | 255706 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 06/2018 | 371067 | BAR V BARB LLC | | | 8/7/2018 | APPROVED | 8/8/2018 |
| Permit | 254395 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 05/2018 | 371067 | BAR V BARB LLC | | | 7/3/2018 | APPROVED | 7/9/2018 |
| Permit | 252061 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 04/2018 | 371067 | BAR V BARB LLC | | | 5/7/2018 | APPROVED | 5/8/2018 |
| Permit | 252060 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 03/2018 | 371067 | BAR V BARB LLC | | | 5/7/2018 | APPROVED | 5/8/2018 |
| Permit | 250385 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 02/2018 | 371067 | BAR V BARB LLC | | | 3/27/2018 | APPROVED | 3/28/2018 |
| Permit | 250384 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 01/2018 | 371067 | BAR V BARB LLC | | | 3/27/2018 | APPROVED | 3/28/2018 |
| Permit | 250383 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 12/2017 | 371067 | BAR V BARB LLC | | | 3/27/2018 | APPROVED | 3/28/2018 |
| Permit | 250382 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 11/2017 | 371067 | BAR V BARB LLC | | | 3/27/2018 | APPROVED | 3/28/2018 |
| Permit | 250379 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 10/2017 | 371067 | BAR V BARB LLC | | | 3/27/2018 | APPROVED | 3/28/2018 |
| Permit | 242690 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 09/2017 | 371067 | BAR V BARB LLC | | | 10/6/2017 | APPROVED | 10/6/2017 |
| Permit | 242689 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 08/2017 | 371067 | BAR V BARB LLC | | | 10/6/2017 | APPROVED | 10/6/2017 |
| Permit | 240908 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 07/2017 | 371067 | BAR V BARB LLC | | | 8/23/2017 | APPROVED | 8/23/2017 |
| Permit | 238683 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 06/2017 | 371067 | BAR V BARB LLC | | | 7/10/2017 | APPROVED | 7/11/2017 |
| Permit | 238669 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 05/2017 | 371067 | BAR V BARB LLC | | | 7/10/2017 | APPROVED | 7/11/2017 |
| Permit | 236760 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 04/2017 | 371067 | BAR V BARB LLC | | | 5/26/2017 | APPROVED | 5/26/2017 |
| Permit | 236759 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 03/2017 | 371067 | BAR V BARB LLC | | | 5/26/2017 | APPROVED | 5/26/2017 |
| Permit | 234234 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 02/2017 | 371067 | BAR V BARB LLC | | | 4/4/2017 | APPROVED | 4/5/2017 |
| Permit | 234233 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 01/2017 | 371067 | BAR V BARB LLC | | | 4/4/2017 | APPROVED | 4/5/2017 |
| Permit | 231090 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 12/2016 | 371067 | BAR V BARB LLC | | | 1/20/2017 | APPROVED | 1/23/2017 |
| Permit | 231088 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 11/2016 | 371067 | BAR V BARB LLC | | | 1/20/2017 | APPROVED | 1/23/2017 |
| Permit | 229417 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 10/2016 | 371067 | BAR V BARB LLC | | | 12/6/2016 | APPROVED | 12/7/2016 |
| Permit | 229341 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 08/2016 | 371067 | BAR V BARB LLC | | | 12/5/2016 | APPROVED | 12/6/2016 |
| Permit | 226919 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 08/2016 | 371067 | BAR V BARB LLC | | | 10/4/2016 | APPROVED | 10/5/2016 |
| Permit | 226035 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 07/2016 | 371067 | BAR V BARB LLC | | | 9/12/2016 | APPROVED | 9/13/2016 |
| Permit | 225082 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 06/2016 | 371067 | BAR V BARB LLC | | | 8/16/2016 | APPROVED | 8/16/2016 |
| Permit | 223662 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 05/2016 | 371067 | BAR V BARB LLC | | | 7/13/2016 | APPROVED | 7/14/2016 |
| Permit | 221876 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 04/2016 | 371067 | BAR V BARB LLC | | | 6/2/2016 | APPROVED | 6/2/2016 |
| Permit | 221874 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 03/2016 | 371067 | BAR V BARB LLC | | | 6/2/2016 | APPROVED | 6/2/2016 |
| Permit | 221871 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 02/2016 | 371067 | BAR V BARB LLC | | | 6/2/2016 | APPROVED | 6/2/2016 |
| Permit | 220817 | C-115 | EP Production Monthly Report | C115 | BAR V BARB LLC [371067] 02/2016 | 371067 | BAR V BARB LLC | | | 5/11/2016 | APPROVED | 5/12/2016 |

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

**IN RE NOTICE OF VIOLATION ISSUED TO
BAR V BARB, LLC**

**CASE NO. 21900
ORDER NO. R-21756**

ORDER

This matter came before the Director of the New Mexico Oil Conservation Division (“Division”) on the Notice of Violation (“NOV”) issued to Bar V Barb, LLC (OGRID # 371067) (“BVB”). The Division Hearing Examiner conducted a public hearing on June 2, 2021. The Director, having considered the testimony and evidence presented, and the recommendations of the Hearing Examiner, enters the following findings, conclusions and order.

