

**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 ICA ENERGY OPERATING, L.L.C. FOR ITS WELL
OPERATED IN ROOSEVELT COUNTY, NEW MEXICO.**

96
CASE NO. 15920
15606

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 1978, §70-2-12 for a compliance order (1) determining operator ICA Energy Operating, L.L.C. ("Operator") is out of compliance with 19.15.5.9 and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9 and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the well abandoned, and authorizing the OCD to plug the violating well in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E). This application deals specifically with Operator's violations of OCD rules 19.15.5.9 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 OCD states:

1. Operator is a foreign limited liability company that operates one (1) well in Roosevelt County, New Mexico, under OGRID No. 178694. See *Exhibit 1: Well List*, attached hereto and incorporated by reference as if set forth in its entirety.

2. Operator's address of record with OCD is: P.O. Box 2712, Odessa, TX 79760.

3. The New Mexico Secretary of State has Operator registered under corporation number 2021475 and identifies Mike Irons and John Nichols as Managers.

4. 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.

5. 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.

6. Operator currently operates one (1) well in Roosevelt County, the Crume #001, API No. 30-041-20601 ("subject well"). See *Exhibit 1*.

7. The last reported injection into the subject well was a volume of 59 MCf in the reporting period for May 1995.

8. Operator reported zero production from June 1995 to May 2001. The OCD has not received any monthly production reports from Operator since May 2001.

9. Operator has one single well cash plugging bond filed with the OCD, bond number OCD1027, from Wells Fargo Bank, NA, for the amount of \$12,851.

10. Operator has one blanket bond filed with the OCD, bond number OCD658, from Norwest Bank of New Mexico, for the amount of \$50,000.

11. Wells Fargo Bank, NA, is successor in interest to Norwest Bank of New Mexico. Its address of record is 101 N. Phillips Avenue, Sioux Falls, SD 57104.

12. Operator currently has one (1) well out of a total of one (1) well out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9(A)(4) NMAC. See *Exhibit 1: Inactive Well List*.

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

- A. determining that Operator is in violation of 19.15.5.9 and 19.15.25.8 NMAC;
- B. requiring Operator to return to compliance with 19.15.5.9 and 19.15.25.8 NMAC within thirty (30) days of the issuance of a Division Order by plugging the well pursuant to 19.15.25 NMAC;
- C. in the event of non-compliance with the sought Division Order by the dates established by the OCD, finding Operator in violation of a Division order, declaring the violating well abandoned and authorizing the Division to plug the subject well in accordance with a Division-approved plugging program and restore and remediate the location and recover costs from Operator's financial assurance as required by 19.15.8.13 NMAC and seek indemnification as permitted by NMSA 1978, § 70-2-14(E);
- D. for such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 15 day of November, 2016
by



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Energy, Minerals and Natural
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Case No. ¹⁶⁰⁶~~15560~~ **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against ICA Energy Operating, L.L.C. for its Well Operated in Roosevelt County, New Mexico.** The New Mexico Oil Conservation Division Compliance and Enforcement Bureau, ("Bureau") 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) (1) determining operator ICA Energy Operating, L.L.C. ("Operator") is out of compliance with 19.15.5.9 and 19.15.25.8 NMAC; (2) requiring Operator to return to compliance with 19.15.5.9 and 19.15.25.8 NMAC; and (3) in the event of non-compliance, finding Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the well abandoned, and authorizing the OCD to plug the violating well in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E).