

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

**IN RE NOTICE OF VIOLATION  
ISSUED TO ROCA PRODUCTION INC.**

**CASE NO. 23061  
ORDER NO. R-22476**

**FINAL ORDER**

This matter came before the Director of the New Mexico Oil Conservation Division (“Division”) on the Notice of Violation (“NOV”) issued to **Roca Production Inc.** [OGRID #142262] (“Operator”).

The Division conducted a public hearing on December 15, 2022, and the Director, having considered the testimony and evidence presented, and being otherwise fully advised in the premises, enters the following findings, conclusions, and order:

**FINDINGS**

1. The Division has jurisdiction over the parties and the subject matter herein.
2. On August 2, 2022, the Division issued the NOV, which alleged the following violation:
  - a. Operator has more inactive wells than are allowed by 19.15.5.9(A)(4)(a) NMAC. Operator is the registered operator of ten (10) wells in the state of New Mexico. As an operator of less than one-hundred wells, Operator must plug and abandon or place into approved temporary abandonment status any inactive wells that exceed the threshold of two wells or fifty percent of all operated wells.

Operator has the following ten (10) inactive wells which have not been plugged and abandoned or placed into temporary abandonment status:

<u>API#</u>	<u>Well Name</u>	<u>Last Production Reported</u>
30-025-09334	EF King #002	Dec. 2018
30-025-09335	EF King #003	Dec. 2018
30-025-09430	GEORGE ETZ #001	Dec. 2018
30-025-29257	GEORGE ETZ #006	Dec. 2018
30-025-09119	H E ESMOND A #001	Dec. 2018
30-025-09126	H E ESMOND A #002	Dec. 2018
30-025-09333	MOBIL KING #001	Dec. 2018
30-025-09336	MOBIL KING #002	Dec. 2018
30-025-27918	R W COWDEN C #009	Dec. 2018
30-025-10663	STEVENS B 7 #001	Dec. 2018

b. Operator is not in compliance with both the active and inactive well financial assurance requirements, 19.15.8.9 NMAC.

c. For these violations, the Division requested an Order requiring the Operator to plug and abandon the wells by a date certain and, if the Operator fails to plug and abandon the wells, allowing OCD to plug and abandon the wells. The Division also proposed to assess a civil penalty of six thousand dollars (\$6000) for exceeding the inactive well threshold and failing to comply with financial assurance requirements. The Division also sought to revoke Operator's authority to transport.

3. The NOV informed the Operator of the thirty day informal resolution process and stated that if the NOV cannot be resolved informally, the Division will request a hearing on November 9, 2022. (OCD Ex. 2).

4. Operator did not contact the Division during the informal resolution period which expired on or about September 2, 2022.
5. On September 8, 2022, the Division filed and served the Docketing Notice.
6. Operator did not file an answer to the NOV as allowed by 19.15.5.10 (E)(2)(b) NMAC.
7. The Division gave notice of the hearing as required by 19.15.5.10 NMAC.
8. A public hearing on the NOV was held before a Division Hearing Examiner on December 15, 2022. The Division appeared through its counsel, Kaitlyn Luck. Operator did not appear at the hearing.
9. The Division presented the testimony of one witness, Rob Jackson, Compliance Supervisor with the Division's Administrative and Compliance Bureau and offered five exhibits in support of his testimony.
10. Mr. Jackson testified in support of the violations listed in the NOV. Mr. Jackson further testified that he had checked the status of the Operator's wells prior to the hearing and found that the violations were ongoing.
11. The Division provided evidence that the calculations used to determine the proposed penalty amounts were in accordance with the Division's penalty guidance. The Division only presented evidence in support of the \$3000 penalty for inactive well non-compliance. (OCD ex.4).

### **CONCLUSIONS**

12. Based on the testimony and evidence presented at the hearing, the Director concludes that Operator violated, and is continuing to violate the rules issued pursuant to the Oil and

Gas Act, 19.15.5.9(A)(4)(a) NMAC, by failing to plug and properly abandon inactive wells.

13. The Director is authorized to order a well to plugged and abandoned by an operator if the Director concludes that the Operator is violating the Oil and Gas Act or the rules. “If any of the requirements of the Oil and Gas Act or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules.” NMSA 1978, §70-2-14(B).
14. The Oil and Gas Act provides that “[i]n assessing a penalty authorized by this section, the division shall take into account the seriousness of the violation, any good faith efforts to comply with the applicable requirements, any history of noncompliance under the Oil and Gas Act and other relevant factors.” NMSA 1978, §70-2-31(C). The Director concludes that the penalty assessment has considered the factors required by law.
15. The Director concludes that the sanctions proposed by the Division are allowed by law, 19.15.5.10(B) NMAC, and are supported by the record in this case.

### **ORDER**

1. Operator’s authority to transport from all wells is hereby revoked.
2. Operator shall plug and abandon the ten wells listed in paragraph 2(a) no later than 30 days after issuance of this Order.
3. If Operator fails to plug and abandon the wells listed in paragraph 2(a) within 30 days of issuance of this Order, the Division is authorized to plug and abandon the wells and to

forfeit the financial assurance for the wells. Operator shall pay the excess cost to plug and abandon the wells no later than 30 days after actual or attempted service of the Division's written demand.

4. Operator is assessed civil penalties in the amount of three thousand dollars (\$3000).
5. The Division retains jurisdiction of this matter for the entry of such further orders as it may deem necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
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**ADRIENNE SANDOVAL**  
**DIRECTOR**  
AES/bb

**Date:** 12/23/2022