

**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 RMR OPERATING, LLC, FOR WELLS OPERATED IN LEA
COUNTY, NEW MEXICO.**

CASE NO. 16073

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 RMR Operating, 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 Foreign limited liability company that operates 9 wells in Lea County, New Mexico, under OGRID No. 281085. 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: 415 W. Wall Street, Suite 1700, Midland, TX 79701.

3. The New Mexico Secretary of State has Operator registered under entity number 4429312.

4. Operator has one blanket bond filed with the OCD, bond no. OCD1069, from Wells Fargo Bank, for the amount of \$50,000.

5. Operator has additionally furnished the OCD with 4 single well bonds on file with the OCD from Wells Fargo Bank for a total amount of \$35,130.

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

- a. Marlo 16 State #001, API # 30-025-26546, \$8,800;
- b. Marlo 16 State #004, API # 30-025-26646, \$8,780;
- c. Marlo 16 State #008, API # 30-025-26752, \$8,750;
- d. Marlo 16 State #009, API # 30-025-26753, \$8,800.

7. Wells Fargo Bank's address of record is: 420 Montgomery Street, San Francisco, CA 94104.

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 6 wells out of a total of 9 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 February 12, 2018, 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 6th day of March, 2018 by



Keith W. Herrmann
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Attorney for the Compliance and
Enforcement Bureau

Case No. 16073. **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against RMR Operating, LLC, for Wells Operated in Lea 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 RMR Operating, 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).

Inactive Well Additional Financial Assurance Report

281085 RMR OPERATING, LLC

Total Well Count: 9

Printed On: Thursday, March 01 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
309571	BIG BRAVE STATE #001	S	A-33-26S-36E	A	30-025-40169	O	01/2017	02/01/2019	999	5999			0	
309572	GOOD CHIEF STATE #001	S	A-28-26S-36E	A	30-025-40170	O	07/2016	08/01/2018	3873	8873			0	
310011	MARALO 16 STATE #001	S	D-16-26S-36E	D	30-025-26546	O	11/1982	12/01/1984	3800	8800	Y		8,800	
	MARALO 16 STATE #002	S	E-16-26S-36E	E	30-025-26644	O	03/2016	04/01/2018	3770	8770			0	
	MARALO 16 STATE #004	S	F-16-26S-36E	F	30-025-26646	O	02/2003	03/01/2005	3780	8780	Y		8,780	
	MARALO 16 STATE #006Y	S	M-16-26S-36E	M	30-025-26806	O	03/2016	04/01/2018	3800	8800			0	
	MARALO 16 STATE #008	S	K-16-26S-36E	K	30-025-26752	O	03/2002	04/01/2004	3750	8750	Y		8,750	
	MARALO 16 STATE #009	S	L-16-26S-36E	L	30-025-26753	O	10/2012	11/01/2014	3800	8800	Y		8,800	
	MARALO 16 STATE #010	S	O-16-26S-36E	O	30-025-26805	O	12/2017	01/01/2020	3800	8800			0	

WHERE Ogrid 281085

Inactive Well List

Total Well Count: 9 Inactive Well Count: 6
Printed On: Thursday, March 01 2018

District	API	Well	ULSTR	OCD UnR	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
1	30-025-40170	GOOD CHIEF STATE #001	A-28-26S-36E	A	281085	RMR OPERATING, LLC	S	O	07/2016	YATES SPUD 07/13/11		
1	30-025-26644	MARALO 16 STATE #002	E-16-26S-36E	E	281085	RMR OPERATING, LLC	S	O	03/2016	RWTP 12/31/2011		
1	30-025-26646	MARALO 16 STATE #004	F-16-26S-36E	F	281085	RMR OPERATING, LLC	S	O	02/2003	TA 02/15/2012 TA EXP 02/15/2013	T	2/15/2013
1	30-025-26806	MARALO 16 STATE #006Y	M-16-26S-36E	M	281085	RMR OPERATING, LLC	S	O	03/2016	RWTP 01/11/2012		
1	30-025-26752	MARALO 16 STATE #008	K-16-26S-36E	K	281085	RMR OPERATING, LLC	S	O	03/2002	TA 02/15/12 TA EXP 02/15/2013	T	2/15/2013
1	30-025-26753	MARALO 16 STATE #009	L-16-26S-36E	L	281085	RMR OPERATING, LLC	S	O	10/2012	RWTP 12/17/2011		

WHERE Ogrid:281085, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period