

**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 D. J. SIMMONS, INC., FOR WELLS OPERATED IN SAN JUAN
COUNTY, NEW MEXICO.**

CASE NO. 16206

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 D. J. Simmons, Inc., (“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 Foreign limited partnership that operates 60 wells in New Mexico, under OGRID No. 5578. 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 1469, Farmington, NM, 87499.

3. The New Mexico Secretary of State has Operator registered under entity number 2294 and identifies Rodney Seale, President, Nancy L Walden, Secretary, Edward Ford, Director, Matt Negri, Director, Mary L Dowsky, Director, Stephen Negri Director, and James Geren Director, as officers of record.

4. Operator has one blanket letter of credit filed with the OCD, letter of credit no. LOCBOK10SDP2030, from Bank of Oklahoma, for the amount of \$50,000.

5. Operator has additionally furnished the OCD with one (1) single well bond, bond number RLB0016760, on file with the OCD from RLI Insurance Company for a total amount of \$6,726.

6. Bank of Oklahoma's address of record is: One Williams Centre, BOK Tower, Tulsa, OK 74172.

7. RLI Insurance Company's address of record is: 8 Greenway Plaza, STE 400, Houston, TX 77046.

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 eighteen (18) wells out of a total of sixty (60) 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 January 17, 2018, 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;
- F. for such other and further relief as the Director deems just and proper
under the circumstances.

RESPECTFULLY SUBMITTED,
this 1st day of May, 2018 by



Keith W. Herrmann
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State of
New Mexico
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3463
Fax: (505) 476-2220

Attorney for the Compliance and
Enforcement Bureau

Case No. 16-206. **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against D.J. Simmons Company Limited Partnership, for Wells Operated in San Juan, 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 D. J. Simmons, Inc., (“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).

