

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

IN RE M&M ENERGY, LLC **CASE NO. 25165**

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 December 4, 2024, OCD issued the NOV to M&M ENERGY, LLC, OGRID #294619.
2. On December 9, 2024, certified mail containing the NOV arrived at the operator’s address of record and according to the United State Postal Service was left with the individual.
3. The NOV identified the factual basis for the alleged violations, the compliance actions required to remedy the alleged violations, and the proposed civil penalties.
4. The NOV stated that if M&M Energy, LLC, did not informally resolve the NOV within 30 days of receipt of service, then OCD would hold a hearing on February 27, 2025.
5. The period for informal resolution has elapsed without coming to a resolution.

WHEREFORE, OCD requests that the NOV be docketed for hearing on February 27, 2025.

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 January 15, 2025, this pleading was served by electronic mail and certified mail on January 16, 2025 to:

Mickey McGhee
Owner
M&M ENERGY, LLC
1008A Prospect Street
El Paso, Texas 79902
mmcgee01@yahoo.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

Mickey McGhee
Owner
M&M ENERGY, LLC
1008A Prospect Street
El Paso, TX 79902
mmcghee01@yahoo.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: M&M ENERGY, LLC, OGRID #294619 (“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 three (3) wells. All three (3) wells are out of compliance with 19.15.25.8 NMAC. *See Exhibit A.*

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

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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 three (3) wells. Operator has not submitted the required C-115 for any well since at least January 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 A; (b) plug and abandon all three (3) 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 three (3) wells listed in Exhibit A, and alternatively, an order authorizing OCD to plug and abandon those wells.
- (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.

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- (c) Termination of Authorization to Transport: OCD will request an order terminating Operator's authority to transport from all wells.

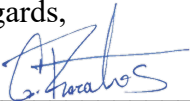
- (d) Civil Penalties: OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort to comply with the applicable requirements. Copies of the civil penalty calculations are attached.

Civil Penalty: 19.15.5.9(A)(4)(a) NMAC:	\$ 1,350.00
19.15.8.9 NMAC:	\$ 5,400.00
19.15.7.24 NMAC	\$ 1,350.00

(5) *Hearing*: If this NOV cannot be resolved informally, OCD will hold a hearing on February 27, 2025. 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

12/4/2024

DATE

cc: Office of Legal Counsel, EMNRD

Inactive Well List

Total Well Count: 3 Inactive Well Count: 3
Printed On: Wednesday, October 09 2024

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-38561	EUMONT STATE #001	C-36-21S-35E	C	294619	M&M ENERGY, LLC	S	P	O	12/2020	Queen		
1	30-025-38712	EUMONT STATE #002	F-36-21S-35E	F	294619	M&M ENERGY, LLC	S	P	O	03/2020	Bone Spring		
1	30-025-08809	J H DAY #001	K-06-22S-36E	K	294619	M&M ENERGY, LLC	P	P	O	06/2019	TA EXPIRES 9/5/11		

WHERE Operator:294619, 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

294619 M&M ENERGY, LLC

Total State & Fee Wells: 3

Printed On: Wednesday, October 09 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
322427	EUMONT STATE #001	S	C-36-21S-35E	C	30-025-38561	O	12/2020	01/2023	5030	35,060	Y		10,030	Y
	EUMONT STATE #002	S	F-36-21S-35E	F	30-025-38712	O	03/2020	04/2022	4296	33,592	Y		9,296	Y
317580	J H DAY #001	P	K-06-22S-36E	K	30-025-08809	O	06/2019	07/2021	3831	32,662	Y		8,831	Y

WHERE Ogrid:294619



Alleged Violator	M&M ENERGY, LLC	
Alleged Violator OGRID	294619	
History of Non-Compliance	No history	0
Economic Impact	Less than 50 wells or gross sales less than \$500,000	0
Total Penalty	\$	8,100

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		
30-025-38561	5.9(A)(4)(a)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-025-38712	5.9(A)(4)(a)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-025-08809	5.9(A)(4)(a)	each inactive well exceeding the threshold		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-025-38561	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		\$ 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
30-025-38712	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		\$ 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
30-025-08809	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		\$ 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
30-025-38561	8.9	fail to provide financial assurance per well		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-025-38712	8.9	fail to provide financial assurance per well		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450
30-025-08809	8.9	fail to provide financial assurance per well		\$ 250	Single	1	1	\$ 250	No Cooperation or Compliance	0.6	Negligence	0.2	1.8	No outstanding conditions	\$ 2,500.00	\$ 450