

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

**IN RE ROGER SLAYTON DBA
ESCUDILLA OIL COMPANY**

CASE NO. 24802

**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, and states the following in support thereof:

1. On July 9, 2024, OCD issued the NOV to Roger Slayton DBA Escudilla Oil Company (Operator), OGRID #228270.
2. On July 15, 2024, certified mail containing the NOV arrived at the Operator’s address of record and remained unclaimed. It was returned to the OCD July 22, 2024.
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. OCD has previously brought an NOV against the Operator, addressing certain of the same wells in this NOV. *See* Case No. 21899/Order No. R-21755. Case No. 21899, was a default hearing and the Operator did not respond to the previous NOV brought by OCD.
5. The NOV stated that if the Operator did not informally resolve the NOV within 30 days of receipt of service, then OCD would hold a hearing on October 3, 2024.
6. The period for informal resolution has elapsed without response from the operator.

WHEREFORE, OCD requests that the NOV be docketed for hearing October 3, 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
Fax (505) 476-3220
Christy.Trevino@emnrd.nm.gov

CERTIFICATE OF SERVICE

I certify that on August 14, 2024, this pleading was served by certified and electronic mail on:

Megan Bryant
Office Administrator
ROGER SLAYTON DBA ESCUDILLA OIL COMPANY
P.O. Box 687
Roswell, NM 88202
IPPCooperative@outlook.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

Dylan M. Fuge
Deputy Secretary

Dylan M. Fuge Division Director (Acting)
Oil Conservation Division



BY CERTIFIED AND ELECTRONIC MAIL

Megan Bryant
Office Administrator
ROGER SLAYTON DBA ESCUDILLA OIL COMPANY
P.O. Box 687
Roswell, NM 88202
IPPCooperative@outlook.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: ROGER SLAYTON DBA ESCUDILLA OIL COMPANY, OGRID #228270 (“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*
 - (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 twenty-five (25) wells. Twenty-four (24) wells are out of compliance with 19.15.25.8 NMAC. *See Exhibit A.* Of the twenty-four (24) in Exhibit A three (3) wells: 30-005-61893; 30-005-00228; and 30-005-10429, are subject to OCD plugging authority in final order R-21755. The remaining twenty-one (21) wells in Exhibit A are not subject to an agreed compliance or final order.¹ One (1) well is in plugged, not released status.

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

Operator is the registered operator of twenty-five (25) wells. Twenty-five (25) wells lack sufficient financial assurance and are out of compliance with 19.15.8.9 NMAC. *See Exhibit B.*

¹Identified in Exhibit D is Case No. 21899, Division Order No. R-21755, which list eight (8) wells that require Slayton to plug and abandon. Three (3) wells remain subject to that order, have been Reclamation Fund approved, and are on an updated inactive well report in Exhibit A.

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 twenty-five (25) wells. Operator has not submitted the required C-115 for any well since at least May 27, 2021. *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 C; (b) plug and abandon at least twenty-four (24) wells listed in Exhibit A; and (c) provide inactive well blanket plugging financial assurance of \$500,000 or increase the one well financial assurance to the specified amounts in Exhibit B, and (d) perform any necessary remediation or reclamation of the well in 'plugged, not released' status. One (1) well, Lewis Neff #003- API #30-005-10432, is in "plugged, not released" status, yet subject to this NOV, as they require surface decommissioning and reclamation to ensure compliance.

(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 all twenty-five (25) wells listed in Exhibit A, and alternatively, an order authorizing OCD to plug and abandon those wells. OCD seeks an Order against all wells, including the single well which is in "plugged, not released" status, as the Operator abandoned the well prior to completing some portion of the plugging or surface remediation and reclamation work necessary to release the well.