Inactive Well Additional Financial Assurance Report

5578 D J SIMMONS INC
Total Well Count: 60

Printed On: Thursday, January 18 2018

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod[ct]	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
10165	A B GEREN #007	F	15-26-29N-09W	O	30-045-29590	G	11/2017		3342				0	
307871	BLACKROCK D COM #001E	F	N-20-26N-11W	N	30-045-23623	G	04/2012		6130				0	
36632	BLANCO WASH 26 #001	N	K-26-24N-08W	K	30-045-34119	O	11/2017		5718				0	
	BLANCO WASH 26 #002	N	L-26-24N-08W	L	30-045-35019	G	11/2017		5718				0	
36312	BLANCO WASH 27 #001	N	A-27-24N-08W	A	30-045-34096	O	11/2017		5757				0	
	BLANCO WASH 27 #002	I	C-27-24N-08W	C	30-045-34107	O	11/2017		5610				0	
30996	BYRNE FEDERAL 24 #001R	F	E-24-25N-03W	E	30-039-27556	O	10/2016		8555				0	
307874	DA ON PAH #001R	F	H-35-27N-12W	H	30-045-30813	G	11/2013		1550				0	
307875	FLUSH #001	S	F-02-26N-13W	F	30-045-30271	S	07/2016	08/01/2018	4100	9100			0	
307877	HANSON B COM #002	F	K-36-27N-13W	K	30-045-06138	O	11/2017		5148				0	
19602	HANSON FEDERAL #001	F	8-03-23N-07W	L	30-039-20048	O	03/2017		5735				0	
	HANSON FEDERAL #002	F	10-03-23N-07W	N	30-039-22882	O	11/2017		5801				0	
307879	HI ROLL #002R	F	K-35-27N-13W	K	30-045-29974	G	11/2017		1450				0	
	HI ROLL #004R	F	D-35-27N-13W	D	30-045-29990	G	02/2016		1425				0	
	HI ROLL #005	F	O-35-27N-13W	O	30-045-29973	G	01/2016		1350				0	
307880	HICCUP A #001	F	4-03-26N-12W	D	30-045-30249	G	07/2015		1369				0	
26790	JICARILLA H #101	J	Z00-05-24N-04	A	30-039-22005	O	11/2017		7522				0	
	JICARILLA H #102	J	F-06-24N-04W	F	30-039-22006	O	11/2017		7472				0	
	JICARILLA H #103	J	L-05-24N-04W	L	30-039-22034	O	11/2017		7505				0	
	JICARILLA H #105	J	I-06-24N-04W	I	30-039-22070	O	11/2017		7430				0	
	JICARILLA H #106	J	K-08-24N-04W	K	30-039-22036	O	11/2017		7270				0	
	JICARILLA H #107	J	A-07-24N-04W	A	30-039-22092	O	11/2017		7370				0	
	JICARILLA H #108	J	Z00-07-24N-04	K	30-039-22104	G	11/2017		7326				0	
	JICARILLA H #110	J	Z00-06-24N-04	A	30-039-22155	O	11/2017		7465				0	
	JICARILLA H #111	J	Z00-05-24N-04	J	30-039-22256	G	11/2017		7379				0	
	JICARILLA H #112	J	K-06-24N-04W	K	30-039-22252	O	11/2017		7483				0	
	JICARILLA H #114	J	C-07-24N-04W	C	30-039-22160	O	11/2017		7311				0	
	JICARILLA H #115	J	Z00-08-24N-04	I	30-039-22257	O	11/2017		7344				0	
10166	L V HAMNER A #001	F	M-21-29N-09W	M	30-045-07939	G	11/2017		4480				0	
	L V HAMNER A #001A	F	F-21-29N-09W	F	30-045-23389	G	11/2017		4815				0	
	L V HAMNER A #001C	F	D-21-29N-09W	D	30-045-30645	G	11/2017		5000				0	
10167	L V HAMNER B #001	F	B-29-29N-09W	B	30-045-07900	G	07/2016		4660				0	
	L V HAMNER B #001A	F	J-29-29N-09W	J	30-045-24488	G	11/2017		5111				0	
	L V HAMNER B #001B	F	H-29-29N-09W	H	30-045-29980	G	11/2017		4705				0	
305469	LYBROOK #001	F	19-04-23N-07W	O	30-039-24011	O	11/2017		5761				0	
	LYBROOK #003	F	9-03-23N-07W	M	30-039-23994	O	11/2017		5706				0	
307887	REGGAE COM #001	S	B-16-26N-11W	B	30-045-33757	G	11/2017	12/01/2019	1775	6775			0	
	REGGAE COM #002	S	P-16-26N-11W	P	30-045-33758	G	08/2014	09/01/2016	1726	6726	Y		6,726	
307888	SERENDIPITY #003R	F	M-26-26N-13W	M	30-045-30811	G	08/2013		1462				0	
	SERENDIPITY #004	F	B-26-26N-13W	B	30-045-29996	G	04/2012		1395				0	
	SERENDIPITY #005	F	F-26-26N-13W	F	30-045-30881	G	08/2013		1400				0	
307889	SERENDIPITY COM #001	F	J-26-26N-13W	J	30-045-25679	O	04/2012		5120				0	
307890	SHANK COM #001	S	F-02-26N-13W	F	30-045-29516	G	07/2016	08/01/2018	1385	6385			0	
	SHANK COM #002	S	M-02-26N-13W	M	30-045-30238	G	07/2016	08/01/2018	1420	6420			0	
10171	SIMMONS #002R	F	8-26-29N-09W	H	30-045-32970	G	11/2017		2590				0	
	SIMMONS #003	F	14-23-29N-09W	N	30-045-11862	G	07/2016		2558				0	
	SIMMONS #004	F	5-23-29N-09W	E	30-045-11861	G	12/2015		2515				0	
	SIMMONS #005	F	5-24-29N-09W	E	30-045-11863	G	01/2016		2664				0	
10172	SIMMONS E #001	F	2-26-29N-09W	B	30-045-07912	G	07/2017		5250				0	
	SIMMONS E #001A	F	10-26-29N-09W	J	30-045-23583	G	11/2017		5011				0	
	SIMMONS E #002A	F	5-23-29N-09W	E	30-045-22802	G	11/2017		4885				0	
	SIMMONS E #002R	F	11-23-29N-09W	K	30-045-29595	G	11/2017		4930				0	
	SIMMONS E #003C	F	5-24-29N-09W	E	30-045-30650	G	11/2017		5803				0	
	SIMMONS E #003R	F	12-24-29N-09W	L	30-045-24771	G	11/2017		5600				0	
	SIMMONS E #004	F	5-24-29N-09W	E	30-045-20030	G	11/2017		7200				0	
10173	SIMMONS S #001	F	1-25-29N-09W	A	30-045-07891	G	11/2017		6117				0	

