



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON

Governor

Joanna Prukop

Cabinet Secretary

Mark E. Fesmire, P.E.

Director

Oil Conservation Division

August 25, 2006

C.W. Trainer
P.O. Box 154
Midland, TX 79702

Re: Notice of Violation #0-06-02

Dear Mr. Trainer:

On July 18, 2006, the Oil Conservation Division (OCD) issued Notice of Violation #0-06-02 to C.W. Trainer (Trainer) alleging that Trainer was in violation of inactive well agreed compliance order 7-A (ACOI 7-A) and OCD Rule 201 [19.15.4.201 NMAC]. The notice stated that the OCD believed that Trainer's misconduct warranted a penalty of not less than \$5,000, and a definite commitment to future corrective action. The notice went on to ask Trainer to schedule an administrative conference to resolve the matter.

In response, the OCD received a check for \$5,000. Trainer did not schedule an administrative conference, and did not address the issue of future corrective action.

OCD records show that four of the wells covered by ACOI 7-A remain out of compliance. Trainer also has three other wells out of compliance with Rule 201.

The OCD will be filing an application for an order requiring Trainer to return all non-compliant inactive wells to compliance with Rule 201 by a date certain.

Sincerely,

Daniel Sanchez
Enforcement and Compliance Manager

Cc: U.S. Specialty Ins. Co.
13403 Northwest Freeway
Houston, TX. 77040
(Bond B001539)

Ec: Gail MacQuesten, OCD Attorney
Chris Williams, OCD District I

OCD Ex. No. 12
Case 13846

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST C W TRAINER 1) FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED 19.15.4.201 NMAC AS TO FOUR WELLS AND ASSESSING PENALTIES FOR THOSE VIOLATIONS; 2) REQUIRING OPERATOR TO RETURN SAID WELLS TO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN; AND 3) AUTHORIZING THE DIVISION TO PLUG SAID WELLS AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE IN THE EVENT OF NON-COMPLIANCE, LEA COUNTY, NEW MEXICO.

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CASE NO. 13846

APPLICATION FOR COMPLIANCE ORDER

1. C W Trainer. ("Operator") is a sole proprietor operating wells in New Mexico under OGRID 3474.

2. Operator has posted a \$50,000 blanket plugging bond, No. B001539, through U.S. Specialty Insurance Company pursuant to NMSA 1978, Section 70-2-14 to secure its obligation to plug and abandon wells on privately owned or state-owned lands in New Mexico in compliance with the rules of the Oil Conservation Division ("Division").

3. Division rule 19.15.4.201 NMAC requires an operator to plug and abandon or temporarily abandon a well in accordance with Division rules within 90 days after a period of one year of continuous inactivity.

4. The following wells ("subject wells") operated by Operator in New Mexico have been inactive for a continuous period exceeding one year plus 90 days, and

are neither plugged and abandoned in accord with 19.15.4.202 NMAC nor on approved temporary abandonment status in accord with 19.15.4.203 NMAC:

- Gulf State Com #001 1-4-15S-35E 30-025-23525 Lea Co.
- Harris Federal #001 O-5-22S-34E 30-025-28551 Lea Co.
- Morse #001 E-27-10S-37E 30-025-04991 Lea Co.
- State GB #001 C-16-15S-36E 30-025-03689 Lea Co.

5. Operator entered into inactive well agreed compliance order 7 (ACOI 7) under which Operator agreed to return three of the subject wells to compliance with 19.15.4.201 NMAC under an agreed schedule and file compliance reports. ACOI 7 expired on December 31, 2005. Operator was assessed, and paid, a \$1,000 penalty for failing to comply with ACOI 7.

6. Operator entered into inactive well agreed compliance order 7-A (ACOI 7-A) under which Operator agreed to return all of the subject wells to compliance by June 30, 2006. ACOI 7-A expired on July 1, 2006, when Operator failed to meet its compliance schedule. Operator was assessed, and paid, a \$5,000 penalty for failing to comply with ACOI 7-A.

7. As of today's date, the subject wells are out of compliance.

8. Division rule 19.15.101(H) NMAC authorizes the Director to order the operator to plug and abandon any well not in compliance with 19.15.4.201 NMAC and restore and remediate the location by a date certain, and to direct the Division to forfeit the financial assurance upon failure or refusal of the operator, surety or other responsible party to properly plug and abandon the well and restore and remediate the location.

9. NMSA 1978, Section 70-2-12(B)(18) and NMSA 1978, Section 70-2-38 authorize the Division to plug and abandon wells, and restore and remediate the location of abandoned wells.

10. NMSA 1978, Section 70-2-31(A) provides that any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation, and that in the case of a continuing violation, each day of violation shall constitute a separate violation.

11. NMSA 1978, Section 70-2-33(A) defines "person" to include sole proprietors.

WHEREFORE, the Enforcement and Compliance Manager of the Division hereby applies to the Director to enter an order:

- A. Determining that the subject wells are not in compliance with 19.15.4.201 NMAC;
- B. Determining that Operator has knowingly and willfully violated 19.15.4.201 NMAC as to the subject wells;
- C. Assessing penalties pursuant to NMSA 1978, Section 70-2-31(A) for the Operator's knowing and willful violation of 19.15.4.201 NMAC as to the subject wells after the expiration of ACOI 7-A;
- D. Requiring the Operator to bring each of the subject wells into compliance with 19.15.4.201 NMAC within a date certain by plugging and abandoning the well in accordance with 19.15.4.202 NMAC, securing

approved temporary abandonment status for the subject well in accordance with 19.15.4.203 NMAC, or returning the subject well to a Division-approved beneficial use; and

E. Further, if the subject wells are not brought into compliance with 19.15.4.201 NMAC by the date set in the order:

(1) Assessing a penalty of \$1,000 per day for each of the subject wells out of compliance with the order;

(2) Authorizing the Division to plug the subject wells in accordance with a Division-approved plugging program; and

(3) If any of the non-compliant subject wells is located on privately owned or state owned lands, authorizing the Division to declare forfeit the security furnished by the Operator; and

F. For such other and further relief as the Director deems just and proper under the circumstances.

RESPECTFULLY SUBMITTED,
this 4th day of December 2006 by



Gail MacQuesten
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) 476-3451

Attorney for The New Mexico Oil
Conservation Division

- Case No. 1384^b~~5~~. Application of the New Mexico Oil Conservation Division for a Compliance Order. The Applicant seeks an order 1) finding that C W Trainer, OGRID 3474, knowingly and willfully violated 19.15.4.201 NMAC as to four wells and imposing penalties for those violations; 2) requiring the operator to return said wells to compliance with 19.15.4.201 NMAC by a date certain; and 3) in the event of non-compliance, authorizing the Division to plug said wells and forfeit the operator's financial assurance. The affected wells are: Gulf State Com #001, 1-4-15S-35E, 30-025-23525; Harris Federal #001, O-5-22S-34E, 30-025-28551; Morse #001, E-27-10S-37E, 30-025-04991; State GB #001, C-16-15S-36E, 30-025-03689. The wells are located in Lea County, New Mexico.