FINDINGS OF FACT

1. The Division has jurisdiction over the parties and the subject matter herein.
2. The Division gave notice of the hearing as required by 19.15.5.10 NMAC.
3. The Division presented the testimony of one witness, Mr. Daniel Sanchez, Chief of the Division’s Administrative and Compliance Bureau, and offered 6 exhibits in support of his testimony.
4. On March 10, 2021, the Division issued the NOV, which alleged 2 violations:
 - a. BVB has more inactive wells than allowed by 19.15.5.9(A)(4)(a) NMAC. BVB is the registered operator of 17 wells in the state of New Mexico. Because BVB operates less than 100 wells, it must plug and abandon or place into approved temporary abandonment (“TA”) status those inactive wells that exceed the lesser threshold of 2 wells or 50 percent of all wells. *Id.* BVB has 2 wells in approved TA status until 2023 and 15 wells that are inactive and have not been plugged and abandoned nor placed into approved TA status:

| <u>API</u> | <u>Well</u> | <u>Last Production Reported</u> |
|--------------|----------------------------------|---------------------------------|
| 30-005-20403 | Federal 21 #001 | 6/2019 |
| 30-005-20361 | Federal 28 #001 | 6/2019 |
| 30-005-20372 | Federal 28 #003 | 6/2019 |
| 30-005-60360 | South Lucky Lake Queen Unit #001 | 6/2019 |

| | | |
|--------------|-----------------------------------|--------|
| 30-005-61227 | South Lucky Lake Queen Unit #001E | 7/2013 |
| 30-005-60244 | South Lucky Lake Queen Unit #001F | 7/2013 |
| 30-005-60371 | South Lucky Lake Queen Unit #002 | 6/2019 |
| 30-005-60375 | South Lucky Lake Queen Unit #002B | 6/2019 |
| 30-005-60361 | South Lucky Lake Queen Unit #002C | 6/2019 |
| 30-005-60382 | South Lucky Lake Queen Unit #002X | 6/2019 |
| 30-005-60350 | South Lucky Lake Queen Unit #002Z | 6/2019 |
| 30-005-60352 | South Lucky Lake Queen Unit #003 | 6/2019 |
| 30-005-60377 | South Lucky Lake Queen Unit #003B | 6/2019 |
| 30-005-20384 | WR Means #002 | 6/2019 |
| 30-005-20386 | WR Means #003 | 4/2019 |

For this violation, the Division requested an order requiring BVB to plug and abandon the wells or to allow the Division to do so, and if the Division plugs and abandons the wells, to forfeit the financial assurance for the wells and require BVB to pay the excess cost to plug and abandon the wells. The Division also proposed to assess a civil penalty of three thousand nine hundred dollars (\$3,900).

b. BVB does not have sufficient financial assurance for inactive wells as required by 19.15.5.9(D) NMAC. BVB is the registered operator of 3 inactive wells that are not covered by blanket financial assurance and have insufficient one well financial assurance.

| <u>API</u> | <u>Well</u> | <u>Existing FA</u> | <u>Required FA</u> |
|--------------|-----------------------------------|--------------------|--------------------|
| 30-005-60360 | South Lucky Lake Queen Unit #001 | \$6,825 | \$28,650 |
| 30-005-60371 | South Lucky Lake Queen Unit #002 | \$6,800 | \$28,600 |
| 30-005-60332 | South Lucky Lake Queen Unit #001A | \$6,848 | \$28,696 |

For this violation, the Division requested an order requiring BVB to provide sufficient one well or blanket financial assurance for the wells, and proposed to assess a civil penalty of nine hundred dollars (\$900).

5. The NOV provided that a process is available for the informal review and resolution of the alleged violations in the NOV. If the NOV is not resolved informally within 30 days after service of notice, the Division will hold a hearing. 19.15.5.10(C)(1)(f) NMAC. The Division served the NOV on BVB. BVB did not contact the Division during the informal resolution period, which expired on or about April 9, 2021.

