

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

IN RE TEAM OPERATING, LLC

NMOCD-ACOI- **201971**

**AGREED COMPLIANCE ORDER FOR INACTIVE WELLS**

Pursuant to the New Mexico Oil and Gas Act ("Act"), NMSA 1978, Section 70-2-1, *et seq.* and 19.15.5.10(E) NMAC, the Director of the Oil Conservation Division ("OCD") and Team Operating, LLC ("Operator") enter into this Agreed Compliance Order for Inactive Wells ("ACOI").

1. OCD is charged with the administration and enforcement of the Oil and Gas Act and its rules and has jurisdiction over Operator and its wells in the state of New Mexico.
2. Operator currently owns two-hundred and seventy-two (272) wells. Operator transferred fifty (50) wells from Legacy Reserves Operating ("Legacy"), with sixty-three (63) additional wells to be transferred from Legacy to Operator, of which operator has eight (8) wells that are currently in inactive well status and will ultimately have one-hundred and thirteen (113) wells that will be in inactive status upon completion of all well transfers.
3. Legacy operates under OGRID 240974.
4. Operator operates under OGRID 332148.
5. OCD is authorized to impose sanctions for violations of the Oil and Gas Act and its rules, including denial or revocation of registrations, applications, permits, authorizations and transfers, and the assessment of civil penalties. See 19.15.5.10 NMAC.
6. Operator requests this ACOI to avoid sanctions for violating the Oil and Gas Act, 19.15.8.9 NMAC, and 19.15.25 NMAC with respect to the Wells.
7. Operator admits the findings of fact and waives any right to appeal from this ACOI.
8. Operator accepts and acknowledges responsibility for any and all costs associated with plugging and abandonment and remediation of the Wells. Specifically, Operator assumes responsibility for any remediation required under 19.15.29 NMAC.
9. Operator must file Change of Operator forms (C-145) for all wells identified in **Exhibit A** within 45 days of execution of this Order.

9. No later than the dates listed in **Exhibit A**, and in any event no later than **June 1, 2025**, Operator shall take one of the following actions for each well:

- a. restore the Well to production and file a C-115;
- b. place the Well on approved temporary abandonment status in accordance with 19.15.25 NMAC; or
- c. plug the Well in accordance with 19.15.25 NMAC and file a C-105.

10. If Operator determines that any well currently identified in **Exhibit A** as being returned to production is unable to return to production, Operator must notify OCD that the well must be plugged and abandoned on or before the production deadline in **Exhibit A**. Operator must plug and abandon any such well within six months of the production deadline, except as approved by OCD for good cause shown.

11. No later than the 15<sup>th</sup> day of each month following the entry of this ACOI, Operator shall file a report describing the action taken for each Well, and such other information as OCD may request from time to time. The report shall be sent by electronic mail to OCD's Administrative and Compliance Bureau, at [OCDAdminComp@state.nm.us](mailto:OCDAdminComp@state.nm.us).

12. Operator must provide sufficient blanket financial assurance for the Wells under 19.15.8.9(C) NMAC prior to OCD's approval of any well transfer, including proof of any financial assurance as required by BLM.

13. Operator agrees that any lapse in financial assurance, regardless of cause, is a violation of OCD rules and the terms of this Order and is subject to daily stipulated penalties.

14. Operator is not required to provide additional inactive well financial assurance under 19.15.8.9(D) NMAC at this time so long as Operator is compliant with all deadlines established in this Order and **Exhibit A**. Should Operator fail to meet any deadline in **Exhibit A**, Operator shall provide adequate additional inactive well financial assurance for all qualifying wells within 30 days of the lapse of any applicable deadline.

15. If Operator fails to comply with a requirement of this ACOI for a Well, the Well shall be deemed to be out of compliance with the Oil and Gas Act and rules.

16. If Operator fails to comply with a requirement of this ACOI, no later than thirty (30) days after receipt of a written demand from OCD, in addition to any other sanction imposed by OCD pursuant to the Oil and Gas Act and the rules adopted thereunder, Operator shall pay a stipulated penalty of \$250.00 for each day until it complies with each applicable requirement ("Stipulated Penalty"). Operator acknowledges that each failure to comply with a requirement of this ACOI shall be subject to a separate Stipulated Penalty.

