

State of New Mexico
Energy, Minerals and Natural Resources Department

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**BY CERTIFIED MAIL -RETURN RECEIPT REQUESTED
AND ELECTRONIC MAIL**

July 20, 2021

LLJ Ventures, LLC
dba Marker Oil & Gas
P.O. Box 3188
Roswell, New Mexico 88202
Larrym_gdc@hotmail.com

NOTICE OF VIOLATION

The Director of the Oil Conservation Division (“OCD”) issues this Notice of Violation (“NOV”) pursuant to 19.15.5.10 NMAC. A process is available to informally discuss and resolve the NOV. OCD will not request a hearing on the NOV until the end of this process, which runs for 30 days from the date of your receipt of this letter. OCD will extend this process if it would facilitate informal resolution of the NOV. To initiate this process, contact the OCD employee identified at the end of this letter.

(1) *Alleged Violator:* LLJ Ventures, LLC, dba Marker Oil & Gas, OGRID # 372279 (“LLJ”).

(2) *Citation, Nature, and Factual and Legal Basis for Alleged Violation(s):*

19.15.5.9(A) NMAC:

An operator is in compliance with Subsection A of 19.15.5.9 NMAC if the operator...

(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 or final 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 fifty percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less....

LLJ is registered as the operator of one hundred sixty five (165) wells, of which the one hundred sixteen (116) wells identified in Table 1 are out of compliance with 19.15.25.8 NMAC and are not subject to an agreed compliance or final order:

Table 1:

<u>API</u>	<u>Well</u>	<u>Last Production Reported</u>
30-005-10228	FEDERAL #008	Apr-10
30-005-61749	FEDERAL HJ #009	Apr-10
30-005-61750	FEDERAL HJ #010	Apr-10
30-005-60440	JOHNSON IL #001	Apr-11
30-005-60428	FEDERAL HJ #002	Apr-11
30-015-02358	RUSSELL USA #011	Aug-13
30-005-62292	CANNON ET AL #002	Feb-17
30-005-60928	COOPER #001	Feb-17
30-005-60929	COOPER #002	Feb-17
30-005-60949	TAMARACK QF STATE #001	Feb-17
30-005-61693	TAMARACK QF STATE #002	Feb-17
30-005-60445	ELLIOTT FEDERAL #002	Feb-17
30-005-10033	ENGLAND FEDERAL #001	Feb-17
30-005-10137	ENGLAND FEDERAL #002	Feb-17
30-015-02305	CAROLINE #001	Sep-18
30-015-02306	CAROLINE #003	Sep-18
30-015-02307	CAROLINE #004	Sep-18
30-015-02308	CAROLINE #005	Sep-18
30-015-02309	CAROLINE #006	Sep-18
30-005-62298	COMANCHE PQ FEDERAL #003	Sep-18
30-005-00066	COMANCHE PQ FEDERAL #004	Sep-18
30-005-00059	ELLIOTT FEDERAL #001	Sep-18
30-015-01633	ASTON & FAIR A #001	Jan-19
30-015-10184	STATE #006	Jan-19
30-015-21623	STATE #007	Jan-19
30-015-00689	GATES STATE #001	Feb-19
30-015-31036	GATES STATE #003	Feb-19
30-015-00669	HOMAN #001	Feb-19
30-015-21869	FEDERAL K #001	Feb-19
30-005-20727	HOLBROOK B FEDERAL #001	Feb-19
30-005-20742	HOLBROOK B FEDERAL #002	Feb-19
30-015-22183	HUDSON FEDERAL #001	Feb-19
30-015-20479	LOCO HILLS A FEDERAL #001	Feb-19
30-015-20536	LOCO HILLS A FEDERAL #002	Feb-19
30-015-20580	LOCO HILLS A FEDERAL #004	Feb-19
30-015-20611	LOCO HILLS A FEDERAL #006	Feb-19
30-015-20615	LOCO HILLS A FEDERAL #007	Feb-19
30-015-20616	LOCO HILLS A FEDERAL #008	Feb-19
30-015-25109	LOCO HILLS A FEDERAL #009	Feb-19
30-015-20617	LOCO HILLS B FEDERAL #002	Feb-19
30-015-20673	LOCO HILLS B FEDERAL #006	Feb-19

