

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

IN RE: TEXIAN OPERATING COMPANY , LLC

ACOI- _____

AGREED COMPLIANCE ORDER- INACTIVE WELLS

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”) and Texian Operating Company, LLC (OGRID #333122) (“Texian”) enter into this Agreed Compliance Order for Inactive Wells (“ACOI”) to resolve self-reported violations brought to OCD’s attention by Texian.

1. OCD is charged with the administration and enforcement of the Act and implementing rules and has jurisdiction to regulate wells and facilities operated within the State of New Mexico.
2. Texian reported to OCD that it purchased a number of wells from Team Operating Company, LLC (OGRID #332148). Texian represents to OCD that it acquired two hundred and ninety-four (294) wells from Team Operating Company LLC (“Team”). Texian represents to OCD that Team continued to operate these wells under agreement with Texian for an agreed time and Texian assumed field operations of the wells in July of 2025. Texian further represents to OCD that, of the two hundred and ninety-four (294) wells acquired, two hundred and seventy-nine (279) are active, and fifteen (15) are inactive wells.
3. Texian requested an informal resolution process. Texian admits it understands that the having fifteen (15) inactive wells, given its total number of wells, is a violation under 19.15.5.9 NMAC. A description of the fifteen (15) inactive wells that are subject to this agreement is attached as Exhibit A.
4. To resolve the violations without the cost and expense of a hearing on the legal and factual issues, the parties stipulate and agree that:
 - a. In executing this Order and in furtherance of the informal resolution process, Texian acknowledges the obligation to operate in compliance with OCD rules.
 - i) Texian agrees to pay stipulated daily civil penalties set forth in OCD’s *Civil Penalty Calculation Method, Version 2021-02* for subsequent violations of OCC and/or OCD rules for any late, missing, or incomplete forms C-103, C-104, C-105, or C-115 required by the state of New Mexico, for a period of one (1) year from the effective date of this Order. This requirement applies to all of Texian’s wells in the State of New Mexico.

ii) Texian shall take one of the following actions for each of the wells listed in Exhibit A:

A) Restore the well to production and file a C-115; or

B) Plug the well in accordance with 19.15.25 NMAC and file a complete and accurate C-103 form requesting release of the well site by OCD, along with a complete and accurate subsequent report to release the site.

b. Texian also agrees to take the following actions with regard to the wells listed in Exhibit A:

i) By March 1, 2026, bring at least two (2) of the wells into compliance pursuant to Paragraph 4(a)(ii)(A) or 4(a)(ii)(B), so that only thirteen (13) of the wells listed in Exhibit A remain inactive;

ii) By April 1, 2026, bring at least an additional two (2) wells into compliance pursuant to Paragraph 4(a)(ii)(A) or 4(a)(ii)(B), so that only eleven (11) of the wells listed in Exhibit A remain inactive;

iii) By May 1, 2026, bring at least an additional two (2) wells into compliance pursuant to Paragraph 4(a)(ii)(A) or 4(a)(ii)(B), so that only nine (9) of the wells listed in Exhibit A remain inactive;

iv) By June 1, 2026, bring at least an additional two (2) wells into compliance pursuant to Paragraph 4(a)(ii)(A) or 4(a)(ii)(B), so that only seven (7) of the wells listed in Exhibit A remain inactive;

v) By July 1, 2026, bring at least an additional two (2) wells into compliance pursuant to Paragraph 4(a)(ii)(A) or 4(a)(ii)(B), so that only five (5) of the wells listed in Exhibit A remain inactive;

vi) By August 1, 2026, bring at least an additional two (2) wells into compliance pursuant to Paragraph 4(a)(ii)(A) or 4(a)(ii)(B), so that only three (3) of the wells listed in Exhibit A remain inactive;

vii) By September 1, 2026, bring at least an additional two (2) wells into compliance pursuant to Paragraph 4(a)(ii)(A) or 4(a)(ii)(B), so that only one (1) of the wells listed in Exhibit A remains inactive; and

viii) By October 1, 2026, bring the final well on Exhibit A into compliance pursuant to Paragraph 4(a)(ii)(A) or 4(a)(ii)(B), so that all wells in Exhibit A are either plugged and abandoned or returned to production.

5. Texian shall submit any notice or document required by this Order through the OCD Permitting system. Additionally, no later than the 15th day of each month following the entry of this ACOI, Texian shall file a report describing the action taken for each well, and such other information as OCD may request from time to time. The report shall be sent by electronic mail to OCD's Administrative and Compliance Bureau, at OCDAdminComp@state.nm.us.
6. Texian will have 30 days from the execution of this agreement to secure bonding and appropriate financial assurances in accordance with 19.15.8.9 NMAC, to the extent Texian's financial assurances are out of compliance with 19.15.8.9 NMAC.
7. If Texian fails to pay a stipulated penalty or portion thereof no later than thirty (30) days after service of OCD's written demand, or in the case of a dispute within thirty (30) days after Texian's receipt of the Director's decision, Texian shall pay interest on the stipulated penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent.
8. Should Texian fail to meet any deadline in this ACOI, OCD may immediately plug and abandon, restore, and/or remediate any of the wells listed in Exhibit A. Texian agrees that it will forfeit any financial assurance associated with any well which is plugged and abandoned by OCD, and that it will be responsible for the costs of any such plugging, abandonment, restoration, and/or remediation of such wells by OCD. Texian agrees that it is liable for any and all costs associated with the plugging and abandonment, restoration, and/or remediation on Texian's wells incurred by OCD.
9. Texian may request an extension of any deadline in this ACOI from OCD. OCD, at its sole discretion, may grant such extension if good cause is shown.
10. Texian shall not transfer a well to another operator without the prior written approval of OCD.
11. Texian admits OCD's jurisdiction to execute this Order, consents to the relief specified herein, and waives the right of review by the Oil Conservation Commission or other judicial relief.
12. 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.
13. This Order becomes effective on the date of final execution by the OCD Director and terminates one (1) year therefrom.
14. Notwithstanding the foregoing provisions, OCD reserves the right to pursue enforcement against Texian for any alleged violation not related to this Order and the underlying violations.

OIL CONSERVATION DIVISION

Albert Chang

ALBERT C.S. CHANG
Director, OCD

Date: 2/17/2026

TEXIAN OPERATING COMPANY, LLC

Jon Boy
AUTHORIZED REPRESENTATIVE

Date: 2/4/20

EXHIBIT A

API

WELL NAME

30-005-29050	Hercules Federal Com #003H
30-015-35894	High Lonesome 26 Federal #002H
30-015-38197	High Lonesome 26 Federal Com #003
30-025-10422	Langlie Mattix Penrose Sand Unit #031
30-025-10387	Langlie Mattix Penrose Sand Unit #071
30-025-10414	Langlie Mattix Penrose Sand Unit #131
30-025-10580	Langlie Mattix Penrose Sand Unit #364
30-025-10505	Langlie Mattix Penrose Sand Unit #392
30-015-39860	Raptor 12 State Com #002H
30-025-35979	Sapphire State #001
30-025-09496	Cooper Jal Unit #113
30-025-09620	Cooper Jal Unit #205
30-025-09621	Cooper Jal Unit #206
30-025-05314	L R Chamberlin #004
30-025-10599	Skelly Penrose A Unit #040