

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

IN RE: NOTICE OF VIOLATION ISSUED TO SMITH & MARRS INC.

OGRID # 20989

CASE NO. 25871

**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"), a true and correct copy of which is attached as **Exhibit A**, and states the following in support thereof:

1. On or about December 15, 2025 OCD issued an original NOV to Smith & Marrs Inc. ("Smith"), OGRID #20989.
2. Based upon information, custom, and belief, certified mail containing the NOV arrived or will soon arrive at Smith's address of record. Additionally, electronic mail was sent to Smith's known email addresses of record and based upon past correspondence with Smith.
3. The NOV identifies the factual basis for the alleged violations, the compliance actions required to remedy the alleged violations, and the proposed sanctions.
4. The Original NOV stated that if Smith did not informally resolve the NOV within 30 days of receipt of service, then OCD would proceed to a hearing.
5. Unless this case is resolved prior, the period for informal resolution will have elapsed without coming to a resolution prior to February 5, 2026.
6. The NOV states that OCD will hold a hearing on February 5, 2026, should this case fail to be resolved prior to that date.

WHEREFORE, OCD requests that the NOV be docketed for hearing on February 5, 2026.

Respectfully submitted,



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Michael Hall  
Assistant General Counsel

New Mexico Energy, Minerals and Natural Resources Department  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Phone: (505) 479-1137  
Email: [Michael.Hall@emnrd.nm.gov](mailto:Michael.Hall@emnrd.nm.gov)

## EXHIBIT A

**Michelle Lujan-Grisham**  
Governor

**Melanie A. Kenderdine**  
Cabinet Secretary

**Ben Shelton**  
Deputy Secretary

**Erin Taylor**  
Deputy Secretary

**Albert C.S. Chang**  
Division Director  
Oil Conservation Division



## **BY CERTIFIED MAIL AND ELECTRONIC MAIL**

December 15, 2025

Smith & Marrs Inc.  
P.O. Box 863  
Kermit, Texas 79745

Joshua Olguin  
Consultant/Artesia Contact  
joshuaa125@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.

1. **Alleged Violator:** Smith & Marrs, Inc., OGRID # 20989 (“Operator”).
2. **Factual and Legal Basis for Alleged Violation(s):**

Operator is the registered operator of eleven (11) wells. The seven (7) wells identified in **Exhibit A** have been continuously inactive in a manner that renders them out of compliance with 19.15.25.8 NMAC and are not currently subject to an agreed compliance or final order.

These alleged facts constitute violations of the following:

### ***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.*

3. **Compliance:** No later than thirty (30) days after receipt of this NOV, Operator shall:

- a. plug and abandon the seven (7) wells listed in **Exhibit A**.

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

- a. civil penalty;
- b. modification, suspension, cancellation, or termination of a permit or authorization;
- c. plugging and abandonment of well(s);
- d. remediation and restoration of well location(s) and associated facilities, including the removal of surface and subsurface equipment and other materials;
- e. remediation and restoration of location(s) affected by a spill or release;
- f. forfeiture of financial assurance;
- g. shutting in well(s); and
- h. 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 wells listed in **Exhibit A**, and/or an order authorizing OCD to plug and abandon those wells.
- b. **Termination of Authorization to Transport:** OCD will request an order terminating Operator's authority to transport from all wells.
- c. **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 (or lack thereof) to comply with the applicable requirements. Copies of the civil penalty calculations are attached as **Exhibit B**.

Civil Penalty: **\$ 29,700.00**

5. **Informal resolution**: A process is available to informally discuss and resolve the NOV. This process will run for 30 days from the date of your receipt of this letter. To initiate this process, contact the OCD employee identified at the end of this letter.

6. **Hearing**: OCD will docket this matter for February 5, 2026, at which time this case will move forward to a formal hearing should informal resolution be unsuccessful. Please see 19.15.5.10 NMAC for more information regarding the hearing.

For more information regarding this NOV, contact Michael Hall at (505) 479-1137 or [Michael.Hall@emnrd.nm.gov](mailto:Michael.Hall@emnrd.nm.gov)

Sincerely,



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Albert C.S. Chang  
Director, Oil Conservation Division

cc: Office of General Counsel, EMNRD

# Exhibit A

# Inactive Well List

Total Well Count: 11 Inactive Well Count: 7

Printed On: Wednesday, November 26 2025

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-30175	SANMAL QUEEN UNIT #002	L-01-17S-33E	L	20989	SMITH & MARRS INC	S	P	I	01/2017	QUEEN / CONV TO WIW		
1	30-025-29851	SANMAL QUEEN UNIT #003	K-01-17S-33E	K	20989	SMITH & MARRS INC	S	P	I	12/2016	QUEEN /02/05/10 DENIED C-103		
1	30-025-29685	SANMAL QUEEN UNIT #004	J-01-17S-33E	J	20989	SMITH & MARRS INC	S	S	O	11/2020			
1	30-025-29948	SANMAL QUEEN UNIT #006	M-01-17S-33E	M	20989	SMITH & MARRS INC	S	P	O	04/2021			
1	30-025-29860	SANMAL QUEEN UNIT #007	N-01-17S-33E	N	20989	SMITH & MARRS INC	S	P	O	04/2021			
1	30-025-29818	SANMAL QUEEN UNIT #008	O-01-17S-33E	O	20989	SMITH & MARRS INC	S	S	I	02/2017			
1	30-025-29997	SANMAL QUEEN UNIT #010	C-12-17S-33E	C	20989	SMITH & MARRS INC	S	P	I	02/2017	04/23/09 MIT		

WHERE Operator:20989, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period



# Exhibit B

Alleged Violator	SMITH & MARRS INC	
Alleged Violator OGRID	20989	
History of Non-Compliance	No history	0
Economic Impact	Less than 50 wells or gross sales less than \$500,000	0
Total Penalty	\$	29,700

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			
30-015-27893	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
30-015-29360	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
30-015-29675	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
30-025-30175	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
30-025-29851	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
30-025-29685	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
30-025-29948	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
30-025-29860	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
30-025-29818	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
30-025-29977	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
30-025-29997	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
30-015-27893	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
30-015-29360	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
30-015-29675	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
30-025-30175	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
30-025-29851	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
30-025-29685	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
30-025-29948	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
30-025-29860	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
30-025-29818	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
30-025-29977	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
30-025-29997	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
30-025-30175	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
30-025-29851	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
30-025-29685	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
30-025-29948	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
30-025-29860	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
30-025-29818	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
30-025-29997	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
30-015-27893	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
30-015-29360	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
30-015-29675	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
30-025-29977	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