

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

2017 MAR 25 10 3 00

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

CASE NO 15705

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 Southwestern Inc (Operator) is out of compliance with 19-15-8 NMAC and NMSA 1978 § 70-2-14 (2) requiring Operator to return to compliance with 19-15-8 NMAC and (3) in the event of non-compliance finding the Operator in violation of a Division order for each day after the deadline established in the sought order to obtain acceptable financial assurance This application deals specifically with Operator s violations of OCD rules regarding financial assurance 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 operates 3 wells in Eddy and Lea Counties New Mexico under OGRID No 21386

2 Operator s address of record with OCD is 1304 W Broadway Pl Hobbs NM 88240

3 NMSA 1978 § 70 2-14 requires that each person firm corporation or association who operates any oil gas or service well within the state as a condition precedent to drilling or producing the well furnish financial assurance in the form of an irrevocable letter of credit or a cash or surety bond or a well specific plugging insurance policy to the OCD running to the benefit of the state and conditioned that the well be plugged and abandoned and the location restored and remediated in compliance with OCD rules

4 19 15 8 9 C NMAC states that an operator shall cover a well that has been in temporary abandonment for more than two years by either a one-well financial assurance or a blanket plugging financial assurance for wells in temporarily abandoned status

5 Operator currently needs acceptable financial assurance for the following wells

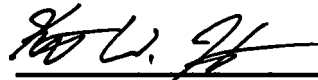
- a Humble State #001 API # 30 015-01900 \$7 502 required bond amount
- b Humble State #002 API # 30-015 01969 \$7 433 required bond amount
- c State VC #001 API # 30 025-03035 \$14 075 required bond amount

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 8 NMAC
- B Determining that Operator is in violation of NMSA 1978 § 70 2 14

- C Requiring Operator to provide the OCD with acceptable financial assurance within 30 days of the issuance of an order
- 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
- E For such other and further relief as the Director deems just and proper under the circumstances

RESPECTFULLY SUBMITTED
this 25 day of April 2017 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 15705 **Application of The New Mexico Oil Conservation Division Compliance and Enforcement Bureau for a Compliance Order against Southwestern, Inc , for Wells Operated in Eddy and Lea Counties, New Mexico**
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 Southwestern Inc (Operator) is out of compliance with 19 15 8 NMAC and NMSA 1978 § 70-2 14 (2) requiring Operator to return to compliance with 19 15 8 NMAC and (3) in the event of non compliance finding the Operator in violation of a Division order for each day after the deadline established in the sought order to obtain acceptable financial assurance

FILED
JUL 25 2011