

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

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING**

**CASE NO 15648
ORDER NO R 14345**

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE
ORDER AGAINST JAM OIL, LLC FOR WELLS OPERATED IN CHAVES
AND LEA COUNTIES, NEW MEXICO**

ORDER OF THE DIVISION

BY THE DIVISION

This case came on for hearing at 8 15 a m on March 30 2017 at Santa Fe New Mexico before Examiners William V Jones and Phillip R Goetze

NOW on this 15th day of May 2017 the Division Director having considered the testimony the record and the recommendations of Examiner Goetze

FINDS THAT

- (1) Due public notice has been given and the Division has jurisdiction of this case and of the subject matter
- (2) The Oil Conservation Division Compliance and Enforcement Bureau (the Bureau) seeks a compliance order against JAM Oil LLC (the Operator) finding the Operator is in violation of NMSA 1978 Section 70 2 14 (2015) as to 20 wells (the Subject Wells) and declaring the Subject Wells in violation of the requirements for financial assurance The Subject Wells are identified in Exhibit A of this order
- (3) The Bureau further seeks an order requiring the Operator to provide acceptable financial assurances for the Subject Wells in accordance with Division Rule 19 15 8 9 NMAC within 30 days
- (4) The Bureau appeared at the hearing through legal counsel and presented the following testimony
 - (a) The Operator is registered under OGRID No 256430

- (b) The Bureau identified the Subject Wells as qualifying as inactive because the Subject Wells have not been used for beneficial purposes for a period that exceeds one (1) year plus 90 days and have not been placed in approved temporary abandonment status
- (c) The Bureau maintains a public database through its *E permuting* website summarizing the well status for all current operators in New Mexico. This database also identifies the wells in violation of the financial assurance requirements along with the corresponding amount for each well necessary to satisfy the applicable financial assurance requirement
- (d) All of the Subject Wells have been inactive in excess of a period of one year plus 90 days and are not plugged or abandoned nor placed in status of approved temporary abandonment based on the production reports which determine the inactive well list. Therefore, these inactive Subject Wells are classified with a status of temporary abandonment as defined in Division Rule 19 15 2 7(T)(3) NMAC
- (e) The Bureau stated that additional amounts for the individual Subject Wells were calculated using the procedures found in Division Rule 19 15 8 9(D) NMAC
- (f) The Bureau summarized the outstanding financial assurance for each of the Subject Wells. These amounts are documented in Exhibit A of this order
- (g) The Bureau attempted notification of the Operator for voluntary compliance regarding the violations in Division correspondence dated June 16 2016 sent via certified mail. This correspondence was returned for an insufficient address
- (h) The Bureau attempted a second notification of the Operator at a different address with a Division correspondence dated June 19 2016 sent via certified mail. This correspondence was refused
- (i) Following the return mailings, the Bureau provided notice of the hearing application for a compliance order via certified mail to the two known addresses and by publication in two newspapers of general circulation in the counties as required under Rule 19 15 4 12(B) NMAC

- (j) Based on Division records none of the Subject Wells are included in an agreed compliance order between the Division and the Operator

(5) No other party appeared at the hearing or otherwise opposed the granting of the Bureau's application

The Division Concludes as Follows

(6) JAM Oil LLC is the Operator of record for the Subject Wells and is responsible for compliance with the Oil and Gas Act and Division Rules

(7) NMSA 1978 Section 70-2-14(A) provides in relevant part *In addition to the blanket plugging financial assurance the oil conservation division may require a one well financial assurance on any well that has been held in a temporarily abandoned status for more than two years*

(8) Division Rule 19-15-5-10(B) NMAC authorizes the Division to commence compliance proceedings for violation of a provision of the Oil and Gas Act NMSA 1978 Sections 70-2-1 through 70-2-38 or a provision of a rule or order issued pursuant to the Act

(9) As established by the evidence provided at hearing the Operator is in violation of Division Rule 19-15-8-9 NMAC. The Operator is required to have additional financial assurance on the Subject Wells as they have been in temporary abandonment for more than two years and the Operator has failed to provide the Division with the requisite financial assurance for the Subject Wells

(10) JAM Oil LLC should be required to provide the financial assurance obligations for the Subject Wells

