

**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 WESTBROOK OIL CORPORATION, FOR WELLS
OPERATED IN LEA AND EDDY COUNTIES, NEW MEXICO.**

CASE NO. 16042

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 Westbrook Oil Corporation, (“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 New Mexico profit corporation that operates 38 wells in Lea, Eddy and Roosevelt Counties, New Mexico, under OGRID No. 36671. 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 2264, Hobbs, NM 88241.

3. The New Mexico Secretary of State has Operator registered under entity number 1634286 and identifies Barbara Wolfe, Secretary and John Westbrook, President, as officers of record.

4. Operator has one blanket bond filed, bond # 1036544, with the OCD, from Lexon Insurance Company, for the amount of \$50,000.

5. Operator has additionally furnished the OCD with 4 single well bonds on file with the OCD from Lexon Insurance Company for a total amount of \$34,110.

6. Operator's has provided single well financial assurance for the following wells:

- a. Double SS #002, API # 30-025-28450, \$8,295;
- b. Red Cloud #001, API # 30-025-30737, \$8,193;
- c. Roy Whitten #001, API # 30-025-09452, \$8,730;
- d. Wilson B State #001, API # 30-025-03408, \$8,892.

7. Bank's address of record is: 155 NE 100th Street, Suite 201, Seattle, WA 98125.

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 thirty-eight (38) 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 June 30, 2016, 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.

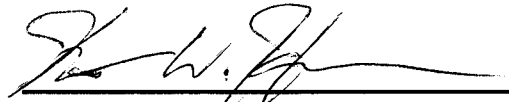
WHEREFORE, the Bureau, by and through its compliance and enforcement manager, hereby applies to the Director to enter an Order:

- 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 until
compliance with the order is achieved;
- F. for such other and further relief as the Director deems just and proper
under the circumstances.

RESPECTFULLY SUBMITTED,
this 20th day of February, 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. 16042 **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Westbrook Oil Corporation, for Wells Operated in Lea and Eddy Counties, 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 Westbrook Oil Corporation, ("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

36671 WESTBROOK OIL CORP

Total Well Count: 38

Printed On: Monday, February 19 2018

Property	Well Name	Lease Type	ULSTR	OCD Unit Letter	API	Well Type	Last Prod/Inj	Inactive Additional Bond Due	Measured Depth	Required Bond Amount	Bond Required Now	Covered By Blanket TA Bond	Bond In Place	In Violation
25516	ARCO JAMISON #001Y	P	D-22-24S-37E	D	30-025-24053	O	07/2015	08/01/2017	6500	11500	Y		0	Y
14526	COMANCHERO #002	P	G-15-25S-37E	G	30-025-31202	G	07/2014	08/01/2016	3025	8025	Y		0	Y
13986	COWDEN FEDERAL #001	F	K-04-21S-29E	K	30-015-20025	G	02/2016		12770				0	
17960	DOUBLE SS #001	P	N-26-24S-36E	N	30-025-28210	S	12/2017	01/01/2020	3275	8275			0	
	DOUBLE SS #002	P	C-35-24S-36E	C	30-025-28450	O	05/1991	06/01/1993	3295	8295	Y		8,295	
19102	EL PASO PRITCHARD FEDERAL #001	F	J-09-25S-37E	J	30-025-26373	G	11/2017		3280				0	
13983	GRANDI #001	P	E-22-22S-27E	E	30-015-24205	G	12/2017	01/01/2020	Unknown	Unknown			0	
14527	HARRISON #001	F	L-27-25S-37E	L	30-025-11805	G	08/2016		3270				0	
19092	HENRY HARRISON #001	P	N-20-24S-37E	N	30-025-26036	G	12/2017	01/01/2020	3816	8816			0	
20351	HUBER STATE #001	S	G-02-14S-33E	G	30-025-22559	O	01/2016	02/01/2018	10243	15243	Y		0	Y
20352	J MCCLELLAN #001	P	K-15-06S-33E	K	30-041-20573	O	12/2017	01/01/2020	8120	13120			0	
14539	JOHN WILLIAMS #008	P	H-34-24S-37E	H	30-025-21748	O	04/2017	05/01/2019	5850	10850			0	
	JOHN WILLIAMS #009	P	A-34-24S-37E	A	30-025-21765	O	04/2017	05/01/2019	5855	10855			0	
32750	MONUMENT #004	S	G-12-19S-36E	G	30-025-35121	O			4520				0	
19120	MYERS B #002	F	H-11-24S-36E	H	30-025-09543	G	01/2011		3172				0	
32716	PENROC MONUMENT #001	S	H-12-19S-36E	H	30-025-03996	O	12/2017	01/01/2020	3900	8900			0	
	PENROC MONUMENT #003	S	F-12-19S-36E	F	30-025-29039	O	12/2017	01/01/2020	4100	9100			0	
32717	PENROC STATE #001	S	C-32-24S-37E	C	30-025-11316	O	12/2017	01/01/2020	3586	8586			0	
32719	PENROC STATE Q #001	S	L-36-23S-36E	L	30-025-09481	G	08/2017	09/01/2019	3600	8600			0	
33061	PHILLIPS A STATE #001	S	P-29-21S-35E	P	30-025-03520	O	02/2014	03/01/2016	4007	9007	Y		0	Y
33062	PHILLIPS B STATE #001	S	L-28-21S-35E	L	30-025-03516	O	02/2014	03/01/2016	3920	8920	Y		0	Y
33063	PHILLIPS C STATE #001	S	A-32-21S-35E	A	30-025-03530	O	02/2014	03/01/2016	3847	8847	Y		0	Y
	PHILLIPS C STATE #002	S	H-32-21S-35E	H	30-025-03531	O	02/2014	03/01/2016	3942	8942	Y		0	Y
16411	PRICHARD A #001	F	G-09-25S-37E	G	30-025-11511	G	12/2017		3169				0	
14530	RED CLOUD #001	P	3-03-25S-37E	C	30-025-30737	G	05/1994	06/01/1996	3193	8193	Y		8,193	
	RED CLOUD #003	P	O-03-25S-37E	O	30-025-31075	O	04/2013	05/01/2015	3100	8100	Y		0	Y
14538	ROY WHITTEN #001	P	C-33-23S-36E	C	30-025-09452	G	07/2006	08/01/2008	3730	8730	Y		8,730	
19101	SANTA FE FEDERAL #001	F	M-27-25S-37E	M	30-025-26563	G	02/2011		3400				0	
301284	STATE B #001	S	N-18-21S-37E	N	30-025-06655	O	06/2015	07/01/2017	3810	8810	Y		0	Y
14525	TOMMY GALLAGHER #001	S	5-02-16S-35E	E	30-025-27193	O	12/2017	01/01/2020	10650	15650			0	
14536	VAUGHAN A 12 #001	F	E-12-24S-36E	E	30-025-09546	G	12/2017		3680				0	
	VAUGHAN A 12 #002	F	D-12-24S-36E	D	30-025-25586	G	12/2017		3700				0	
14537	WHITE CLOUD #001	F	1-03-25S-37E	A	30-025-31404	O	02/2010		2900				0	
19093	WHITTEN #001	P	A-33-23S-36E	A	30-025-09455	G	06/2017	07/01/2019	3635	8635			0	
33064	WILSON B STATE #001	S	3-03-21S-35E	C	30-025-03408	O	06/2006	07/01/2008	3892	8892	Y		8,892	
19283	WOOLWORTH #003	P	J-28-24S-37E	J	30-025-11274	G	12/2017	01/01/2020	3536	8536			0	
14540	ZATTU CUSHING #001	F	F-23-24S-36E	F	30-025-09606	O	12/2017		3505				0	
	ZATTU CUSHING #002	F	F-23-24S-36E	F	30-025-25122	O	12/2017		3231				0	