6. On April 15, 2021, the Division filed and served the Docketing Notice.

7. BVB did not file an answer to the NOV and the Docketing Notice as required by 19.15.5.10(E)(2)(b) NMAC.

8. BVB did not appear at the hearing.

CONCLUSIONS OF LAW

9. The Division is authorized, when it determines that a person is violating, or has violated, the Oil and Gas Act (“Act”), or any provision of a rule, order, permit, or authorization issued under the Act, to seek compliance and civil penalties by issuing a notice of violation. NMSA 1978, §70-2-31(A).

10. The Division followed the requirements of the Act and the rules in issuing a Notice of Violation which described the alleged violations and possible sanctions and provided an opportunity for an informal resolution of the violations. The Division fulfilled the requirements to properly serve BVB with the Notice of Violation and the Notice of Docketing.

11. Based on the Division’s testimony and evidence, the Director finds that BVB violated 19.15.5.9(A)(4)(A) NMAC, by failing to plug and abandon inactive wells; and 19.15.5.9(D) NMAC, by failing to maintain sufficient financial assurance for inactive wells.

12. The Act and the rules authorize a series of possible sanctions for violations. NMSA 1978, §70-2-31(B); 19.15.5.10(B) NMAC. Based on the evidence presented, the Director concludes that the proposed sanctions are appropriate for the violations.

ORDER

1. BVB’s authority to transport from all wells is hereby revoked.

2. BVB shall plug and abandon the 15 wells identified in paragraph 4(a) no later than 30 days after issuance of this Order.

3. If BVB fails to plug and abandon the 15 wells identified in paragraph 4(a) no later than 30 days after issuance of this Order, the Division shall be authorized to plug and abandon the wells and to forfeit the financial assurance for the wells, and BVB shall pay the excess cost to plug and abandon the wells no later than 30 days after actual or attempted service of the Division’s written demand.

4. BVB is assessed civil penalties in the amount of four thousand eight hundred dollars (\$4,800). BVB shall pay the full amount of the civil penalty assessed in this Order no later than 30 days after the Director serves the Order unless BVB files a notice of appeal to the Oil Conservation Commission.

5. The Division retains jurisdiction of this matter for the entry of such further orders as it may deem necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**
AES/bb

Date: 6/24/2021

Civil Penalty Calculator



| | | |
|---------------------------|---|--------|
| Alleged Violator | BAR V BARB LLC | |
| Alleged Violator OGRID | 371067 | |
| History of Non-Compliance | No history | 0 |
| Economic Impact | Less than 50 wells or gross sales less than \$500,000 | 0 |
| Total Penalty | \$ | 27,450 |

| API # or Facility ID | Violation Citation | Type of Violation | Description | MinPA(\$) | Multi Day / Single Day | Days in violation | Days Penalized | Penalty Subtotal | Effort to Comply | Negligence and Willfulness | Factor Subtotal | Outstanding Conditions | TOTAL | Comments | |
|----------------------|------------------------|---|---------------------------------|-----------|------------------------|-------------------|----------------|------------------|------------------------------|----------------------------|-----------------|---------------------------|-------------|----------|--------------------------|
| 30-005-20403 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | Federal Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-20361 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | Federal Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-20372 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | Federal Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-60360 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | State Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-60332 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | State Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | N/A |
| 30-005-60213 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | Federal Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | N/A |
| 30-005-61227 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | Federal Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-60244 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | Federal Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-60371 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | State Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-60361 | 5.9(A)(4)(a) | each inactive well exceeding the threshold | Federal Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-60371 | 8.9 | fail to provide financial assurance per well | State Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-60360 | 8.9 | fail to provide financial assurance per well | State Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | N/A |
| 30-005-60332 | 8.9 | fail to provide financial assurance per well | State Mineral & Surface Owner | \$ 250 | Single | 1 | 1 | \$ 250 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 450 | Rec Fund Approved Status |
| 30-005-20403 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-20361 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-20372 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-60360 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | State Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-60332 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | State Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | N/A |
| 30-005-60213 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | N/A |
| 30-005-61227 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-60244 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-60371 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | State Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-60361 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-20384 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |
| 30-005-20386 | 7.14 to 7.42 (Cond. 1) | (Cond. 1) fail to file C-115 (see 7.24) fail to file other form or obtain approval, as applicable | Federal Mineral & Surface Owner | \$ 1,000 | Single | 1 | 1 | \$ 1,000 | No Cooperation or Compliance | 0.6 Negligence | 0.2 1.8 | No outstanding conditions | \$ 2,500.00 | \$ 1,800 | Rec Fund Approved Status |