

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

IN RE: NOTICE OF VIOLATION ISSUED TO BUFFCO PRODUCTION, INC.

OGRID # 370841

CASE NO. 25931

STIPULATED FINAL 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 Buffco Production, Inc. ("Operator"), OGRID # 370841, enter into this Stipulated Final Order ("SFO") to resolve a Notice of Violation ("NOV").

1. OCD is charged with the administration and enforcement of the Oil and Gas Act and its rules and has jurisdiction over Operator and its wells in the state of New Mexico.
2. Operator operates under OGRID # 370841.
3. Operator has a well ("Well") that is inactive and out of compliance, as set out more thoroughly in the NOV, a true and correct copy of which is attached hereto as **Exhibit A**.
4. Operator is the responsible party for all reports and operational conditions at the Well.
5. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and its rules, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. *See* 19.15.5.10 NMAC.
6. Operator requests this SFO to avoid sanctions for violating the Oil and Gas Act, 19.15.8.9 NMAC, and 19.15.25 NMAC with respect to the Wells.
7. Operator admits the violations alleged in the NOV, that the Well is out of compliance, and waives any right to appeal from this SFO.

8. Operator accepts and acknowledges responsibility for any and all costs associated with plugging and abandonment and remediation of the Well. Specifically, Operator assumes responsibility for any remediation required under 19.15.29 NMAC.
9. Operator shall have the well properly plugged and abandoned on or before September 18, 2026, including the filing of all required paperwork.
10. If Operator fails to comply with a requirement of this SFO for the Well, the Well shall be deemed to be out of compliance with the Oil and Gas Act and rules.
11. Should Operator fail to meet any deadline in this SFO, OCD may immediately plug and abandon, restore, and/or remediate any of the wells. Operator agrees that it will forfeit any financial assurance associated with any well which is plugged and abandoned by OCD.
12. This SFO shall not be construed as a resolution or to absolve Operator from any costs or liabilities associated with the plugging and abandonment, restoration, or remediation of a well by OCD. Operator is liable for any and all costs associated with the plugging and abandonment, restoration, and/or remediation on Operator's wells incurred by OCD, should Operator fail to comply with this agreement.
13. Operator may request an extension of any deadline in this SFO from OCD. OCD, at its sole discretion, may grant such extension if good cause is shown.
14. Operator shall not transfer a well to another operator without the prior approval of the OCD.
15. Additionally, Operator agrees to:
 - a. Pay a civil penalty of four hundred and fifty dollars (\$450.00), which OCD hereby acknowledges receipt of.

16. Operator admits to OCD's jurisdiction to file the NOV, consents to the relief specified herein, and waives the right to review by the Oil Conservation Commission or other judicial relief.

17. The person executing this SFO on behalf of Operator represents that they have the requisite authority to bind Operator to the provisions of this SFO and that such representation shall be legally sufficient to evidence their actual or apparent authority.

18. This Order only satisfies current inactive well issues with OCD. This Order shall not be construed to relieve the Operator from other regulatory compliance with OCD or resolve liability with any other regulatory authority or agency.

19. Notwithstanding the foregoing provisions,

- a. OCD reserves the right to apply for authorization to plug a well and to forfeit the financial assurance at an earlier date than specified herein if the well poses an imminent threat to the public health or environment.
- b. OCD reserves the right to sanction Operator for any alleged violation not addressed in this Order.
- c. OCD reserves the right to seek indemnification for any costs or liabilities incurred, in the event OCD plug and abandons the Well.

20. This Order will remain in full force and effect as to all successors-in-interest of Operator, including, but not limited to, any entity or entities that procure or acquire from Operator individual wells or sites referenced in the NOV that resulted in this Order or that are found in Exhibit A to this Order. Operator shall provide a copy of this Order, including Exhibit A, to any entity to which Operator intends to transfer assets covered by this Order or any entity that is otherwise a successor-in-interest of Operator.

21. This SFO becomes effective on the date of final execution by the OCD Director.

NEW MEXICO OIL CONSERVATION DIVISION

Albert Chang

6/28/2026

Albert C.S. Chang, Director

Date

OPERATOR, BUFFCO PRODUCTION, INC.

Jason T Moore

6/24/2026

Signature

Date

Jason T. Moore, Chief Operating Officer

Printed Name

EXHIBIT A

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

January 21, 2026

BUFFCO PRODUCTION, INC.
P.O. Box 2243
Longview, TX 75606

Jerry Qualls, Production Manager
jqualls@buffcoproduction.com

Jason Moore, Hobbs Contact
jmoore@buffcoproduction.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:** BUFFCO PRODUCTION, INC., OGRID # 370841 (“Operator”).
2. **Factual and Legal Basis for Alleged Violation(s):**

Operator is the registered operator of one (1) well. The one (1) well identified in **Exhibit A** has been continuously inactive since at least May 2019, 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*

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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 one (1) well 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: \$450.00

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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 March 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

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: 1 Inactive Well Count: 1
 Printed On: Monday, December 29 2025

District	API	Well	UL STR	OCU Unit	Ogrid	Operator	Lease Type	Surface Owner	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-23021	MILEPOST COM #001	A-35-285-35E	A	370841	BUFFCO PRODUCTION, INC.	S	F	G	09/2018	RETTO PROD 2-10-14		

EXHIBIT B



Alleged Violator
Alleged Violator OGRID

BUFFCO PRODUCTION, INC
371841

History of Non-Compliance
 Economic Impact

No history
 Less than 50 wells or
 less than 100,000 bbl
 of oil

0
 0

Total Penalty \$ **450**

AP# or Facility ID	Violation Class	Type of Violation	Description	MinPA(S)	Multi Day / Single Day	Days in Violation	Days Penalized	Penalty Subtotal	Effort to Comply	Negligence and Willfulness	Factor Subtotal	Outstanding Conditions	TOTAL	Comments
30-015-2321	5.1N(R)(a)	each inactive well exceeding the threshold		\$ 250	single	1	1	\$ 250	No Cooperation or Compliance	Negligence	1.8	No outstanding conditions	\$ 2,500.00	450