30-015-20675	LOCO HILLS B FEDERAL #008	Feb-19
30-015-25110	LOCO HILLS B FEDERAL #009	Feb-19
30-015-25241	ARTESIA STATE #001	Mar-19
30-015-25394	ARTESIA STATE #002	Mar-19
30-015-25997	LAUREL STATE #001	Mar-19
30-015-25675	LAUREL STATE #002	Mar-19
30-015-31319	LAUREL STATE #003	Mar-19
30-015-04064	FEDERAL JJ #001	Mar-19
30-015-22155	FEDERAL JJ #004	Mar-19
30-015-04411	FEDERAL L #004	Mar-19
30-015-23213	FEDERAL L #007	Mar-19
30-015-04410	FEDERAL M #005	Mar-19
30-015-04069	FEDERAL Q #002	Mar-19
30-015-04070	FEDERAL Q #003	Mar-19
30-015-04072	FEDERAL Q #005	Mar-19
30-015-04115	FEDERAL R #001	Mar-19
30-015-04170	FEDERAL R #002	Mar-19
30-015-04171	FEDERAL R #003	Mar-19
30-015-20620	FEDERAL R #005	Mar-19
30-015-22018	FEDERAL R #006	Mar-19
30-015-06186	RUSSELL USA #049	Mar-19
30-015-06187	RUSSELL USA #050	Mar-19
30-005-61499	CANNON FEE #003	Apr-19
30-025-27944	CASA STATE #001	May-19
30-025-28115	CASA STATE #002	May-19
30-025-21947	JOANNIE #001	May-19
30-025-24718	JOANNIE #003	May-19
30-025-24548	JOANNIE #004	May-19
30-015-05178	KERSEY STATE #001	May-19
30-015-26086	KERSEY STATE #003	May-19
30-005-20528	FEDERAL 9 #001	May-19
30-015-04065	FEDERAL KK #002	May-19
30-015-04067	FEDERAL KK #004	May-19
30-015-21694	GULF FEDERAL #002	May-19
30-015-29976	SHINNERY FEDERAL #001	May-19
30-005-20836	VEST FEDERAL #001	May-19
30-005-21016	WALTERS B FEDERAL #001	May-19
30-005-21051	WALTERS B FEDERAL #002	May-19
30-005-20462	WALTERS FEDERAL #002	May-19
30-005-00044	CANNON #001	Jun-19
30-005-00042	CANNON #002	Jun-19
30-005-61892	CANNON ET AL #001Y	Jun-19
30-005-60680	CANNON FEE #001	Jun-19
30-005-61234	CANNON FEE #002Y	Jun-19
30-005-00071	MARY ANN CANNON #001	Jul-19
30-005-00072	MARY ANN CANNON #002	Jul-19
30-005-00073	MARY ANN CANNON #003	Jul-19
30-005-00062	MARY ANN CANNON #004	Jul-19

30-005-10109	MARY ANN CANNON #005	Jul-19
30-005-10110	MARY ANN CANNON #006	Jul-19
30-005-00067	DEKALB FEDERAL #001	Jul-19
30-015-02345	RUSSELL USA #001	Jul-19
30-015-02352	RUSSELL USA #006	Jul-19
30-015-02362	RUSSELL USA #014	Jul-19
30-015-02364	RUSSELL USA #016	Jul-19
30-015-02367	RUSSELL USA #018	Jul-19
30-015-02374	RUSSELL USA #025	Jul-19
30-015-02376	RUSSELL USA #027	Jul-19
30-015-02377	RUSSELL USA #028	Jul-19
30-015-02381	RUSSELL USA #032	Jul-19
30-015-02382	RUSSELL USA #033	Jul-19
30-015-02386	RUSSELL USA #037	Jul-19
30-015-02387	RUSSELL USA #038	Jul-19
30-015-02391	RUSSELL USA #042	Jul-19
30-015-10204	RUSSELL USA #056	Jul-19
30-015-20231	RUSSELL USA #067	Jul-19
30-015-20463	RUSSELL USA #068	Jul-19
30-015-26491	RUSSELL USA #069	Jul-19
30-015-36103	RUSSELL USA #070	Jul-19
30-005-00074	LEONARD FEDERAL #001	Jan-20
30-005-00076	LEONARD FEDERAL #004	Jan-20
30-005-00052	MOHAWK #001	Jan-20
30-015-02638	EDDY BOA STATE #001	Feb-20
30-015-02314	HELEN #001	Feb-20
30-005-62817	ALLEN FEDERAL #001	Feb-20

19.15.8.9 NMAC:

C. Active wells. *An operator shall provide financial assurance for wells that are covered by Subsection A of 19.15.8.9 NMAC and are not subject to Subsection D of 19.15.8.9 NMAC in one of the following categories:*

(1) *a one well financial assurance in the amount of \$25,000 plus \$2 per foot of the projected depth of a proposed well or the depth of an existing well; the depth of a well is the true vertical depth for vertical and horizontal wells and the measured depth for deviated and directional wells; or*

(2) *a blanket plugging financial assurance in the following amounts covering all the wells of the operator subject to Subsection C of 19.15.8.9 NMAC...*

(c) *\$125,000 for 51 to 100 wells....*

LLJ is registered as the operator of sixty four (64) state and private wells identified in Table 2 for which it should have blanket plugging financial assurance of \$125,000, but has no blanket plugging or one well financial assurance.

