

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

IN RE PINON MIDSTREAM, LLC

ACO 201818

AGREED COMPLIANCE ORDER

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 Pinon Midstream, LLC, (OGRID 330718) ("Pinon") enter into this Agreed Compliance Order ("Order") to resolve self-reported violations.

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. On August 25, 2023, Pinon self-disclosed violations of certain requirements of Rule 19.15.28 and a summary of corrective actions taken by Pinon to the OCD.

3. Pinon requested an informal resolution process.

4. To resolve the violations without the cost and expense of a hearing on the legal and factual issues raised by Pinon's internal review, the parties stipulate and agree that:

- a. To the best of its knowledge, all violations identified in the above paragraph 2 have been resolved consistent with all requests or requirements made by OCD related to same.
- b. Pinon initiated a voluntary audit of internal practices and records for its New Mexico operations.
- c. No later than 30 days after the effective date this Order, Pinon shall pay a total cumulative civil penalty of ten thousand dollars (\$10,000.00) to the State of New Mexico.
- d. In executing this Order and in furtherance of the informal resolution process, Pinon acknowledges the obligation to operate in compliance with Oil Conservation Commission rules.
 - i. Pinon agrees to pay stipulated daily civil penalties set forth in OCD's *Civil Penalty Calculation Method, Version 2021-02* for subsequent violations of the Oil Conservation Commission rules for any late, missing, or incomplete forms C-115B required by the state of New Mexico, for a period of one (1) year from the effective date of this Order.

- ii. OCD shall notify Pinon of any alleged violation of the Oil Conservation Commission rules for late, missing, or incomplete forms C-115B within 1 year of any alleged violation. Pinon may respond to any alleged violations by asserting the subject form was not late, missing, or incomplete. In the event of disagreement, counsel for EMNRD to OCD and Pinon shall confer and, to the extent possible, make a joint recommendation to the Director. The Director's decision shall be final. EMNRD counsel to OCD shall notify Pinon of the final decision and the grounds for the decision.
 - e. Pinon's voluntary audit, self-disclosure, consent to stipulated penalties, and proactive efforts in working with OCD alleviates the administrative burden of investigation of potential violations and issuance of formal enforcement actions, and justifies a substantial reduction of the total potential calculated civil penalty; and
 - f. Pinon retains its existing permits, rights, and conditions of operation within New Mexico unchanged, except as specified within this Order.
5. Pinon shall submit any notice or document required by this Order through the OCD Permitting system. Any other communication related to this Order shall be submitted by electronic mail to OCD.Engineer@emnrd.nm.gov.
6. If Pinon fails to pay the civil penalty or portion thereof by the specified date or 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 Pinon's receipt of the Director's decision, Pinon shall pay interest on the civil or stipulated penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent.
7. Pinon 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.
8. 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.
9. This Order becomes effective on the date of final execution by the OCD Director and terminates one (1) year therefrom.
10. OCD and Pinon agree that this Order fully resolves the violations referenced above in Paragraph 2.

11. Notwithstanding the foregoing provisions, OCD reserves the right to pursue enforcement against Pinon for any alleged violation not related to this Order and the underlying violations.

OIL CONSERVATION DIVISION



Dylan Page
Director

Date: 9/26/2023

PINON MIDSTREAM, LLC



Steven Lee Green
Chief Executive Officer

Date: 9/26/2023