WHERE Ogrid:36671

Inactive Well List

Total Well Count: 38 Inactive Well Count: 18
Printed On: Monday, February 19 2018

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-24053	ARCO JAMISON #001Y	D-22-24S-37E	D	36671	WESTBROOK OIL CORP	P	O	07/2015			
1	30-025-31202	COMANCHERO #002	G-15-25S-37E	G	36671	WESTBROOK OIL CORP	P	G	07/2014			
2	30-015-20025	COWDEN FEDERAL #001	K-04-21S-29E	K	36671	WESTBROOK OIL CORP	F	G	02/2016	STRAWN		
1	30-025-28450	DOUBLE SS #002	C-35-24S-36E	C	36671	WESTBROOK OIL CORP	P	O	05/1991		T	6/10/2013
1	30-025-11805	HARRISON #001	L-27-25S-37E	L	36671	WESTBROOK OIL CORP	F	G	08/2016	JALMAT YATES		
1	30-025-22559	HUBER STATE #001	G-02-14S-33E	G	36671	WESTBROOK OIL CORP	S	O	01/2016			
1	30-025-09543	MYERS B #002	H-11-24S-36E	H	36671	WESTBROOK OIL CORP	F	G	01/2011			
1	30-025-03520	PHILLIPS A STATE #001	P-29-21S-35E	P	36671	WESTBROOK OIL CORP	S	O	02/2014			
1	30-025-03516	PHILLIPS B STATE #001	L-28-21S-35E	L	36671	WESTBROOK OIL CORP	S	O	02/2014			
1	30-025-03530	PHILLIPS C STATE #001	A-32-21S-35E	A	36671	WESTBROOK OIL CORP	S	O	02/2014			
1	30-025-03531	PHILLIPS C STATE #002	H-32-21S-35E	H	36671	WESTBROOK OIL CORP	S	O	02/2014			
1	30-025-30737	RED CLOUD #001	3-03-25S-37E	C	36671	WESTBROOK OIL CORP	P	G	05/1894			
1	30-025-31075	RED CLOUD #003	O-03-25S-37E	O	36671	WESTBROOK OIL CORP	P	O	04/2013	RECLASS TO OIL JALMAT 7R		
1	30-025-09452	ROY WHITTEN #001	C-33-23S-36E	C	36671	WESTBROOK OIL CORP	P	G	07/2006			
1	30-025-26563	SANTA FE FEDERAL #001	M-27-25S-37E	M	36671	WESTBROOK OIL CORP	F	G	02/2011	INT TO WATER DISPOSAL DENIED 12/01/2010		
1	30-025-06655	STATE B #001	N-18-21S-37E	N	36671	WESTBROOK OIL CORP	S	O	06/2015			
1	30-025-31404	WHITE CLOUD #001	1-03-25S-37E	A	36671	WESTBROOK OIL CORP	F	O	02/2010			
1	30-025-03408	WILSON B STATE #001	3-03-21S-35E	C	36671	WESTBROOK OIL CORP	S	O	06/2008	SEVEN RIVERS		

WHERE Ogrid:36671, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period