

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

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**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE
ORDER AGAINST MAR OIL AND GAS CORPORATION, FOR WELLS
OPERATED IN LEA AND GUADALUPE COUNTIES, NEW MEXICO.**

CASE NO. 16044

APPLICATION

The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator MAR Oil and Gas Corporation, ("Operator") is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within forty-five (45) days, and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification and costs as permitted by NMSA 1978, § 70-2-14(E). This application deals specifically with Operator's violations of 19.15.5.9(A)(4) and 19.15.25.8 NMAC and does not include all violations that may exist. The OCD retains its right to bring a compliance action for any other existing and future violations. In support of this application, the Bureau states:

1. Operator is a New Mexico profit corporation that operates 44 wells in Lea and Guadalupe Counties, New Mexico, under OGRID No. 151228. See *Exhibit 1: Well List and Financial Assurance Report*, attached hereto and incorporated by reference as if set forth in its entirety.

2. Operator's address of record with OCD is: P.O. Box 5155, Santa Fe, NM 87502-5155.

3. The New Mexico Secretary of State has Operator registered under entity number 341818 and identifies Leon Romero, President, Dorothy Romero, Secretary, and Dorothy Romero, Treasurer, as officers of record.

4. Operator has one blanket bond, bond # B004457, filed with the OCD, from U.S. Specialty Insurance Company, for the amount of \$50,000.

5. Operator has additionally furnished the OCD with ten (10) single well bonds on file with the OCD from U.S. Specialty Insurance Company for a total amount of \$82,383.

6. Operator's has provided single well financial assurance for the following wells:

- a. Eumont Hardy Unit #003, API # 30-025-06264, \$8,791;
- b. Eumont Hardy Unit #013, API # 30-025-06224, \$8,830;
- c. Eumont Hardy Unit #019, API # 30-025-06227, \$8,800;
- d. Eumont Hardy Unit #020, API # 30-025-06226, \$8,835;
- e. Eumont Hardy Unit #023, API # 30-025-06216, \$8,845;
- f. Eumont Hardy Unit #025, API # 30-025-07870, \$8,785;
- g. Eumont Hardy Unit #028, API # 30-025-06423, \$8,780;

- h. Eumont Hardy Unit #30, API # 30-025-06427, \$8,728;
 - i. Eumont Hardy Unit #47, API # 30-025-06412, \$8,773;
 - j. Eumont Hardy Unit #106, API # 30-025-32479, \$12,001.
- 7. Bank's address of record is: 13403 Northwest Freeway, Houston, TX 77040.
- 8. 19.15.5.9(A) NMAC states that an operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator:
 - (1) currently meets the financial assurance requirements of 19.15.8 NMAC;
 - (2) is not subject to a division or commission order, issued after notice and hearing, finding the operator to be in violation of an order requiring corrective action;
 - (3) does not have a penalty assessment that is unpaid more than 70 days after issuance of the order assessing the penalty; and
 - (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 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 50 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.

9. 19.15.25.8 NMAC requires an operator to plug and abandon or temporarily abandon a well within 90 days after: (1) a 60 day period following the 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.

10. The Operator currently has ten (10) wells out of a total of forty-four (44) wells out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9(A)(4) NMAC. See *Exhibit 2: Inactive Well List*.

11. On August 1, 2017, the Bureau sent the Operator notice via first class mail that it was out of compliance with 19.15.5.9 NMAC and that the Bureau would seek formal compliance proceedings if no action was taken by the Operator to return to compliance within 60 days as required by 19.15.5.9(B) NMAC.

12. The Operator has not contacted the Bureau to resolve the outstanding compliance issues.

WHEREFORE, the Bureau, by and through its compliance and enforcement manager, hereby applies to the Director to enter an Order:

- A. determining that the Operator is in violation of 19.15.5.9(A)(4), and 19.15.25.8 NMAC;
- B. requiring the Operator to return the subject wells to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within forty-five (45) days;
- C. requiring producing wells to be shut-in pursuant to 19.15.5.10(B) NMAC until compliance with the order is achieved;

- D. in the event of non-compliance with the sought Division order by the dates established by the OCD, finding the Operator in violation of a Division order, declaring the violating wells abandoned and authorizing the Division to plug the subject wells in accordance with a Division-approved plugging program and restore and remediate the location, and recover costs from the Operator's financial assurance as required by 19.15.8.13 NMAC and seek indemnification and costs as permitted by NMSA 1978, § 70-2-14(E);
- E. upon a finding of non-compliance with the issued Division order, requiring producing wells shut-it pursuant to 19.15.5.10(B) NMAC until compliance with the order is achieved;
- F. for such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 20th day of February, 2018 by



Keith W. Herrmann
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Energy, Minerals and Natural
Resources Department of the State of
New Mexico
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Attorney for the Compliance and
Enforcement Bureau

Case No. 16044. **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against MAR Oil and Gas Corporation, for Wells Operated in Lea and Guadalupe Counties, New Mexico.** The Oil Conservation Division Compliance and Enforcement Bureau ("Bureau"), through its undersigned attorney, hereby files this application with the Oil Conservation Division ("OCD" or "Division") pursuant to the provisions of NMSA 1978, §70-2-12 for a compliance order (1) determining operator MAR Oil and Gas Corporation, ("Operator") is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC; (2) requiring the Operator to return to compliance with 19.15.5.9(A)(4) and 19.15.25.8 NMAC within 45 days and requiring producing wells shut-in until compliance is achieved; and (3) in the event of non-compliance, declaring the wells abandoned and authorizing the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).

