

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

IN RE: NOTICE OF VIOLATION ISSUED TO FE-NM, LLC

OGRID # 331102

CASE NO. 26041

PRE-HEARING STATEMENT

The New Mexico Oil Conservation Division ("OCD") submits this Pre-Hearing Statement pursuant to 19.15.4.13(B) NMAC.

I. IDENTIFICATION OF PARTY AND COUNSEL

OCD initiated this matter and is represented by the undersigned counsel.

II. STATEMENT OF THE CASE

In the month of February of 2026, OCD Administrative Compliance Supervisor Rob Jackson, in the course and scope of his duties with OCD, conducted a compliance assessment for the above-referenced operator. The goal of such an assessment is to inspect the OCD permitting system regarding operator compliance with relevant rules, including but not limited to, 19.15.5, 19.15.7, and 19.15.8 NMAC. Upon Mr. Jackson's review of OCD's permitting system reports and data, Mr. Jackson concluded Respondent was not compliance with 19.15.5.9(A)(4) NMAC, which governs the number of wells an operator may have that are inactive, per 19.15.25.8 NMAC.

More specifically, OCD's records indicate that Respondent is the registered operator of ten (10) wells, of which four (4) are listed as inactive.

Per 19.15.5.9(B)(1)(a) NMAC, if an operator does not report production for a

well for fifteen (15) months, that well is deemed non-compliant with 19.15.5.9 NMAC. Per 19.15.5.10 NMAC, OCD may pursue a litany of remedies for wells in violation of 19.15.5.9 NMAC (or any other OCD regulation) including, but not limited to, termination of authorization to transport, plugging and abandoning of inactive wells, civil penalties, and possible indemnification for the costs OCD incurs to plug and abandon the wells.

OCD duly filed the NOV and Docketing Notice in this matter and served it on Respondent. As of today's date, Respondent has been responsive to the NOV and has reached preliminary agreement with OCD on an SFO and has represented that it has brought all four wells into compliance.

Respondent violated and remains in violation of 19.15.5.9, 19.15.7.24, and 19.15.25.8 NMAC. OCD seeks an Order from the Division allowing OCD to plug and abandon all of Respondent's wells, termination of Respondent's authorization to transport from all wells, assessing a civil penalty in the amount of \$1,800.00 and such other relief that Petitioner may be entitled to and the Hearing Officer finds just and proper.

III. PROPOSED EVIDENCE

WITNESSES:

1. Rob Jackson, OCD Administrative Compliance Supervisor

Testifying by affidavit, and, if necessary, live testimony

Mr. Jackson OCD's Administrative Compliance Supervisor. He has served with OCD in his current role since 2021. Mr. Jackson's experience is more thoroughly described in Exhibit 2. Mr. Jackson will testify regarding his assessment

of Respondent's inactive well non-compliance status as set out more thoroughly in the NOV filed in this matter, and attached hereto. Further, he will discuss the contents of the Notice of Violation in Exhibit 3, along with its sub-exhibits.

2. Madai Corral, OCD Law Clerk

Testifying by affidavit, and, if necessary, live testimony

Ms. Corral is a Law Clerk for OCD. She has knowledge of the service of the NOV and Docketing Notice upon Respondent in this matter. She will testify that the NOV and Docketing Statement were duly and properly served upon Respondent based upon the contact information provided to OCD by Respondent and other known emails of Respondent, if any. These documents were served by certified mail and electronic mail (if provided by operator) to the addresses designated by Respondent in OCD permitting.

EXHIBITS:

Exhibit 1 Affidavit of Rob Jackson

Exhibit 2 Resume of Rob Jackson

Exhibit 3 Notice of Violation

Exhibit 4 Affidavit of Madai Corral

IV. PROCEDURAL MATTERS

OCD has not identified any procedural matters to be resolved prior to the hearing.

Respectfully submitted,



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
E-mail: Michael.Hall@emnrd.nm.gov

CERTIFICATE OF SERVICE

I certify that on April 28, 2026, this pleading was served upon Respondent by electronic mail at:

Karen Charles

kcharles@faulenergy.com



Michael Hall, Attorney for Petitioner

EXHIBIT 1

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

IN RE: NOTICE OF VIOLATION ISSUED TO FE-NM, LLC

OGRID # 331102

CASE NO. 26041

AFFIDAVIT OF ROB JACKSON

I, **ROB JACKSON**, being first duly sworn on oath, states as follows:

1. I am employed as the Compliance Supervisor within the Administrative Compliance Bureau of the Oil Conservation Division (“OCD”). I have been employed by OCD since 2021. A true and correct copy of my resume is attached to OCD’s Prehearing Statement as Exhibit 2, which lists relevant education and training. My duties include, but are not limited to, generating and reviewing database reports, compiling proposed civil penalty calculations, and reviewing the compliance status of oil and gas operators in New Mexico concerning:

- a. 19.15.25.8 NMAC, which requires wells that have suspended drilling operations, are no longer of beneficial use, or have been continuously inactive for a period of one year, to be properly plugged and abandoned or placed in approved temporary abandonment;
- b. 19.15.5.9 NMAC, which sets forth the compliance standards oil and gas operators in New Mexico, including the number of wells an operator may have in inactive status at any one time;
- c. 19.15.8.9 NMAC, which subjects oil and gas operators in New Mexico to certain financial assurance standards; and
- d. 19.15.7.24 NMAC, requires operators to file C-115 production reports for non-plugged wells.

2. Generally, my process for bringing an inactive well NOV against a non-compliant operator begins with entering information relating to the operator’s basic information, such name, address, number of inactive wells and total registered wells, and the latest date when the operator last reported production on their wells. I also run the inactive well report and convert that into a pdf to be attached to the NOV. I also update and populate the penalty calculator template and convert it to a pdf. I update and populate the penalty calculator template then convert it to a pdf.

3. For operators in violation of 19.15.8.9 NMAC (financial assurance violations), I also run the financial assurance report and turn it into a pdf. I then take the wells that are not sufficiently covered by financial assurance and add them to the civil penalty calculator spreadsheet. For operators in violation of 19.15.7.24 NMAC (missed reporting violations),

I also run a report from Action Status to review their C-115 submissions and find the most current month that they filed a C-115 for.

4. I then also go to a link that shows all of the operator's wells which show current and even ones that were plugged in the past and download that into excel. From there I must sort by status of well and evaluate which ones apply to the NOV or not. For instance, wells that have a status of "plugged, not released" apply only to the financial assurance violation because those still need bonding. However, "plugged site released" wells do not apply to inactive well violations because it is technically plugged and no longer a well. There are a few other statuses for wells that require this kind of reviewing to differentiate where or whether or not it applies to the civil penalty calculator. If a well has a "Reclamation fund approved" status, then I go through that well's hearing documents and pull those together in the NOV document collection that I send to legal.

5. I have personal knowledge of the matters stated herein. I further swear and affirm that the information stated in this affidavit and the Notice of Violation ("NOV") in this case are true and correct to the best of my knowledge.

6. On or about February 19, 2026, I generated the Inactive Well List and Civil Penalty Calculations attached to the NOV in this case.


7. The Inactive Well List was generated by searching the OCD Permitting database associated with Respondent. It is attached as Exhibit A of the NOV and is a true and correct copy of the Inactive Well List pertaining to Respondent as it existed in the OCD Permitting database on February 19, 2026.

8. The Inactive Well List indicated that Respondent operated and was the responsible party for ten (10) wells. In reviewing the Inactive Well List, I determined that Operator was out of compliance with 19.15.25.8 and 19.15.5.9 NMAC for four (4) of the wells it operates. The review process includes cross checking wells in our system to determine if any prior orders or agreements have been made regarding the wells in the Inactive Well List.

9. Four (4) wells are out of compliance with OCD Regulations by being unplugged and inactive and/or failing to have the proper reports submitted by Operator.

10. Civil penalties were assessed and procured based on the violations listed herein and in the Civil Penalty document attached to the NOV in this matter. Civil penalties are determined by which rules the Operator violated and the number of days they are not in compliance. The total for the listed violations amount to one thousand eight hundred dollars and no cents (\$1,800.00).


FURTHER AFFIANT SAYETH NOT.



ROB JACKSON

**STATE OF NEW MEXICO
COUNTY OF SANTA FE**

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority on this 21st day of
April, 2026, by Rob Jackson.



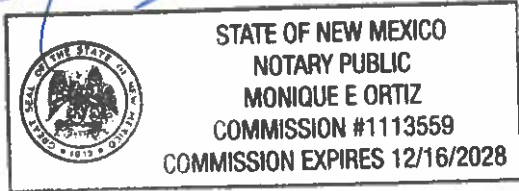


EXHIBIT 2

INTRODUCTION

Innovative, adaptive and a fast learner, team player with strengths in communication, people skills, data research, and computer skills.