Table 2:

<u>API</u>	<u>Well</u>
30-015-00663	ACREY #002
30-015-25670	ACREY #005
30-015-34090	ACREY #006
30-015-25241	ARTESIA STATE #001
30-015-25394	ARTESIA STATE #002
30-015-01633	ASTON & FAIR A #001
30-005-00044	CANNON #001
30-005-00042	CANNON #002
30-005-61892	CANNON ET AL #001Y
30-005-62292	CANNON ET AL #002
30-005-60680	CANNON FEE #001
30-005-61234	CANNON FEE #002Y
30-005-61499	CANNON FEE #003
30-015-02305	CAROLINE #001
30-015-02306	CAROLINE #003
30-015-02307	CAROLINE #004
30-015-02308	CAROLINE #005
30-015-02309	CAROLINE #006
30-025-27944	CASA STATE #001
30-025-28115	CASA STATE #002
30-015-39029	CONKLIN #001Y
30-015-00690	CONKLIN #002
30-005-60928	COOPER #001
30-005-60929	COOPER #002
30-015-00693	DELHI #001
30-015-00654	DELHI #002
30-015-01217	DELHI #003
30-015-00680	DELHI #004
30-015-00651	DELHI #005
30-015-00691	DELHI #006
30-015-00646	DELHI #007
30-015-23358	DELHI #008
30-015-02638	EDDY BOA STATE #001
30-015-00689	GATES STATE #001
30-015-31036	GATES STATE #003
30-015-02314	HELEN #001
30-015-00669	HOMAN #001
30-025-21947	JOANNIE #001
30-025-24718	JOANNIE #003
30-025-24548	JOANNIE #004
30-005-60440	JOHNSON IL #001

30-015-05178	KERSEY STATE #001
30-015-26086	KERSEY STATE #003
30-015-25997	LAUREL STATE #001
30-015-25675	LAUREL STATE #002
30-015-31319	LAUREL STATE #003
30-005-00071	MARY ANN CANNON #001
30-005-00072	MARY ANN CANNON #002
30-005-00073	MARY ANN CANNON #003
30-005-00062	MARY ANN CANNON #004
30-005-10109	MARY ANN CANNON #005
30-005-10110	MARY ANN CANNON #006
30-005-10111	MARY ANN CANNON #007
30-015-02315	MARY LOU #001
30-015-02316	MARY LOU #002
30-015-02318	MARY LOU #004
30-015-02319	MARY LOU #005
30-015-10184	STATE #006
30-015-21623	STATE #007
30-015-34089	STATE A #003
30-015-36342	STATE A #004
30-005-61716	STEVENS PEDCO #001
30-005-60949	TAMARACK QF STATE #001
30-005-61693	TAMARACK QF STATE #002

19.15.8.9 NMAC:

D. Inactive wells. *An operator shall provide financial assurance for wells that are covered by Subsection A of 19.15.8.9 NMAC that have been in temporarily abandoned status for more than two years or for which the operator is seeking approved temporary abandonment pursuant to 19.15.25.13 NMAC in one of the following categories:*

- (1) a one well financial assurance in the amount of \$25,000 plus \$2 per foot of the projected depth of a proposed well or the depth of an existing well; the depth of a well is the true vertical depth for vertical and horizontal wells and the measured depth for deviated and directional wells; or*
- (2) a blanket plugging financial assurance covering all wells of the operator subject to Subsection D of 19.15.8.9 NMAC...*
- (d) \$1,000,000 for more than 25 wells.*

LLJ has thirty (30) inactive wells identified in Table 3 for which it should have blanket plugging financial assurance of \$1,000,000 or one well financial assurance of \$887,670, but has no blanket plugging financial assurance and one well financial assurance of only \$12,904:

Table 3:

