

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE  
ORDER AGAINST BAR V BARB, LLC, FOR WELLS OPERATED IN CHAVES  
COUNTY, NEW MEXICO.**

FEB 20 2018 PM05:00  
CASE NO. 16046

**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 Bar V Barb, LLC, ("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 limited liability company that operates 17 wells in Chaves County, New Mexico, under OGRID No. 371067. 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: 701 W. Country Club Road, Roswell, NM 88201.

3. The New Mexico Secretary of State has Operator registered under entity number 5140471.

4. Operator has additionally furnished the OCD with 3 single well bonds on file with the OCD from Valley Bank of Commerce for a total amount of \$20,473.

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

- a. South Lucky Lake Queen Unit #001, API # 30-005-60360, \$6,825;
- b. South Lucky Lake Queen Unit #001A, API # 30-005-60332, \$6,848;
- c. South Lucky Lake Queen Unit #002, API # 30-005-60371, \$6,800.

6. Bank's address of record is: 217 West Second, Roswell, NM 88201.

7. 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.

8. 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.

9. The Operator currently has 4 wells out of a total of 17 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*.

10. On August 9, 2017, 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.

11. 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 20<sup>th</sup> day of February, 2018 by



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Case No. 16046. **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Bar V Barb, LLC, for Wells Operated in Chaves County, 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 Bar V Barb, LLC, (“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).

# Exhibit 1: Well List and Financial Assurance Report

## Inactive Well Additional Financial Assurance Report

371067 BAR V BARB LLC

Total Well Count: 17

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 Market TA Bond	Bond In Place	In Violation
315979	FEDERAL 21 #001	F	O-21-14S-30E	O	30-005-20403	O	09/2017		2150				0	
315980	FEDERAL 28 #001	F	G-28-14S-30E	G	30-005-20361	O	09/2017		11018				0	
	FEDERAL 28 #003	F	B-28-14S-30E	B	30-005-20372	O	09/2017		2148				0	
315977	SOUTH LUCKY LAKE QUEEN UNIT #001	S	P-16-15S-29E	P	30-005-60360	O	09/2017	10/01/2019	1825	6825			6,825	
	SOUTH LUCKY LAKE QUEEN UNIT #001A	S	O-16-15S-29E	O	30-005-60332	I	04/2013	05/01/2015	1848	6848	Y		6,848	
	SOUTH LUCKY LAKE QUEEN UNIT #001B	F	F-22-15S-29E	F	30-005-60213	I	07/2013		1827				0	
	SOUTH LUCKY LAKE QUEEN UNIT #001E	F	M-15-15S-29E	M	30-005-61227	I	07/2013		1950				0	
	SOUTH LUCKY LAKE QUEEN UNIT #001F	F	H-21-15S-29E	H	30-005-60244	I	07/2013		1863				0	
	SOUTH LUCKY LAKE QUEEN UNIT #002	S	N-16-15S-29E	N	30-005-60371	O	09/2017	10/01/2019	1800	6800			6,800	
	SOUTH LUCKY LAKE QUEEN UNIT #002B	F	M-22-15S-29E	M	30-005-60375	O	09/2017		1870				0	
	SOUTH LUCKY LAKE QUEEN UNIT #002C	F	A-21-15S-29E	A	30-005-60361	O	09/2017		1880				0	
	SOUTH LUCKY LAKE QUEEN UNIT #002X	F	D-27-15S-29E	D	30-005-60382	O	09/2017		1818				0	
	SOUTH LUCKY LAKE QUEEN UNIT #002Z	F	E-22-15S-29E	E	30-005-60350	O	09/2017		1875				0	
	SOUTH LUCKY LAKE QUEEN UNIT #003	F	D-22-15S-29E	D	30-005-60352	O	09/2017		1875				0	
	SOUTH LUCKY LAKE QUEEN UNIT #003B	F	K-22-15S-29E	K	30-005-60377	O	09/2017		1884				0	
315978	W R MEANS #002	F	J-28-14S-30E	J	30-005-20384	O	09/2017		2170				0	
	W R MEANS #003	F	O-28-14S-30E	O	30-005-20386	O	09/2017		2210				0	

WHERE Ogrid:371067

## Inactive Well List

Total Well Count: 17 Inactive Well Count: 4  
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
2	30-005-60332	SOUTH LUCKY LAKE QUEEN UNIT #001A	O-16-15S-29E	O	371067	BAR V BARB LLC	S	I	04/2013			
2	30-005-60213	SOUTH LUCKY LAKE QUEEN UNIT #001B	F-22-15S-29E	F	371067	BAR V BARB LLC	F	I	07/2013			
2	30-005-61227	SOUTH LUCKY LAKE QUEEN UNIT #001E	M-15-15S-29E	M	371067	BAR V BARB LLC	F	I	07/2013			
2	30-005-60244	SOUTH LUCKY LAKE QUEEN UNIT #001F	H-21-15S-29E	H	371067	BAR V BARB LLC	F	I	07/2013			

WHERE Ogrid:371067, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period