HIGHLIGHTS

- ◆ **Eleven years'** supervisor and project management experience
- ◆ **Proficient** communication skills with internal and external clients
- ◆ **Knowledgeable** and proficient with internet research, database querying and data analysis
- ◆ **Experienced** with content management, designing web ads in Photoshop, modifying, and tweaking of web page content
- ◆ **Certified** forklift operator

EDUCATION

- NM EDGE
 - Certified Public Supervisor
 - Certified Public Officer
- Santa Fe Comm College
- Phoenix College
- Augusta University
- Valdosta State University

Computer Skills & Applications

- Windows
- Linux & open source
- Acrobat
- MS Office Suite
- Copilot (AI)
- ESRI ArcMap
- ESRI ArcPro
- QGIS
- Photoshop
- GIMP
- Dreamweaver

SUPERVISORY EXPERIENCE

Oil Conservation Division State of New Mexico

- 3 years Compliance Supervisor (3 people)

United State Marine Corps

- 2 years Fire Team Leader (3-4 people)
- 2.5 years Squad Leader (10-12 people)
- .5 years platoon leader (40-45 people)

Sam's Club

- 3 years Team leader (4-6 people)

UNITED STATES MARINE CORPS

Veteran of Desert Storm

1/88 to 1/96

DIESEL MECHANIC & SUPPLY WAREHOUSING. Decorated Desert Storm veteran, honorably discharged as Sergeant (E-5) serving a full 6/2-year contract. Decorations include Meritorious Unit Citation (Unit Bronze Star).

PROFESSIONAL EXPERIENCE

Energy Minerals & Natural Resources 6/21 - Present *Santa Fe, NM*

ADMINISTRATIVE COMPLIANCE SUPERVISOR

Supervises a team that assures oil and gas well operators follow compliance with state regulations and statutes. Research and processes various permits within the Oil Conservation Division. Assists in legal research of noncompliant operators and testifies as a witness in hearings regarding operator compliance. Collects and manages bonds from well operators as financial assurance for the State of New Mexico.

Santa Fe County 9/15 - 5/21 *Santa Fe, NM*

GPS TECHNICIAN

E-911 addressing, field data collection using Collector App. Assigns addresses per the County Code and modifies Santa Fe County GIS data editing and analysis using ESRI's ArcMap and ArcPro software. Prints maps exported from ArcMap and ArcPro as part of the construction and business permit process.

Dahl Plumbing 1/13 - 9/15 *Santa Fe, NM*

CUSTOMER SERVICE, WAREHOUSING

Establishing business relationships, answering questions, and modifying orders. Picking orders, shipping, and receiving. Customer service. Forklift certified. Maintaining inventory through daily service and annual inventory control.

Contractor 8/10 - 12/12 *Santa Fe, NM*

CONSTRUCTION & COMPUTER WORK.

Construction work. Part of a four-man team that built a guest house. Installed software and taught use of software for organization.

Wildflower International 8/09 - 7/10 *Santa Fe, NM*

Customer Service, sales and procurement of technical equipment and needs for several government agencies.

United States Post Office 12/08 - 6/09 *Phoenix, AZ*

RURAL CARRIER. Postal mail carrier responsible for sorting, delivery, and collection of mail on several routes.

Virgo Publishing 4/98 - 3/01 & 1/04 - 4/08 *Phoenix, AZ*

WEB EDITING & AD TRAFFIC COORDINATOR. Managed internet ad traffic for approximately forty websites and twenty weekly newsletters. Collected and design ads in Photoshop. Ran data analysis reports on ad performance. Converted content of multiple magazines monthly from print, reformatting and posting them to their respective websites.

Bowne of Phoenix Apr 2001 to Jan 2004 *Phoenix, AZ*

PROPRIETARY HAND CODING TYPESETTER. Worked in proprietary software using code to layout corporate quarterly and annual financial filings to the Security & Exchange Commission.

EXHIBIT 3

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan-Grisham
Governor

Erin Taylor
Acting Cabinet Secretary

Ben Shelton
Deputy Secretary

Albert C.S. Chang
Division Director
Oil Conservation Division



BY CERTIFIED MAIL AND ELECTRONIC MAIL

February 19, 2026

FE-NM, LLC
1001 E SE Loop 323, STE. 160
PO Box 7995
Tyler, TX 75711

Karen Charles, Sr. Production & Regulatory Analyst
kcharles@faulenergy.com
Chris Nakvinda, Superintendent
cnakvinda@faulenergy.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:** FE-NM, LLC, OGRID # 331102 (“Operator”).
2. **Factual and Legal Basis for Alleged Violation(s)**

Operator is the registered operator of ten (10) wells. The four (4) wells identified in **Exhibit A** have been continuously inactive since at least March 2023, and therefore out of compliance with 19.15.25.8 NMAC and are not already 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:

State of New Mexico
Energy, Minerals and Natural Resources Department

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 four (4) 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 listed in **Exhibit A**.
- 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: \$1,800.00

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.