17. If Operator fails to pay the Stipulated Penalty or portion thereof within thirty (30) days after receipt of a written demand from OCD, it shall pay interest on the Stipulated Penalty or unpaid portion thereof until paid in full at the interest rate of 8.75 percent annual interest.

18. Operator shall not transfer a Well to another operator without the prior approval of the OCD.

19. If Operator fails to plug a Well as required herein, OCD retains the right, to which Operator agrees, to plug such well itself with thirty (30) days prior written notice to the Operator of its failure to plug consistent with the requirements of this Agreement. OCD also retains the right to pursue recovery of any such costs from the Operator under the Act or other applicable law.

20. Notwithstanding the foregoing provisions,

- a. OCD reserves the right to apply for authorization to plug a Well and to forfeit the financial assurance at an early date then specified herein if the Well poses an imminent threat to the public health or environment.
- b. OCD reserve the right to sanction Operator for any alleged violation not addressed in this Order.

**NEW MEXICO OIL CONSERVATION DIVISION**



Dylan Fuge (Acting)  
Director

6/6/24

Date



King Tomlinson  
Vice President  
Team Operating, LLC

May 9, 2024

Date

Exhibit A							
<b>Operator Name:</b>	Team Operating, LLC						
<b>Operator OGRID:</b>	332148						
<b>ACOI submittal Date:</b>							
<b>ACOI Approval Date:</b>							
<b>Total Number of Non-Compliant Wells:</b>	114						
<b>Number of Wells per month brought into production or plugged:</b>	4.38						
<b>ACOI # : (Assigned by OCD)</b>	201971						
<b>List of Noncompliant Wells</b>							
API	Well Name/Number	Plug or Produce?	Date of plugging or production	Date of Last Production	Financial Assurance Single well or Blanket bond?	Amount of Financial Assurance	Current Status
3002510383	LMPSU #101	Plug	3/1/2024				PNR
3002535828	RUBY 2	Plug	3/1/2024				PNR
3002505313	L R CHAMBERLIN #003	Produce	3/7/2024				INACTIVE
3002510384	LMPSU #102	Plug	3/7/2024				PNR
3002510480	LMPSU #134	Plug	3/14/2024				PNR
3002523772	LMPSU #139	Plug	3/20/2024				PNR
3002523771	LMPSU #141	Plug	3/27/2024				PNR
3002510423	LMPSU #161	Plug	4/3/2024				PNR
3002510473	LMPSU #192	Plug	4/10/2024				PNR
3002510495	LMPSU #241	Plug	4/17/2024				PNR
3002510498	LMPSU #251	Plug	4/24/2024				PNR
3002510494	LMPSU #286	Plug	5/1/2024				PNR
3002511902	SOUTH JUSTIS H27	Produce	5/8/2024	8/11/2021			INACTIVE
3002536701	LMPSU #47	Plug	5/15/2024				PNR
3002510518	LMPSU #291	Plug	5/22/2024				PNR

