

## Inactive Well List

Total Well Count: 1 Inactive Well Count: 1  
Printed On: Monday, April 02 2018

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-02094	TOOMEY ALLEN #001	J-28-18S-28E	J	371169	GFG OPERATING LLC	S	O	12/1992			

WHERE Operator:371169, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

APRIL 5, 2018  
16070  
will  
Gunn

# Inactive Well Additional Financial Assurance Report

371169 GFG OPERATING LLC

Total Well Count: 1

Printed On: Monday, April 02 2018

Property	Well Name	Lease 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
316064	TOOMEY ALLEN #001	S	J-28-18S-28E	J	30-015-02094	O	12/1992	01/01/1995	2078	7078	Y		7,078	

WHERE OgrId:371169

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER  
AGAINST GFG OPERATING LLC, FOR WELLS OPERATED IN EDDY  
COUNTY, NEW MEXICO.**

**CASE NO. 16070**

**AFFIDAVIT OF DANIEL SANCHEZ**

I, Daniel Sanchez, being first duly sworn on oath, states as follows:

1. I am employed as the Compliance and Enforcement Manager at the Oil Conservation Division ("OCD").

My duties include as the Compliance & Enforcement Manager

Manage the division's four district offices and Environmental Bureau.  
Program Director for the EPA's Underground Injection Control program.  
Coordinate field inspections between the BLM (Carlsbad, Roswell, and Hobbs District Offices and the OCD (Artesia and Hobbs District Offices).  
Conduct quarterly meetings between the BLM and OCD to coordinate various enforcement actions on co-jurisdictional sites and issues.  
Manage the use of the State Reclamation Fund for the purpose of plugging abandoned wells, remediation of well sites and the remediation of oil and gas related environmental contamination.  
Testify in Hearing Examiner and Commission hearings in support of OCD staff positions on compliance and enforcement issues.  
Conduct operator orientation for operators new to the state.  
Negotiate Agreed Compliance Orders with operators out of compliance with OCD Rule 5.9.  
Simplify and standardize the Oil Conservation Division's business procedures.  
Eliminate outdated practices and address current regulatory issues.  
Oversee the consistent interpretation and enforcement of division rules.  
Ensure compliance with rules and permits on oil and gas facilities and operations.  
Assure that inactive wells are tested and plugged in accordance with division rules.  
Act as a backup for C-115, production reports, review and approvals.  
Act as a backup for data entry of ACOI wells into the divisions Risk Based Data Management System.

2. The OCD's information on production and injection comes from monthly production reports filed by the well operators.

3. In 1993 the OCD began using the ONGARD (Oil and Natural Gas Administration and Revenue Database) to record oil and gas production and injection by well. Since 1993, production and injection data from the monthly production reports filed by operators has been entered into ONGARD.

4. When the OCD began using the ONGARD system in 1993, it converted existing production and injection data into ONGARD for those wells that were not shown as "plugged" according to the OCD records available at that time. The pre-1993 production and injection information for each such well was totaled and appears in ONGARD under the last month of production or injection for that well.

5. Upon information and belief, GFG OPERATING LLC, ("Operator") is a Domestic Limited Liability Corporation and is operating the wells ("subject wells") in Eddy County, New Mexico identified in *Exhibit 1, Inactive Well List*.

6. Upon information and belief, the New Mexico Secretary of State has Operator registered under entity number 5144701 and identifies Stephen C. Byrd as the Organizer. OCD records identify Macon McDonald and Dwane Parrish as points of contact.

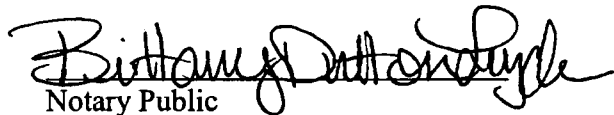
7. Upon information and belief, the subject wells operated by Operator in New Mexico have been inactive for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with 19.15.25.9 to -11 NMAC nor on approved temporary abandonment status in accord with 19.15.25.12 NMAC.