- (b) Financial Assurance: OCD will request an order requiring Operator to provide an inactive well blanket plugging financial assurance of \$500,000 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:	\$ 9,900.00
19.15.8.9 NMAC:	\$ 11,250.00
19.15.7.24 NMAC:	\$ 45,000.00

(5) *Hearing*: If this NOV cannot be resolved informally, OCD will hold a hearing on October 3, 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,



Dylan Fuge
Director (Acting)

cc: EMNRD OGC

Inactive Well List

Total Well Count: 25 Inactive Well Count: 24
Printed On: Friday, June 07 2024

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-005-00226	ALMA SHIELDS #001	M-33-07S-27E	M	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-00210	ALMA SHIELDS #002	L-33-07S-27E	L	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-60309	ALMA SHIELDS #003	N-33-07S-27E	N	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-62138	ALMA SHIELDS #004	K-33-07S-27E	K	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-62258	ALMA SHIELDS #005	M-33-07S-27E	M	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-62269	ALMA SHIELDS #006	N-33-07S-27E	N	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-62567	ALMA SHIELDS #007	N-33-07S-27E	N	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-62568	ALMA SHIELDS #008	M-33-07S-27E	M	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-62602	ALMA SHIELDS #009	M-33-07S-27E	M	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-62603	ALMA SHIELDS #010	L-33-07S-27E	L	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	05/2020			
2	30-005-61893	ARD STATE #002	3-04-08S-27E	C	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	11/2018			
2	30-005-00225	LEWIS NEFF #001	P-32-07S-27E	P	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	06/2020			
2	30-005-00223	LEWIS NEFF #002	I-32-07S-27E	I	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	06/2020			
2	30-005-00224	LEWIS NEFF #004	O-32-07S-27E	O	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	06/2020			
2	30-005-10002	LEWIS NEFF #005	N-32-07S-27E	N	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	P	P	O	06/2020			
2	30-005-00228	MCINTYRE STATE #001	E-04-08S-27E	E	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	02/2019			
2	30-005-00230	STANDARD STATE #001	1-05-08S-27E	A	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	06/2020			
2	30-005-10129	STANDARD STATE #002	2-05-08S-27E	B	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	06/2020			
2	30-005-10429	STANDARD STATE #003	2-05-08S-27E	B	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	06/2018			
2	30-005-10443	STANDARD STATE #004	H-05-08S-27E	H	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	06/2020			
2	30-005-62785	STANDARD STATE #007	2-05-08S-27E	B	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	06/2020			
2	30-005-00231	STATE A #001	B-07-08S-27E	B	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	01/2020			
2	30-005-00232	STATE A #002	P-07-08S-27E	P	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	01/2020			
2	30-005-00233	STATE A #003	A-07-08S-27E	A	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY	S	S	O	01/2020			