3002531658	LMPSU #105	Plug	5/29/2024			PNR
3002511909	SOUTH JUSTIS F28	Produce	6/5/2024	1/1/2010		INACTIVE
3002509558	COOPER JAL UNIT 107	Plug	6/12/2024			PNR
3002505234	LEA G STATE #5	Plug	6/19/2024			PNR
3002505237	LEA G STATE #8	Plug	6/26/2024			PNR
3002538180	COOPER JAL UNIT 501 (SQ	Plug	7/3/2024			PNR
3002538189	COOPER JAL UNIT 504 (SQ	Plug	7/10/2024			PNR
3002512432	SOUTH JUSTIS I24	Produce	7/17/2024	1/1/2010		INACTIVE
3002538202	COOPER JAL UNIT 509 (SQ	Plug	7/24/2024			PNR
3002538270	COOPER JAL UNIT 508 (SQ	Plug	7/31/2024			PNR
3002510581	SKELLY PENROSE A UNIT 00	Plug	8/7/2024			PNR
3002511901	SOUTH JUSTIS G28	Produce	8/14/2024	9/5/2019		INACTIVE
3002510563	SKELLY PENROSE A UNIT 00	Plug	8/21/2024			PNR
3002510598	SKELLY PENROSE A UNIT 00	Plug	8/28/2024			PNR
3002510625	SKELLY PENROSE A UNIT 00	Plug	9/4/2024			PNR
3002510618	SKELLY PENROSE A UNIT 00	Plug	9/11/2024			PNR
3002511918	SOUTH JUSTIS H30	Produce	9/18/2024	8/30/2021		INACTIVE
3002510597	SKELLY PENROSE A UNIT 00	Plug	9/25/2024			PNR
3002510607	SKELLY PENROSE A UNIT 00	Plug	10/2/2024			PNR
3002510609	SKELLY PENROSE A UNIT 00	Plug	10/9/2024			PNR
3002524773	SKELLY PENROSE A UNIT 00	Plug	10/16/2024			PNR
3002532179	SKELLY PENROSE A UNIT 00	Plug	10/23/2024			PNR
3002533783	SKELLY PENROSE A UNIT 00	Plug	10/30/2024			PNR
3002533785	SKELLY PENROSE A UNIT 00	Plug	11/6/2024			PNR
3002509610	COOPER JAL UNIT 237 (SQ	Produce	11/13/2024	2/9/2021		INACTIVE
3002511720	SOUTH JUSTIS E22	Plug	11/20/2024			PNR
3002511761	SOUTH JUSTIS E23	Plug	11/27/2024			PNR
3002511763	SOUTH JUSTIS E24	Plug	12/4/2024			PNR
3002510401	LMPSU #523	Produce	12/11/2024	8/6/2021		INACTIVE
3002511907	SOUTH JUSTIS G27	Plug	12/18/2024			PNR
3002511921	SOUTH JUSTIS E29	Plug	12/25/2024			PNR
3002511774	SOUTH JUSTIS H24	Plug	1/1/2025			PNR
3002510604	SKELLY PENROSE A UNIT 00	Produce	1/8/2025	10/5/2021		INACTIVE
3002522061	SOUTH JUSTIS E14	Plug	1/15/2025			PNR

3002520121	SOUTH JUSTIS E181	Plug	1/22/2025				PNR
3002532405	SOUTH JUSTIS F120	Plug	1/29/2025				PNR
3002523748	SOUTH JUSTIS F13	Plug	2/5/2025				PNR
3002533913	SKELLY PENROSE A UNIT 00	Produce	2/12/2025	1/5/2021			INACTIVE
3002511565	SOUTH JUSTIS F18	Plug	2/19/2025				PNR
3002524168	SOUTH JUSTIS G13	Plug	2/26/2025				PNR
3002530498	STATE 29 COM 1	Plug	3/5/2025				PNR
3002511541	SOUTH JUSTIS C12	Produce	3/12/2025	8/26/2021			INACTIVE
3002511777	STATE Y #9	Plug	3/19/2025				PNR
3002505275	J M DENTON #1	Plug	3/26/2025				PNR
3002505278	J M DENTON #4	Plug	4/2/2025				PNR
3002505279	J M DENTON #5	Plug	4/9/2025				PNR
3002520391	SOUTH JUSTIS C14	Produce	4/16/2025	6/17/2021			INACTIVE
3002505284	J M DENTON #10	Plug	4/23/2025				PNR
3002505311	L R CHAMBERLIN #005	Plug	4/30/2025				PNR
3002511721	IDA WIMBERLEY 11 BLNB	Plug	5/7/2025				PNR
3002511765	SOUTH JUSTIS F26	Produce	5/14/2025	9/2/2021			INACTIVE
3002532832	IDA WIMBERLEY 20	Plug	5/21/2025				PNR
3002503026	PENROC STATE BJ 1	Plug	5/28/2025				PNR
3002503028	PENROC STATE BJ 3	Plug	6/4/2025				PNR
3002536144	PHILLIPS 1 (LEA NM)	Plug	6/11/2025				PNR
3002511566	SOUTH JUSTIS G17	Produce	6/18/2025	10/27/2021			INACTIVE
3001532438	SHUGART STATE COM #2	Plug	6/25/2025				PNR
3002525495	DENTON DINERO #1	Plug	7/2/2025				PNR
3002532322	SOUTH JUSTIS C131	Plug	7/9/2025	6/10/2021			INACTIVE
3002511564	SOUTH JUSTIS G18	Produce	7/16/2025	8/13/2021			INACTIVE
3002511785	SOUTH JUSTIS G26	Produce	7/23/2025	6/15/2021			INACTIVE
3002511572	SOUTH JUSTIS H18	Produce	7/30/2025	8/7/2021			INACTIVE
3002532306	SOUTH JUSTIS H20	Produce	8/6/2025	8/18/2021			INACTIVE
3002509621	COOPER JAL UNIT 206	Produce (Injector)	8/13/2025				INACTIVE
3002528108	LMPSU #310	Produce	8/20/2025	8/20/2019			INACTIVE
3002520547	SOUTH JUSTIS B12	Produce	8/27/2025	5/9/2019			INACTIVE
3002511704	SOUTH JUSTIS D21	Produce	9/3/2025	9/25/2019			INACTIVE
3002511701	SOUTH JUSTIS D22	Produce	9/10/2025	8/2/2019			INACTIVE