Exhibit 1: Well List and Financial Assurance Report

Inactive Well Additional Financial Assurance Report

151228 MAR OIL & GAS CORP.

Total Well Count: 44

Printed On: Monday, February 19 2018

Property	Well Name	License Type	ULSTR	OCD Unit Letter	API	Well Type	Last Production	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond in Place	In Violation
33230	EUMONT HARDY UNIT #001	S	M-25-20S-37E	M	30-025-06266	O	12/2017	01/01/2020	3820	8820			0	
	EUMONT HARDY UNIT #003	S	O-25-20S-37E	O	30-025-06264	O	09/2014	10/01/2016	3791	8791	Y		8,791	
	EUMONT HARDY UNIT #004	S	P-25-20S-37E	P	30-025-06265	O	12/2017	01/01/2020	3800	8800			0	
	EUMONT HARDY UNIT #005	F	1-31-20S-38E	D	30-025-07867	I	12/2017		3800				0	
	EUMONT HARDY UNIT #006	S	A-36-20S-37E	A	30-025-06221	O	12/2017	01/01/2020	3800	8800			0	
	EUMONT HARDY UNIT #007	S	B-36-20S-37E	B	30-025-06220	I	12/2017	01/01/2020	3800	8800			0	
	EUMONT HARDY UNIT #008	S	C-36-20S-37E	C	30-025-06215	O	12/2017	01/01/2020	3800	8800			0	
	EUMONT HARDY UNIT #013	S	H-36-20S-37E	H	30-025-06224	I	04/2015	05/01/2017	3830	8830	Y		8,830	
	EUMONT HARDY UNIT #014	F	2-31-20S-38E	E	30-025-07868	O	12/2017		3850				0	
	EUMONT HARDY UNIT #015	F	3-31-20S-38E	L	30-025-07865	I	12/2017		3790				0	
	EUMONT HARDY UNIT #016	S	I-36-20S-37E	I	30-025-06217	O	12/2017	01/01/2020	3790	8790			0	
	EUMONT HARDY UNIT #017	S	J-36-20S-37E	J	30-025-06223	I	12/2017	01/01/2020	3800	8800			0	
	EUMONT HARDY UNIT #018	S	K-36-20S-37E	K	30-025-06225	O	12/2017	01/01/2020	3876	8876			0	
	EUMONT HARDY UNIT #019	S	L-36-20S-37E	L	30-025-06227	I	12/1992	01/01/1995	3800	8800	Y		8,800	
	EUMONT HARDY UNIT #020	S	M-36-20S-37E	M	30-025-06226	I	12/1992	01/01/1995	3835	8835	Y		8,835	
	EUMONT HARDY UNIT #021	S	N-36-20S-37E	N	30-025-06219	O	07/2015	08/01/2017	3810	8810	Y		0	Y
	EUMONT HARDY UNIT #022	S	O-36-20S-37E	O	30-025-06218	O	12/2017	01/01/2020	3741	8741			0	
	EUMONT HARDY UNIT #023	S	P-36-20S-37E	P	30-025-06216	I	10/2010	11/01/2012	3845	8845	Y		8,845	
	EUMONT HARDY UNIT #024	P	4-31-20S-38E	M	30-025-07869	O	12/2017	01/01/2020	3790	8790			0	
	EUMONT HARDY UNIT #025	P	N-31-20S-38E	N	30-025-07870	O	04/2014	05/01/2016	3785	8785	Y		8,785	
	EUMONT HARDY UNIT #026	P	3-05-21S-37E	C	30-025-09899	I	12/2017	01/01/2020	3767	8767			0	
	EUMONT HARDY UNIT #027	P	4-05-21S-37E	D	30-025-06408	I	12/2017	01/01/2020	3475	8475			0	
	EUMONT HARDY UNIT #028	P	2-06-21S-37E	B	30-025-06423	O	09/2010	10/01/2012	3780	8780	Y		8,780	
	EUMONT HARDY UNIT #030	P	4-06-21S-37E	D	30-025-06427	O	12/2014	01/01/2017	3728	8728	Y		8,728	
	EUMONT HARDY UNIT #031	S	1-01-21S-36E	A	30-025-04436	O	12/2017	01/01/2020	3780	8780			0	
	EUMONT HARDY UNIT #032	S	8-01-21S-36E	A	30-025-04434	I	12/2017	01/01/2020	3807	8807			0	
	EUMONT HARDY UNIT #033	P	5-06-21S-37E	E	30-025-06424	O	12/2017	01/01/2020	3730	8730			0	
	EUMONT HARDY UNIT #034	P	6-06-21S-37E	C	30-025-06425	O	12/2017	01/01/2020	3745	8745			0	
	EUMONT HARDY UNIT #035	P	15-06-21S-37E	G	30-025-06422	I	12/2017	01/01/2020	3530	8530			0	
	EUMONT HARDY UNIT #036	P	5-05-21S-37E	E	30-025-06407	I	12/2017	01/01/2020	3530	8530			0	
	EUMONT HARDY UNIT #037	P	14-05-21S-37E	F	30-025-09902	I	12/2017	01/01/2020	3780	8780			0	
	EUMONT HARDY UNIT #038	P	1-06-21S-37E	I	30-025-06414	I	12/2017	01/01/2020	3520	8520			0	
	EUMONT HARDY UNIT #039	P	10-06-21S-37E	B	30-025-06413	O	12/2017	01/01/2020	3540	8540			0	
	EUMONT HARDY UNIT #040	P	K-06-21S-37E	K	30-025-06418	I	12/2017	01/01/2020	3750	8750			0	
	EUMONT HARDY UNIT #041	P	12-06-21S-37E	D	30-025-06417	O	12/2017	01/01/2020	3780	8780			0	
	EUMONT HARDY UNIT #043	P	14-06-21S-37E	F	30-025-06415	O	12/2017	01/01/2020	3795	8795			0	
	EUMONT HARDY UNIT #045	P	16-06-21S-37E	P	30-025-06419	O	12/2017	01/01/2020	3780	8780			0	
	EUMONT HARDY UNIT #046	F	J-06-21S-37E	R	30-025-06679	O	12/2017		3827				0	
	EUMONT HARDY UNIT #047	P	K-06-21S-37E	K	30-025-06412	I	12/1992	01/01/1995	3773	8773	Y		8,773	
	EUMONT HARDY UNIT #102	S	N-36-20S-37E	N	30-025-36755	O	12/2017	01/01/2020	3920	8920			0	
	EUMONT HARDY UNIT #104	P	6-05-21S-37E	F	30-025-36756	O	12/2017	01/01/2020	3902	8902			0	
	EUMONT HARDY UNIT #105	P	6-06-21S-37E	F	30-025-36757	O	12/2017	01/01/2020	3900	8900			0	
	EUMONT HARDY UNIT #106	S	G-36-20S-37E	G	30-025-32479	O	12/2017	01/01/2020	7000	12000			12,001	
38123	THORPE A STATE #002	S	D-15-11N-25E	D	30-019-20140	O			Unknown				0	

