

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

**IN RE JIM PIERCE**

**CASE NO. 24009**

**AFFIDAVIT OF NICHOLAS KARNs**

I, Nicholas Karns, being first duly sworn on oath, states as follows:

1. I am employed as a Compliance Officer within the Administrative Compliance Bureau of the Oil Conservation Division ("OCD"). As a Compliance Officer with OCD my duties include, but are not limited to, reviewing on a monthly basis the compliance status of oil and gas operators in New Mexico concerning:

- a. 19.15.5.9 NMAC, which sets forth the compliance standards for wells in New Mexico, including the number of wells an operator may have in inactive status at any one time;
- b. 19.15.28.8 NMAC, which requires wells that are no longer of beneficial use to be plugged; and
- c. 19.15.8 NMAC, which subjects wells in New Mexico to certain financial assurance standards.

2. I have personal knowledge of the matters stated herein.

3. In August 2023, I received OCD's monthly Global Bonding Report ("the Report").

4. In reviewing the August 2023 Report, I determined that the operator Jim Pierce, OGRID# 99439, was out of compliance with 19.15.5.9 and 19.15.28.8 NMAC.

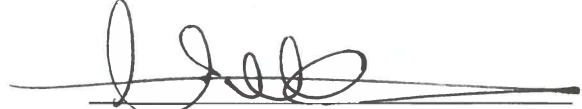
5. The Report indicated that Jim Pierce, OGRID# 99439, operated and was the responsible party for nine (9) wells. *See Exhibit 2.*

6. Of the nine (9) wells operated by Mr. Pierce, none have reported production in the past fifteen (15) months prior to issuance of the underlying NOV.

7. Per to 19.15.5.9(B) NMAC, because Mr. Pierce's wells reported no production over the fifteen (15) months prior to issuance of the underlying NOV, the nine (9) wells are inactive and are therefore out of compliance.

8. Finally, Mr. Pierce operated and is the responsible party for one well, API# 30-015-0459, which is not covered by financial assurance as required by 19.15.5.9 NMAC, resulting in API# 30-015-0459 being non-compliant on those grounds.

9. None of the nine (9) wells at issue in this case have been plugged or abandoned, nor have those wells been approved for temporary abandonment status as required by 19.15.25.8 NMAC.

  
Nicholas Karns

SUBSCRIBED AND SWORN before me on this December 5, 2023.

  
Notary Public

My Commission Expires:

DECEMBER 7, 2026