3002511892	SOUTH JUSTIS D27	Produce	9/17/2025	11/6/2019		INACTIVE
3002511557	SOUTH JUSTIS E16	Produce	9/24/2025	7/10/2019		INACTIVE
3002511571	SOUTH JUSTIS E17	Produce	10/1/2025	10/11/2019		INACTIVE
3002511718	SOUTH JUSTIS E21	Produce	10/8/2025	10/15/2019		INACTIVE
3002511903	SOUTH JUSTIS F27	Produce	10/15/2025	8/30/2019		INACTIVE
3002511762	SOUTH JUSTIS G24	Produce	10/22/2025	5/14/2019		INACTIVE
3002524326	SOUTH JUSTIS F12	Produce	10/29/2025	11/8/2018		INACTIVE
3002520993	SOUTH JUSTIS D28	Produce	11/5/2025	10/12/2018		INACTIVE
3002521184	SOUTH JUSTIS B16	Produce	11/12/2025	4/4/2016		INACTIVE
3002510599	SKELLY PENROSE A UNIT 00	Produce	11/19/2025	11/14/2013		INACTIVE
3002510414	LMPSU #131	Produce	11/26/2025	1/1/2010		INACTIVE
3002510476	LMPSU #221	Produce	12/3/2025	10/4/2011		INACTIVE
3002511751	SOUTH JUSTIS E201	Produce	12/10/2025	3/21/2012		INACTIVE
3002512442	SOUTH JUSTIS I30	Produce	12/17/2025	1/1/2010		INACTIVE
3002523617	LMPSU #262	Produce	12/24/2025	1/1/2010		INACTIVE
3002510417	LMPSU #32	Produce	12/31/2025	1/1/2010		INACTIVE
3002510577	LMPSU #361	Produce	1/7/2026	1/1/2010		INACTIVE
3002510580	LMPSU #364	Produce	1/14/2026	1/1/2010		INACTIVE
3002510505	LMPSU #392	Produce	1/21/2026	1/1/2010		INACTIVE
3002510387	LMPSU #71	Produce	1/28/2026	1/1/2010		INACTIVE
3002521078	SOUTH JUSTIS B13	Produce	2/4/2026	1/1/2010		INACTIVE
3002520464	SOUTH JUSTIS B18	Produce	2/11/2026	1/1/2010		INACTIVE
3002520081	SOUTH JUSTIS B19	Produce	2/18/2026	1/1/2010		INACTIVE
3002520130	SOUTH JUSTIS C11	Produce	2/25/2026	1/1/2010		INACTIVE
3002511582	SOUTH JUSTIS C18	Produce	3/4/2026	1/1/2010		INACTIVE
3002531736	SOUTH JUSTIS E240	Produce	3/11/2026	1/1/2010		INACTIVE
3002511749	SOUTH JUSTIS F19	Produce	3/18/2026	1/1/2010		INACTIVE
3002523838	SOUTH JUSTIS G14	Produce	3/25/2026	1/1/2010		INACTIVE
3002532308	SOUTH JUSTIS G15	Produce	4/1/2026	1/1/2010		INACTIVE
3002511567	SOUTH JUSTIS G181	Produce	4/8/2026	1/1/2010		INACTIVE
3002521461	SOUTH JUSTIS H16	Produce	4/15/2026	1/1/2010		INACTIVE