8. Upon information and belief, the number of subject wells out of compliance with 19.15.25.8 NMAC (wells to be properly abandoned) exceeds the amount allowed by 19.15.5.9 NMAC. As an operator of 1 well, Operator may not have more than 1 wells out of compliance with 19.15.25.8 NMAC

9. Exhibits 1-4 presented in this case are true and accurate reproductions of OCD records and were prepared by me or under my direction.

  
Daniel Sanchez

SUBSCRIBED AND SWORN before me on this April 4, 2018.

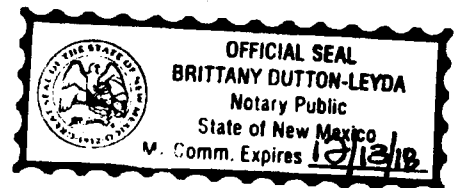
  
Notary Public

My Commission Expires:

December 13, 2018

Case 16070

OCD Case # 16070  
Exhibit 3: Affidavit of Violation  
Page 2 of 2



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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER  
AGAINST GFG OPERATING LLC, FOR WELLS OPERATED IN EDDY  
COUNTY, NEW MEXICO.

CASE NO. 16070

AFFIDAVIT OF SERVICE

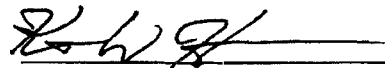
In accordance with 19.15.4.9 and 19.15.4.12 NMAC, I hereby certify that notice of the April 5, 2018 hearing in the above captioned case was mailed to the following party(ies) by certified mail, return receipt requested, at least 20 days prior to the hearing date, with a copy of the application:

GFG Operating LLC  
4937 Rustic Trail  
Midland, TX 79707

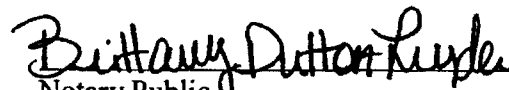
Rhonda K. Parrish  
1306 S. 9<sup>th</sup> St.  
Artesia, NM 88210

Lexon Insurance Company c/o  
Office of the Superintendent of Insurance  
Attn: Service of Process  
P.O. Box 1689  
Santa Fe, NM 87504

A copy of this notice is attached as *Exhibit 5-A* to this affidavit.

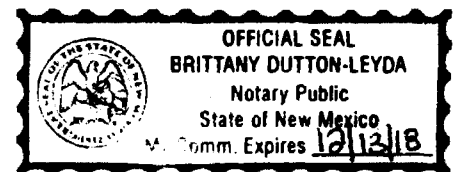
  
\_\_\_\_\_  
Keith W. Herrmann

SUBSCRIBED AND SWORN before me on this April 4, 2018.

  
\_\_\_\_\_  
Notary Public

My Commission Expires:

December 13, 2018



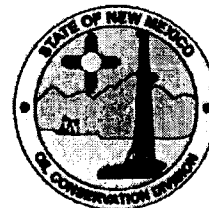
State of New Mexico  
Energy, Minerals and Natural Resources Department

Susana Martinez  
Governor

Ken McQueen  
Cabinet Secretary

Matthias Sayer  
Deputy Cabinet Secretary

David Catanach, Division Director  
Oil Conservation Division



March 8, 2018

GFG OPERATING, LLC  
4937 Rustic Trail  
Midland, TX 79707

**VIA CERTIFIED MAIL, RETURN RECEIPT: 7013 1710 0001 1211 7443**

**Re: OCD Case No. 16070 for a Compliance Order against GFG Operating LLC**

Dear Operator:

Pursuant to the notice provisions contained in 19.15.4 NMAC, you are hereby notified that at 8:15 AM on April 5, 2018, the New Mexico Oil Conservation Division ("OCD") will hold a hearing in front of a Division Examiner seeking an order determining that GFG Operating LLC ("Operator") (1) is out of compliance with 19.15.25.8 NMAC and NMSA 1978, § 70-2-14; (2) requiring Operator to return to compliance with 19.15.25.8 NMAC; 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). The hearing will be held in Porter Hall at 1220 South St. Francis Dr., Santa Fe, New Mexico.