1/18/2018

OCD Permitting

SIMMONS S #001A	F	16-25-29N-09W	P	30-045-23217	G	11/2017	5086	0
SIMMONS S #001C	F	16-25-29N-09W	P	30-045-30649	G	11/2017	5633	0
307894 YAHTZEE #001	F	B-14-26N-13W	B	30-045-30292	G	11/2017	1479	0
YAHTZEE #002	F	D-14-26N-13W	D	30-045-31380	G	11/2017	1411	0

WHERE Ogrid:5578

Inactive Well List

Total Well Count: 60 Inactive Well Count: 18
Printed On: Tuesday, May 01 2018

District	API	Well	ULSTR	OCD Unit	Ogrid	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
3	30-045-23623	BLACKROCK D COM #001E	N-20-26N-11W	N	5578	D J SIMMONS INC	F	G	04/2012	BASIN FRT COAL (DAK ZA)		
3	30-039-27556	BYRNE FEDERAL 24 #001R	E-24-25N-03W	E	5578	D J SIMMONS INC	F	O	10/2016	W LIND GALL DK RC 9-6-13		
3	30-045-30813	DA ON PAH #001R	H-35-27N-12W	H	5578	D J SIMMONS INC	F	G	11/2013	BASIN FRUITLAND COAL		
3	30-045-30271	FLUSH #001	F-02-26N-13W	F	5578	D J SIMMONS INC	S	S	07/2016	SWD:MESAVERDE		
3	30-045-29990	HI ROLL #004R	D-35-27N-13W	D	5578	D J SIMMONS INC	F	G	02/2016	BASIN FRUITLAND COAL		
3	30-045-29973	HI ROLL #005	O-35-27N-13W	O	5578	D J SIMMONS INC	F	G	01/2016	WAW FT SND PC/BASIN FT COAL		
3	30-045-30249	HICCUP A #001	4-03-26N-12W	D	5578	D J SIMMONS INC	F	G	07/2015	S GALLEGOS FT PC		
3	30-045-07900	L V HAMNER B #001	B-29-29N-09W	B	5578	D J SIMMONS INC	F	G	07/2016	BLANCO MV/NOI TO P&A		
3	30-045-33758	REGGAE COM #002	P-16-26N-11W	P	5578	D J SIMMONS INC	S	G	08/2014	FRUITLAND COAL		
3	30-045-30811	SERENDIPITY #003R	M-26-26N-13W	M	5578	D J SIMMONS INC	F	G	08/2013	BASIN FRUITLAND COAL		
3	30-045-29996	SERENDIPITY #004	B-26-26N-13W	B	5578	D J SIMMONS INC	F	G	04/2012	BASIN FRUITLAND COAL		
3	30-045-30881	SERENDIPITY #005	F-26-26N-13W	F	5578	D J SIMMONS INC	F	G	08/2013	BASIN FRUITLAND COAL		
3	30-045-25679	SERENDIPITY COM #001	J-26-26N-13W	J	5578	D J SIMMONS INC	F	O	04/2012	BASIN FRUITLAND COAL		
3	30-045-29516	SHANK COM #001	F-02-26N-13W	F	5578	D J SIMMONS INC	S	G	07/2016	BASIN FT COAL		
3	30-045-30238	SHANK COM #002	M-02-26N-13W	M	5578	D J SIMMONS INC	S	G	07/2016	WAW FRUITLAND PC/BASIN FT COAL		
3	30-045-11862	SIMMONS #003	14-23-29N-09W	N	5578	D J SIMMONS INC	F	G	07/2016	BLANCO PC/INT TO P&A		
3	30-045-11861	SIMMONS #004	5-23-29N-09W	E	5578	D J SIMMONS INC	F	G	12/2015	BLANCO PC/INT TO P&A		
3	30-045-11863	SIMMONS #005	5-24-29N-09W	E	5578	D J SIMMONS INC	F	G	01/2016	BLANCO PC/INT TO P&A		

WHERE Operator:5578, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

Exhibit 2: Inactive Well List