API	Well	Existing FA	Required FA
30-005-60440	JOHNSON IL #001	6,100	27,200

30-005-62292	CANNON ET AL #002	0	33,660
30-005-60928	COOPER #001	0	27,220
30-005-60929	COOPER #002	0	27,210
30-005-60949	TAMARACK QF STATE #001	0	27,500
30-005-61693	TAMARACK QF STATE #002	0	27,300
30-015-02305	CAROLINE #001	0	27,356
30-015-02306	CAROLINE #003	0	27,410
30-015-02307	CAROLINE #004	0	27,344
30-015-02308	CAROLINE #005	0	27,312
30-015-02309	CAROLINE #006	0	27,250
30-015-01633	ASTON & FAIR A #001	0	29,508
30-015-10184	STATE #006	0	27,682
30-015-21623	STATE #007	0	27,732
30-015-00689	GATES STATE #001	0	26,114
30-015-31036	GATES STATE #003	0	26,228
30-015-00669	HOMAN #001	6,804	28,608
30-015-25241	ARTESIA STATE #001	0	28,150
30-015-25394	ARTESIA STATE #002	0	28,226
30-015-25997	LAUREL STATE #001	0	28,380
30-015-25675	LAUREL STATE #002	0	28,380
30-015-31319	LAUREL STATE #003	0	28,260
30-005-61499	CANNON FEE #003	0	26,782
30-025-27944	CASA STATE #001	0	35,340
30-025-28115	CASA STATE #002	0	35,400
30-025-21947	JOANNIE #001	0	43,400
30-025-24718	JOANNIE #003	0	33,862
30-025-24548	JOANNIE #004	0	34,140
30-015-05178	KERSEY STATE #001	0	32,356
30-015-26086	KERSEY STATE #003	0	32,360

(3) *Compliance*: No later than thirty (30) days after receipt of this NOV, LLJ shall (a) plug and abandon at least one hundred eleven (111) wells listed in Table 1; (b) obtain blanket plugging financial assurance in the amount of \$125,000 for the wells identified in Table 2; and (c) obtain blanket plugging financial assurance of \$1,000,000 or one well financial assurance in the required amounts for the wells identified in Table 3.

(4) *Sanction(s)*: OCD may impose one or more of the following sanctions:

- civil penalty
- modification, suspension, cancellation, or termination of a permit or authorization
- plugging and abandonment of a well
- remediation and restoration of a well location and associated facilities, including the removal of surface and subsurface equipment and other materials
- remediation and restoration of a location affected by a spill or release
- forfeiture of financial assurance
- shutting in a well or wells
- any other remedy authorized by law

For the alleged violations described above, OCD proposes the following sanctions:

- (a) Plug and Abandon Wells: OCD will request an order requiring LLJ to plug and abandon one hundred eleven (111) wells identified in Table 1, and if LLJ does not appear at the hearing or fails to plug and abandon the wells, an order authorizing OCD to plug and abandon those wells.
- (b) Blanket Plugging Financial Assurance: OCD will request an order requiring LLJ to provide blanket plugging financial assurance in the amount of \$125,000 for the wells identified in Table 2, and if LLJ does not appear at the hearing or fails to obtain the required financial assurance, an order forfeiting financial assurance.
- (c) Inactive Well Financial Assurance: OCD will request an order requiring LLJ to provide either blanket plugging financial assurance of \$1,000,000 or one well financial assurance in the required amounts for the wells identified in Table 3, and if LLJ does not appear at the hearing or fails to obtain the required financial assurance, an order forfeiting financial assurance.
- (d) Termination of Authorization to Transport: OCD will request an order terminating LLJ's authority to transport from the sixty four (64) registered wells identified in Table 1.
- (e) Civil Penalties: OCD proposes to assess civil penalties as specified below. The civil penalty calculations are attached. OCD has taken into consideration the alleged violator's good faith effort to comply with the applicable requirements.

Civil Penalty: 19.15.5.9(A)(4)(a) NMAC:	\$ 44,400
19.15.8.9(C) NMAC:	\$ 22,400
19.15.8.9(D) NMAC:	\$ 10,500

(5) *Hearing*: If this NOV cannot be resolved informally, OCD will request a hearing on October 6, 2021. Please see 19.15.5.10 NMAC for more information regarding the hearing. Even if OCD schedules a hearing, you can request an informal resolution at any time.

For more information regarding this NOV, contact Karen Collins, Administrative and Compliance Bureau, at (505) 490-2162 or Karen.Collins@state.nm.us.

Regards,



Adrienne Sandoval
Director

cc: OCD Southern District
Office of Legal Counsel, EMNRD