Please review 19.15.4 NMAC to see applicable rules for division hearings. A person entitled to notice may enter an appearance at any time by filing a written notice of appearance with the division or the commission clerk, as applicable, or, subject to the provisions in Subsection C of 19.15.4.10 NMAC, by oral appearance on the record at the hearing. A party who has not entered an appearance at least one business day prior to the pre-hearing statement filing date provided in Paragraph (1) of Subsection B of 19.15.4.13 NMAC shall not be allowed to present technical evidence at the hearing unless the Oil Conservation Commission chairman or the OCD examiner, for good cause, otherwise directs.

OCD Case # 16070  
Exhibit 4A: Direct Notice to Operator  
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March 8, 2018

Page 2

If you have any questions regarding the hearing process, please contact me at (505) 476-3463 or [keith.herrmann@state.nm.us](mailto:keith.herrmann@state.nm.us).

Sincerely



Keith Herrmann

Attorney for the New Mexico Oil Conservation Division  
Compliance and Enforcement Bureau

Encl: OCD Case No. 16070 Compliance and Enforcement Bureau Application for Hearing

Cc: Rhonda K. Parrish  
1306 S. 9<sup>th</sup> St.  
Artesia, NM 88210

VIA CERTIFIED MAIL, RETURN RECEIPT: 7009 1680 0002 3341 1878

Lexon Insurance Company c/o  
Office of the Superintendent of Insurance  
Attn: Service of Process  
P.O. Box 1689  
Santa Fe, NM 87504

OCD Case # 16070  
Exhibit 4A: Direct Notice to Operator  
Page 3 of 4



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p>X <i>[Signature]</i></p>	
<p>1. Article Addressed to:</p> <p><b>GFG OPERATING, LLC</b>  <b>4977 Rustic Trail</b>  <b>Milford, TX 79707</b></p>		<p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>MACON McDONALD</i> <i>3/24/15</i></p>	
<p>2. Article Number (Transfer from service label)</p> <p><b>70332 1210 0001 1211 7443</b></p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input checked="" type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Mail <input type="checkbox"/> Mail Restricted Delivery</p>		<p>PS Form 3811, July 2015 PSN 7530-02-000-9035</p> <p>Domestic Return Receipt</p>	

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>■ Complete items 1, 2, and 3.</p> <p>■ Print your name and address on the reverse so that we can return the card to you.</p> <p>■ Attach this card to the back of the mailpiece, or on the front if space permits.</p>		<p>A. Signature <input type="checkbox"/> Agent <input checked="" type="checkbox"/> Addressee</p> <p><i>Rhonda Parrish</i></p>	
<p>1. Article Addressed to:</p> <p><b>Rhonda K. Parrish</b>  <b>1306 S. 9th St.</b>  <b>Artesia, NM 88210</b></p>		<p>B. Received by (Printed Name) C. Date of Delivery</p> <p><i>Rhonda Parrish</i></p>	
<p>2. Article Number (Transfer from service label)</p> <p><b>7009 1680 0002 3341 1878</b></p>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>3. Service Type</p> <p><input type="checkbox"/> Adult Signature <input type="checkbox"/> Priority Mail Express®</p> <p><input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Registered Mail™</p> <p><input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Registered Mail Restricted Delivery</p> <p><input type="checkbox"/> Certified Mail Restricted Delivery <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Signature Confirmation™</p> <p><input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Signature Confirmation Restricted Delivery</p> <p><input type="checkbox"/> Mail <input type="checkbox"/> Mail Restricted Delivery</p>		<p>PS Form 3811, July 2015 PSN 7530-02-000-9035</p> <p>Domestic Return Receipt</p>	