WHERE Ogrid:151228

Exhibit 2: Inactive Well List

Inactive Well List

Total Well Count: 44 Inactive Well Count: 10
Printed On: Monday, February 19 2018

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-06264	EUMONT HARDY UNIT #003	O-25-20S-37E	O	151228	MAR OIL & GAS CORP.	S	O	09/2014	RTWP 10/14/2013 C104 DENIED		
1	30-025-06224	EUMONT HARDY UNIT #013	H-36-20S-37E	H	151228	MAR OIL & GAS CORP.	S	I	04/2015			
1	30-025-06227	EUMONT HARDY UNIT #019	L-36-20S-37E	L	151228	MAR OIL & GAS CORP.	S	I	12/1992		T	10/31/2005
1	30-025-06226	EUMONT HARDY UNIT #020	M-36-20S-37E	M	151228	MAR OIL & GAS CORP.	S	I	12/1992		T	8/13/2016
1	30-025-06219	EUMONT HARDY UNIT #021	N-36-20S-37E	N	151228	MAR OIL & GAS CORP.	S	O	07/2015			
1	30-025-06216	EUMONT HARDY UNIT #023	P-36-20S-37E	P	151228	MAR OIL & GAS CORP.	S	I	10/2010			
1	30-025-07870	EUMONT HARDY UNIT #025	N-31-20S-38E	N	151228	MAR OIL & GAS CORP.	P	O	04/2014	YSRQ / CONVERTED TO PRODUCER		
1	30-025-06423	EUMONT HARDY UNIT #028	2-08-21S-37E	B	151228	MAR OIL & GAS CORP.	P	O	09/2010	7RVRSON		
1	30-025-06427	EUMONT HARDY UNIT #030	4-06-21S-37E	D	151228	MAR OIL & GAS CORP.	P	O	12/2014	7RVRSON		
1	30-025-06412	EUMONT HARDY UNIT #047	K-06-21S-37E	K	151228	MAR OIL & GAS CORP.	P	I	12/1992	INT TO PA 01/21/09	T	8/14/2016

WHERE Ogrid:151228, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period