WHERE Operator:228270, 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

228270 ROGER SLAYTON DBA ESCUDILLA OIL COMPANY

Total State & Fee Wells: 25

Printed On: Friday, June 07 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
300994	ALMA SHIELDS #001	P	M-33-07S-27E	M	30-005-00226	O	05/2020	06/2022	1976	28,952	Y		0	Y
	ALMA SHIELDS #002	P	L-33-07S-27E	L	30-005-00210	O	05/2020	06/2022	1979	28,958	Y		0	Y
	ALMA SHIELDS #003	P	N-33-07S-27E	N	30-005-60309	O	05/2020	06/2022	2232	29,464	Y		0	Y
	ALMA SHIELDS #004	P	K-33-07S-27E	K	30-005-62138	O	05/2020	06/2022	2118	29,236	Y		0	Y
	ALMA SHIELDS #005	P	M-33-07S-27E	M	30-005-62258	O	05/2020	06/2022	2094	29,188	Y		0	Y
	ALMA SHIELDS #006	P	N-33-07S-27E	N	30-005-62269	O	05/2020	06/2022	2092	29,184	Y		0	Y
	ALMA SHIELDS #007	P	N-33-07S-27E	N	30-005-62567	O	05/2020	06/2022	1982	28,964	Y		0	Y
	ALMA SHIELDS #008	P	M-33-07S-27E	M	30-005-62568	O	05/2020	06/2022	1981	28,962	Y		0	Y
	ALMA SHIELDS #009	P	M-33-07S-27E	M	30-005-62602	O	05/2020	06/2022	1980	28,960	Y		0	Y
	ALMA SHIELDS #010	P	L-33-07S-27E	L	30-005-62603	O	05/2020	06/2022	1972	28,944	Y		0	Y
300998	ARD STATE #002	S	3-04-08S-27E	C	30-005-61893	O	11/2018	12/2020	2005	29,010	Y		0	Y
300993	LEWIS NEFF #001	P	P-32-07S-27E	P	30-005-00225	O	06/2020	07/2022	1980	28,960	Y		0	Y
	LEWIS NEFF #002	P	I-32-07S-27E	I	30-005-00223	O	06/2020	07/2022	1980	28,960	Y		0	Y
	LEWIS NEFF #003	P	P-32-07S-27E	P	30-005-10432	O	08/2015	09/2017	1976	28,952	Y		6,976	Y
	LEWIS NEFF #004	P	O-32-07S-27E	O	30-005-00224	O	06/2020	07/2022	1958	28,916	Y		0	Y
	LEWIS NEFF #005	P	N-32-07S-27E	N	30-005-10002	O	06/2020	07/2022	1973	28,946	Y		0	Y
300991	MCINTYRE STATE #001	S	E-04-08S-27E	E	30-005-00228	O	02/2019	03/2021	1979	28,958	Y		0	Y
300996	STANDARD STATE #001	S	1-05-08S-27E	A	30-005-00230	O	06/2020	07/2022	1980	28,960	Y		0	Y
	STANDARD STATE #002	S	2-05-08S-27E	B	30-005-10129	O	06/2020	07/2022	2029	29,058	Y		0	Y
	STANDARD STATE #003	S	2-05-08S-27E	B	30-005-10429	O	06/2018	07/2020	1975	28,950	Y		0	Y
	STANDARD STATE #004	S	H-05-08S-27E	H	30-005-10443	O	06/2020	07/2022	99999	224,998	Y		0	Y
	STANDARD STATE #007	S	2-05-08S-27E	B	30-005-62785	O	06/2020	07/2022	2200	29,400	Y		0	Y
300995	STATE A #001	S	B-07-08S-27E	B	30-005-00231	O	01/2020	02/2022	1995	28,990	Y		0	Y
	STATE A #002	S	P-07-08S-27E	P	30-005-00232	O	01/2020	02/2022	2033	29,066	Y		0	Y
	STATE A #003	S	A-07-08S-27E	A	30-005-00233	O	01/2020	02/2022	1998	28,996	Y		0	Y

WHERE Ogrid:228270

Permit	7030	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 12/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	2/16/2005	
Permit	5824	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 11/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/26/2005	
Permit	5823	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 10/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/26/2005	
Permit	5822	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 09/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/26/2005	
Permit	5821	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 08/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/26/2005	
Permit	5820	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 07/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/26/2005	
Permit	5390	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 11/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/18/2005	
Permit	5389	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 10/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/18/2005	
Permit	5388	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 09/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/18/2005	
Permit	5386	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 08/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/18/2005	
Permit	5383	C-115	EP Production Monthly Report	C115	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY [228270] 07/2004	228270	ROGER SLAYTON DBA ESCUDILLA OIL COMPANY				APPROVED	1/18/2005	

Exhibit D

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

**IN RE NOTICE OF VIOLATION ISSUED TO
ROGER SLAYTON DBA ESCUDILLA OIL COMPANY**

**CASE NO. 21899
ORDER NO. R-21755**

ORDER

This matter came before the Director of the New Mexico Oil Conservation Division (“Division”) on the Notice of Violation (“NOV”) issued to Roger Slayton dba Escudilla Oil Company (OGRID # 228270) (“Slayton”). The Division Hearing Examiner conducted a public hearing on June 2, 2021. The Director, having considered the testimony and evidence presented, and having considered the recommendation 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 7 exhibits in support of his testimony.
4. On March 16, 2021, the Division issued the NOV, which alleged 3 violations:
 - a. Slayton has more inactive wells than allowed by 19.15.5.9(A)(4)(a) NMAC. Because Slayton operates less than 100 wells, it must plug and abandon or place into approved temporary abandonment status those inactive wells that exceed the lesser threshold of 2 wells or 50 percent of all wells. Slayton is registered as the operator of the following 8 wells, all of which are inactive and none of which have been plugged and abandoned or placed into approved temporary abandonment status:

