

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

**IN RE NOTICE OF VIOLATION
ISSUED TO M&M ENERGY, LLC,
OGRID #294619**

**CASE NO. 25165
ORDER NO. R-23741**

FINAL ORDER

This matter came before the Director of the New Mexico Oil Conservation Division (“Division” or “OCD”) on the Notice of Violation (“NOV”) dated on or about December 4, 2024, issued to M&M Energy, LLC, OGRID #294619 (“Respondent”). The Division’s Hearing Examiner conducted a public hearing on February 27, 2025. The Director, having considered the testimony and evidence presented, and being otherwise fully advised in the premises

FINDS, CONCLUDES AND ORDERS:

FINDINGS OF FACT

- 1) The Division has jurisdiction over the parties and the subject matter herein.
- 2) On or about December 4, 2024, the Division issued a NOV, which alleged 3 categories of ongoing violations as demonstrated by OCD Ex.3:
 - a) Respondent is the operator of record of three wells, which the Division showed were not “plugged and abandoned” or placed into “temporary abandonment status.” OCD Ex. 3-A (19.15.25.8 NMAC requires inactive wells be plugged and abandoned or placed into approved temporary abandonment status).
 - b) Respondent is in violation of 19.15.8.9 NMAC by lacking financial assurance for three wells. OCD Ex. 3-B.

- c) Respondent is in violation of 19.15.7.24 NMAC by not filing the required monthly production reports. OCD Ex 3-C. Respondent last filed Form C-115 for any well since January of 2021.
- 3) The NOV requested that the Director order the following relief:
- a) Respondent shall plug and abandon all three wells listed in OCD Ex. 3-A within 30 days after the issuance of this Order or failing to do so, the Division shall assume this liability,
 - b) Respondent's financial assurance is herein forfeited,
 - c) Respondent's authority to transport from all wells listed in OCD Ex. 3-A is hereby terminated, and
 - d) Respondent is hereby held civilly liable in the amount of \$8,100.00 for violations of 19.15.5.9, 19.15.8.9 and 19.15.7.24 NMAC.
- 4) The NOV was duly served and informed Respondent of OCD's informal resolution process. Respondent did not contact the Division during the informal resolution period.
- 5) Respondent did not file a prehearing statement or enter an appearance or otherwise present evidence pursuant to 19.15.5 NMAC.
- 6) On January 16, 2025, OCD filed and served the Docketing Notice on Respondent formally requesting a February 27, 2025 hearing on the merits. Respondent did not answer the NOV pursuant to 19.15.5.10(E)(2)(b) NMAC.

- 7) The hearing on the merits was held both in-person in Pecos Hall and virtually through Microsoft Teams. The Hearing Examiner called the case, but Respondent did not appear.
- 8) Five Exhibits were admitted into evidence in support of the NOV without objection, including notice of the Docketing Statement, and the Affidavit of Nicholas Karns, Compliance Officer and Bond Administrator with the Division's Administrative and Compliance Bureau.
- 9) Mr. Karns, who is qualified as an expert in administrative compliance by the Division, provided the following evidence in support of the ongoing violations:
 - a) As of February 27, 2025, Respondent remained out of compliance with the inactive well requirements of 19.15.25.8 and 19.15.5.9 NMAC. Respondent was the registered operator of three wells, which were inactive and not plugged and abandoned or placed in approved temporary abandonment status. OCD Ex. 3-A.
 - b) Respondent remained out of compliance with 19.15.8.9 NMAC by lacking financial assurance for three wells. OCD Ex. 3-B.
 - c) Respondent remained out of compliance with 19.15.7.24 NMAC, because Respondent had not filed the required C-115 production reports since January of 2021. OCD Ex. 3-C.
 - d) The Notice of Violation and Docketing Notice were sent via US Post Office Certified Mail and email on December 4, 2024, and January 16, 2025 respectively. OCD Ex. 4-5.

- 10) 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). OCD provided evidence that the penalties were reasonable and lawful. OCD Ex. 3-D.

CONCLUSIONS OF LAW

- 11) The Division has met its burden to show by a preponderance of evidence that:
- a) Respondent has violated 19.15.25.8 and 19.15.5.9 NMAC by failing to plug and abandon three inactive wells.
 - b) Respondent has violated 19.15.8.9 NMAC by lacking financial assurance for all three of the subject wells.
 - c) Respondent has violated 19.15.7.24 NMAC by failing to submit the required C-115 forms for all subject wells.
- 12) The civil penalties calculated by the Division are lawful and reasonable under 19.15.5.10(B) NMAC and supported by the evidence in the Administrative and Hearing Records.

ORDER

- 13) Respondent’s authority to transport from wells listed in OCD Ex. 3-A is hereby suspended until such time as Respondent is compliant with this Order and the N.M. Oil and Gas Act.

- 14) Respondent shall plug and abandon all three wells listed in OCD Ex. 3-A, no later than 30 days after issuance of this Order.
- 15) Respondent is hereby liable for civil penalties in the amount of \$8,100.00.
- 16) If Respondent fails to plug and abandon the subject wells as herein directed, the Division is authorized to plug and abandon the wells and to forfeit the financial assurance for the wells. Such plugging activities may include necessary reclamation or remediation work associated with wells that may have been partially plugged and abandoned. Respondent shall be liable to reimburse the Division for the excess costs to plug and abandon the wells within 30 days of the Division's written demand, and the Division may seek indemnification.
- 17) The Division retains jurisdiction on this matter for the entry of such further orders as may be necessary.

IT IS SO ORDERED.



GERASIMOS RAZATOS
ACTING DIRECTOR
OIL CONSERVATION DIVISION

3/6/2025

DATE