

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

RECEIVED OCD
2016 MAR -1 P 3: 35

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER
AGAINST TOM R. CONE FOR WELLS OPERATED IN EDDY AND LEA
COUNTIES, NEW MEXICO.**

CASE NO. 15462

APPLICATION

The New Mexico 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 §70-2-12 for a compliance order (1) determining operator Tom R. Cone (“Operator”) is out of compliance with OCD rules 19.15.5.9, 19.15.7.24, and 19.15.25.8; (2) requiring Operator to return to compliance with OCD rules; and (3) in the event of non-compliance, finding the Operator in violation of a Division order, 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 § 70-2-14(E), NMSA 1978. In support of this Application, the OCD states:

1. Operator is a New Mexico sole proprietor that operates twenty-two total wells in Eddy and Lea Counties, New Mexico, under OGRID No. 188152. See *Exhibit 1: Well-List*, attached hereto and incorporated by reference as if set forth in its entirety.
2. Operator’s mailing address of record with the OCD is: 1304 W. Broadway Pl., Hobbs, NM 88240.

3. 19.15.7.24 NMAC requires that C-115(s) (Monthly Production Reports) be filed electronically on or before the 15th day of the second month following the month of production.

4. The OCD has not received the required C-115(s) Monthly Production Reports from Operator since October 2009.

5. Because Operator failed to file required Monthly Production Reports, OCD issued a letter notifying Operator of its violation in **October 2014**. The letter notified Operator that its authorization to transport from or inject into all wells it operates was revoked pursuant to 19.15.7.24 C. NMAC.

6. The letter of violation required Operator to contact OCD immediately to schedule a compliance conference if Operator wished to restore its transportation and injection authority.

7. As of the date of this Application, Operator has not contacted the OCD to schedule a compliance conference.

8. As of the date of this Application, Operator has not filed Monthly Production Reports as required by 19.15.7.24 NMAC since October 2009 and no response from Operator has been received by the OCD.

9. The Operator's wells named in *Exhibit I: Well List* are now on OCD's inactive well list.

10. 19.15.25.8 B. 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 activities; (2) a determination that a well is no longer usable for a beneficial purpose; or (3) a period of one year of continuous inactivity.

11. 19.15.8.13 NMAC authorizes the Division Director to order the Operator to plug and abandon any well not in compliance with 19.15.25.8 NMAC and restore and remediate the location by a date certain.

12. NMSA 1978, Sections 70-2-12 and 70-2-38 authorize the Division to plug and abandon wells and restore and remediate the location of abandoned wells.

13. 19.15.5.9 A.(4) NMAC states that an operator is compliant with Subsection A of 19.15.5.9 NMAC if no more than the following number of wells it operates are out of compliance with 19.15.25.8 NMAC (Wells to be Properly Abandoned): two wells or 50 percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less; five wells if the operator operates between 101 and 500 wells; seven wells if the operator operates between 501 and 1000 wells; and 10 wells if the operator operates more than 1000 wells.

14. Operator currently has **22** wells out of a total of **22** wells out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9 A.(4) NMAC.

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

- A. Determining that Operator violated 19.15.7.24 NMAC by failure to submit electronically filed C-115(s) on or before the 15th day of the second month following the month of production;
- B. Determining that Operator is out of compliance with Division Rule 19.15.7.24 NMAC;
- C. Requiring Operator to file the required C-115(s) monthly reports, in accordance with 19.15.7.24 NMAC, by a date certain;

- D. Determining that the wells identified in *Exhibit 1* have been inactive for a period in excess of one year plus 90 days and are not in compliance with Division Rule 19.15.25.8 NMAC and requiring Operator to return to compliance with 19.15.25.8 NMAC, by a date certain;
- E. In the event of non-compliance with the sought Division order by the dates established by the Division, 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 as permitted by § 70-2-14(E), NMSA 1978;
- F. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED, this
1 day of March, 2016 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) 476-3462

Attorney for the Compliance and
Enforcement Bureau

Case No. 15462. **Application Of The New Mexico Oil Conservation Division Compliance And Enforcement Bureau for a Compliance Order against Tom R. Cone, for Wells Operated in Eddy and Lea Counties, New Mexico.** The New Mexico Oil Conservation Division Compliance and Enforcement Bureau in the above styled case seeks a compliance order (1) determining operator Tom R. Cone ("Operator") is out of compliance with OCD rules, 19.15.5.9, 19.15.7.24, and 19.15.25.8; (2) requiring Operator to return to compliance with OCD rules; and (3) in the event of non-compliance, finding the Operator in violation of a Division order, 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 § 70-2-14(E), NMSA 1978.

Exhibit 1: Well List – Page 1 of 1

Well API No.	Name	Lease Type	Last Production
30-015-03457	Cone 22 Federal #001	F	10/2009
30-015-05739	Donnelly Pan American #001Y	F	10/2009
30-015-04597	Federal 13 #001	F	10/2009
30-015-04599	Federal 13 #002	F	10/2009
30-015-05765	Federal 18 #001	F	10/2009
30-015-20146	Federal 18 #003	F	10/2009
30-025-00909	Gulf Federal #001	F	10/2009
30-025-00910	Gulf Federal #002	F	9/2009
30-025-20876	Gulf Federal #003	F	10/2009
30-015-05597	North Shugart Queen Unit #001	F	9/2009
30-015-05592	North Shugart Queen Unit #002	F	9/2009
30-015-05588	North Shugart Queen Unit #003	F	9/2009
30-015-05591	North Shugart Queen Unit #004	F	9/2009
30-015-05593	North Shugart Queen Unit #005	F	10/2009
30-015-05598	North Shugart Queen Unit #006	F	9/2009
30-015-05599	North Shugart Queen Unit #007	F	9/2009
30-015-05586	North Shugart Queen Unit #008	F	9/2009
30-015-05587	North Shugart Queen Unit #009	F	9/2009
30-015-05590	North Shugart Queen Unit #010	F	10/2009
30-015-05600	North Shugart Queen Unit #011	F	9/2009
30-025-00906	Southern California Pet Federal #001	F	10/2009
30-015-04600	Southern California Petroleum Corp #001	F	10/2009