State of New Mexico
Energy, Minerals and Natural Resources Department

6. ***Hearing***: OCD will docket this matter for April 14, 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@emnrn.nm.gov

Regards,

Albert Chang

Albert C.S. Chang
Director, Oil Conservation Division

cc: Office of General Counsel, EMNRD

EXHIBIT A

Inactive Well List

Total Well Count: 10 Inactive Well Count: 4

Printed On: Thursday, February 19 2026

| District | API | Well | ULSTR | OCD Unit | Ogrid | Operator | Lease Type | Surface Owner | Well Type | Last Production | Formation/Notes | Status | TA Exp Date |
|----------|--------------|--------------------------|---------------|----------|--------|------------|------------|---------------|-----------|-----------------|-----------------|--------|-------------|
| 2 | 30-015-24596 | CHALLENGER RAYROUX #001 | P-19-21S-27E | P | 331102 | FE-NM, LLC | P | P | G | 04/2023 | | | |
| 2 | 30-015-21915 | FEDERAL 6 #001 | 27-06-21S-24E | A | 331102 | FE-NM, LLC | F | F | G | 04/2023 | MORROW | | |
| 2 | 30-015-24740 | FOREHAND FED 25 COM #001 | N-25-23S-26E | N | 331102 | FE-NM, LLC | P | P | G | 04/2023 | | | |
| 2 | 30-015-24941 | MCCORD A #001 | P-19-21S-27E | P | 331102 | FE-NM, LLC | S | P | G | 04/2023 | MORROW/STRAWN | | |

WHERE Operator:331102, 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 | FE-NM, LLC | |
| Alleged Violator OGRID | 331102 | |
| History of Non-Compliance | No history less than 50 wells or gross sales less than \$500,000 | 0 |
| Economic Impact | | 0 |
| Total Penalty | \$ | 1,800 |

| 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 | | | |
|----------------------|--------------------|--|-------------|-----------|---------------------------|----------------------|----------------|------------------|---------------------------------|----------------------------|--------------------|------------------------|-------|---------------------------|-------------|--------|--|
| 30-015-24596 | 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 | |
| 30-015-21915 | 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 | |
| 30-015-24740 | 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 | |
| 30-015-24941 | 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 | |

EXHIBIT 4

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

IN RE: NOTICE OF VIOLATION ISSUED TO FE-NM, LLC

OGRID # 331102


CASE NO. 26041

AFFIDAVIT OF MADAI CORRAL

I, **MADAI CORRAL**, being first duly sworn on oath, states as follows:

1. I am employed as a Law Clerk with the New Mexico Oil Conservation Division ("OCD"). My duties include, but are not limited to, sending out electronic and certified copies of documents to Respondents in cases filed by OCD against operators.
2. I have personal knowledge of the matters stated herein.
3. On or about March 6, 2026, I emailed the Docketing Notice and Notice of Violation with attached exhibits associated with this case to the email on the NOV in this case. This is the email address provided to OCD Permitting by Respondent. To the best of my knowledge, the email was delivered.
4. On or about March 6, 2026, the Docketing Notice and Notice of Violation with attached exhibits were sent by certified mail to the address provided by Respondent to OCD Permitting, which is the address on the NOV. These documents were delivered on or about March 16, 2026. These documents were sent to the address provided by Respondent to OCD.

FURTHER AFFIANT SAYETH NOT.

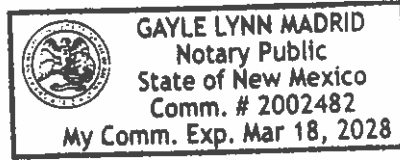


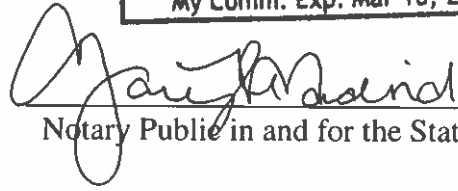
MADAI CORRAL

**STATE OF NEW MEXICO
COUNTY OF SANTA FE**

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority on this 28 day of

April, 2026, by Madai Corral.





Notary Public in and for the State of New Mexico

My Commission Expires:

3/18/28