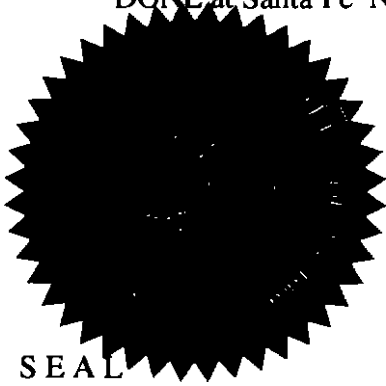
IT IS THEREFORE ORDERED THAT

(1) JAM Oil LLC shall provide the required additional financial assurance for the 20 Subject Wells listed in Exhibit A in the respective amount for each there identified within thirty (30) days of the issuance date of this Order

(2) If JAM Oil LLC fails to comply with Ordering Paragraph (1) the Operator shall be found in violation of this Order pursuant to Division Rule 19-15-8-9(C) NMAC

(3) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary

DONE at Santa Fe New Mexico on the day and year hereinabove designated



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in cursive script, appearing to read 'David R. Catanach'.

DAVID R. CATANACH
Director

EXHIBIT A
CASE NO 15648
ORDER NO R 14345
List of Subject Wells JAM Oil LLC

Identity No For Case	API Well No	Well Name	Well No	Operator Name	Type	Status	Surface Owner	UL-Sec Twp Rge	Footage FNL/FSL	Footage FEL/FWL	County	Required Bond Amount
1	30-005-00042	CANNON	002	JAM Oil LLC	O	A	P	I 17 10S 25E	1650 S	330 E	Chaves	\$5 850
2	30-005-00044	CANNON	001	JAM Oil LLC	O	A	P	P 17 10S 25E	330 S	330 E	Chaves	\$5 801
3	30-005-00062	MARY ANN CANNON	004	JAM Oil LLC	O	A	P	M 27 10S 25E	990 S	990 W	Chaves	\$5 898
4	30-005-00071	MARY ANN CANNON	001	JAM Oil LLC	O	A	P	K 27 10S 25E	1980 S	1980 W	Chaves	\$5 910
5	30-005-00072	MARY ANN CANNON	002	JAM Oil LLC	O	A	P	J 27 10S 25E	1980 S	1980 E	Chaves	\$5 934
6	30-005 00073	MARY ANN CANNON	003	JAM Oil LLC	O	A	P	L 27 10S 25E	1980 N	660 W	Chaves	\$5 887
7	30-005 10109	MARY ANN CANNON	005	JAM Oil LLC	O	A	P	O 27 10S-25E	660 S	1980 E	Chaves	\$6 056
8	30-005-10110	MARY ANN CANNON	006	JAM Oil LLC	O	A	P	N 27 10S 25E	660 S	1980 W	Chaves	\$6 012
9	30-005-10111	MARY ANN CANNON	007	JAM Oil LLC	S	A	P	O 27 10S 25E	1315 S	2635 E	Chaves	\$6 038
10	30-005-60440	JOHNSON IL	001	JAM Oil LLC	O	A	P	O 30-6S 26E	990 S	1650 E	Chaves	\$6 100
11	30-005-60928	COOPER	001	JAM Oil LLC	O	A	P	E 29-6S-26E	2310 N	330 W	Chaves	\$6 110
12	30-005-60929	COOPER	002	JAM Oil LLC	O	A	P	F 29-6S 26E	2145 N	1650 W	Chaves	\$6 105
13	30-005 60680	CANNON FEE	001	JAM Oil LLC	O	A	P	H 17 10S 25E	2310 N	330 E	Chaves	\$5 850
14	30-005 60949	TAMARACK QF STATE	001	JAM Oil LLC	O	A	S	D-32-6S-26E	330 N	990 W	Chaves	\$6 250
15	30-005-61234	CANNON FEE	002Y	JAM Oil LLC	O	A	P	A 17 10S 25E	990 N	358 E	Chaves	\$5 865
16	30-005-61499	CANNON FEE	003	JAM Oil LLC	O	A	P	H 17 10S 25E	1650 N	356 E	Chaves	\$5 891
17	30-005-61693	TAMARACK QF STATE	002	JAM Oil LLC	O	A	S	E-32-6S 26E	1650 N	330 W	Chaves	\$6 150
18	30-005-61892	CANNON ET AL	001Y	JAM Oil LLC	G	A	S	N 27 10S 25E	660 N	1650 W	Chaves	\$9 386
19	30-005-62292	CANNON ET AL	002	JAM Oil LLC	G	E	S	L 27 10S 25E	1780 S	660 W	Chaves	\$9 330
20	30-025 31636	KEMNITZ SOUTH AFL STATE	001	JAM Oil LLC	O	A	S	O 31 16S 34E	660 S	1980 E	Lea	\$11 260

Type O oil well G gas well S salt water disposal well

Status A active E expired temporary abandonment (TA)

Surface Owner P private S state