

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

**IN RE NOTICE OF VIOLATION
ISSUED TO PERMOK OIL INC.**

**CASE NO. 23062
ORDER NO. R-22448**

ORDER

This matter came before the Director of the New Mexico Oil Conservation Division (“Division”) on the Notice of Violation (“NOV”) issued to Permok Oil Inc. [OGRID #26316] (“Operator”).

The Division conducted a public hearing on December 15, 2022, and the Director, having considered the testimony and evidence presented, and being otherwise fully advised in the premises, enters the following findings, conclusions, and order:

FINDINGS

1. The Division has jurisdiction over the parties and the subject matter herein.
2. On August 2, 2022, the Division issued the NOV, which alleged the following violation:
 - a. Operator has more inactive wells than are allowed by 19.15.5.9(A)(4)(a) NMAC. Operator is the registered operator of three (3) wells in the state of New Mexico. As an operator of less than one-hundred wells, Operator must plug and abandon or place into approved temporary abandonment status any inactive wells that exceed the threshold of two wells or fifty percent of all operated wells.

Operator has the following two (2) inactive wells which have not been plugged and abandoned or placed into temporary abandonment status:

<u>API#</u>	<u>Well Name</u>	<u>Last Production Reported</u>
30-025- 25560	Leonard Brothers A #001	Feb. 2013
30-025- 32798	Leonard Brothers A #002	Feb. 2013

- b. For this violation, the Division requested an Order requiring the Operator to plug and abandon the wells by a date certain and, if the Operator fails to plug and abandon the wells, allowing OCD to plug and abandon the wells. The Division also proposed to assess a civil penalty of nine hundred dollars (\$900) for exceeding the inactive well threshold and to revoke Operator's authority to transport.
3. The NOV informed the Operator of the thirty day informal resolution process and stated that if the NOV cannot be resolved informally, the Division will request a hearing on November 9, 2022. (OCD Ex. 2).
 4. Operator did not contact the Division during the informal resolution period which expired on or about September 2, 2022.
 5. On September 9, 2022, the Division filed and served the Docketing Notice.
 6. Operator did not file an answer to the NOV as allowed by 19.15.5.10 (E)(2)(b) NMAC.
 7. The Division gave notice of the hearing as required by 19.15.5.10 NMAC.
 8. A public hearing on the NOV was held before a Division Hearing Examiner on December 15, 2022. The Division appeared through its counsel, Kaitlyn Luck. Operator did not appear at the hearing.
 9. The Division presented the testimony of one witness, Rob Jackson, Compliance Supervisor with the Division's Administrative and Compliance Bureau and offered five exhibits in support of his testimony.

10. Mr. Jackson testified in support of the violations listed in the NOV. Mr. Jackson further testified that he had checked the status of the Operator's wells prior to the hearing and found that the violations were ongoing.
11. The Division provided evidence that the calculations used to determine the proposed penalty amounts were in accordance with the Division's penalty guidance. The Division provided a revised penalty amount of six hundred dollars (\$600) (OCD ex. 6).

CONCLUSIONS

12. Based on the testimony and evidence presented at the hearing, the Director concludes that Operator violated, and is continuing to violate the rules issued pursuant to the Oil and Gas Act, 19.15.5.9(A)(4)(a) NMAC, by failing to plug and properly abandon inactive wells.
13. The Director is authorized to order a well to plugged and abandoned by an operator if the Director concludes that the Operator is violating the Oil and Gas Act or the rules. "If any of the requirements of the Oil and Gas Act or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules." NMSA 1978, §70-2-14(B).
14. The Oil and Gas Act provides that "[i]n assessing a penalty authorized by this section, the division shall take into account the seriousness of the violation, any good faith efforts to comply with the applicable requirements, any history of noncompliance under the Oil and Gas Act and other relevant factors." NMSA 1978, §70-2-31(C). The Director concludes that the penalty assessment has considered the factors required by law.

15. The Director concludes that the sanctions proposed by the Division are allowed by law, 19.15.5.10(B) NMAC, and are supported by the record in this case.

ORDER

1. Operator's authority to transport from all wells is hereby revoked.
2. Operator shall plug and abandon the two wells listed in paragraph 2(a) no later than 30 days after issuance of this Order.
3. If Operator fails to plug and abandon the wells listed in paragraph 2(a) within 30 days of issuance of this Order, the Division is authorized to plug and abandon the wells and to forfeit the financial assurance for the wells. Operator 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. Operator is assessed civil penalties in the amount of six hundred dollars (\$600).
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: 12/18/2022