<u>API</u>	<u>Well</u>	<u>Last Production Reported</u>
30-005-61893	ARD State #002	11/2018
30-005-10463	Avalanche Journal State #001	12/1992
30-005-10471	Avalanche Journal State #004	11/2018

30-005-10472	Avalanche Journal State #005	11/2018
30-005-10488	Avalanche Journal State #006	11/2018
30-005-10432	Lewis Neff #003	8/2015
30-005-00228	McIntyre State #001	2/2019
30-005-10429	Standard State #003	6/2018

For this violation, the Division requested an order requiring Slayton 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 Slayton to pay the excess cost to plug and abandon the wells. The Division also proposed to assess a civil penalty of one thousand eight hundred dollars (\$1,800).

b. Slayton does not have sufficient financial assurance as required by 19.15.8.9(C) NMAC. Slayton is registered as the operator of 29 wells. For 29 wells, 19.15.8.9(C) NMAC requires one well financial assurance for each well or blanket plugging financial assurance in the amount of \$75,000, but Slayton does not have any one well financial assurance and has blanket plugging financial assurance of only \$50,000. For this violation, OCD requested an order requiring Slayton to provide one well financial assurance for each well or blanket plugging financial assurance in the amount of \$75,000, and also proposed to assess a civil penalty of three hundred dollars (\$300).

c. Slayton does not have sufficient financial assurance for inactive wells as required by 19.15.5.9(D) NMAC. Slayton is the registered operator of 8 inactive wells. Slayton has neither blanket financial assurance nor sufficient one well financial assurance for the inactive wells.

<u>API</u>	<u>Well</u>	<u>Existing FA</u>	<u>Required FA</u>
30-005-61893	ARD State #002	0	\$29,010
30-005-10463	Avalanche Journal State #001	\$6,975	\$29,950
30-005-10471	Avalanche Journal State #004	0	\$28,940
30-005-10472	Avalanche Journal State #005	0	\$28,928
30-005-10488	Avalanche Journal State #006	0	\$28,930
30-005-10432	Lewis Neff #003	\$6,975	\$28,952
30-005-00228	McIntyre State #001	0	\$28,958
30-005-10429	Standard State #003	0	\$29,950

For this violation, the Division requested an order requiring Flare to provide sufficient one well or blanket financial assurance for the inactive wells, and proposed to assess a civil penalty of two thousand four hundred dollars (\$2,400).

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 Slayton. Slayton did not contact the Division during the informal resolution period, which expired on or about April 19, 2021.

6. On April 19, 2021, the Division filed and served the Docketing Notice.

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

8. Slayton 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 Slayton with the Notice of Violation and the Notice of Docketing.

11. Based on the Division’s testimony and evidence, the Director finds that Slayton violated 19.15.5.9(A)(4)(A) NMAC, by failing to plug and abandon inactive wells; 19.15.8.9(C) NMAC, by failing to maintain sufficient financial assurance for all wells; and 19.15.8.9(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. Slayton’s authority to transport from all wells is hereby revoked.

2. Slayton shall plug and abandon the 8 wells identified in Finding Paragraph 4(a) no later than 30 days after issuance of this Order.

3. If Slayton fails to properly plug and abandon the 8 wells identified in Finding 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 Slayton 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. Slayton is assessed civil penalties in the amount of four thousand five hundred dollars (\$4,500). Slayton 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 Slayton 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

