

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

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NMOCD-06-186  
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IN THE MATTER OF H. DWAYNE AND RHONDA K. PARRISH

Respondent.

Case 14164  
Parrish, H. Dwane & Rhonda K.  
OCD Exhibit No. 7

AGREED ORDER DIRECTING COMPLIANCE  
AND ASSESSING CIVIL PENALTY

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the regulations promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico ("OCD") issues this Order to **H. DWAYNE AND RHONDA K. PARRISH** ("Parrish") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Parrish is a sole proprietorship doing business in New Mexico, with a mailing address of 1306 S. 9<sup>th</sup> Street, Artesia, New Mexico 88210. Parrish has been assigned OGRID No. 9759.
3. Parrish is the operator of the Adkins Williams State No. 001, API 30-015-10450, Unit Letter O, Section 17, Township 18S, Range 28E, and the Adkins Williams State No. 006, API 30-015-01906, Unit Letter O, Section 17, Township 18S, Range 28E, all in Eddy County, New Mexico.
4. On July 10, 2006, OCD Deputy Oil and Gas Inspector Gerry Guye performed a mechanical integrity test (hereinafter "MIT") on the injection wells listed above. Both wells failed the requirements of the MITs.
5. OCD Rule 703 [19.15.9.703 NMAC] requires injection wells to be "equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore."
6. By letter dated July 10, 2006, the OCD notified Parrish of the failed MITs. The letter required that the Adkins Williams State No. 001 and the Adkins Williams State No. 006 be shut-in until repaired. The letter informed Parrish that it had to repair the wells by October 13, 2006. To date, neither well has been repaired.

7. On April 26, 2007, the OCD issued a **Notice of Violation (2-01-07)** to Parrish alleging a violation of OCD Rule 703 for each well.
8. At the administrative conference held on July 17, 2007, Parrish admitted that it had received both the Letter of Violation dated July 10, 2006, and the Notice of Violation dated April 26, 2007. OCD District Supervisor Tim Gum said Parrish had contacted the Artesia District Office about the violations after Parrish's receipt of the Letter of Violation and Notice of Violation. Parrish stated that it has not been able to repair the wells because it has had a difficult time trying to get a well service provider that would repair the wells quickly. As a result, Parrish bought a well rig so that it could repair the wells itself. Parrish said it could repair the wells and bring the wells into compliance by August 17, 2007.
9. Parrish knowingly and willfully violated OCD Rule 703 by failing to repair the wells after having been given both verbal and written notice to do the repair.

## II. CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Parrish is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
3. Parrish is subject to civil penalties under NMSA 1978, § 70-2-31(A) at the Adkins Williams State No. 001 for one knowing and willful violation of OCD Rule 703.
4. Parrish is subject to civil penalties under NMSA 1978, § 70-2-31(A) at the Adkins Williams State No. 006 for one knowing and willful violation of OCD Rule 703.

## III. ORDER AND CIVIL PENALTY

1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty totaling **Two Thousand Dollars (\$2,000.00)** against Parrish for two violations of OCD Rule 703 (failing a mechanical integrity test).
2. The entire fine of **Two Thousand Dollars (\$2,000.00)** shall be waived if Parrish meets the following conditions:
  - a. Provide the OCD with documentation that shows that Parrish did contact the well service providers he said he did after he received notice of the well violations. The documents should include the dates of contact and the reasons why the well service providers could not immediately repair the wells. **Parrish shall provide these documents by no later than August 17, 2007;**
  - b. Provide the OCD with documentation that shows that Parrish purchased a well rig to repair the wells. The documents should include the date of purchase. **Parrish shall provide these documents by no later than August 17, 2007;**
  - c. Repair and bring both of the wells into compliance by **August 17, 2007.**

3. If Parrish fails to meet any of the requirements of this Order, the **Two Thousand Dollars (\$2,000.00)** waived shall be reinstated and due immediately. Payment shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.
4. By signing this Order, Parrish expressly:
- a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - b. agrees to comply with Ordering Paragraphs 2 and 3;
  - c. waives any right pursuant to the Oil and Gas Act or otherwise to a hearing either prior or subsequent to the entry of this Order, or to an appeal from this Order; and
  - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended).
5. For good cause shown, Parrish may request an extension to complete the requirements set out in Ordering Paragraphs 2 and 3. Such notification shall reasonably describe the circumstances encountered by Parrish that prevent it from meeting the deadlines set out herein and the date by which that requirement could be met.

Within ten (10) days of receipt of this notice, the OCD shall either approve the extended time requested by Parrish by executing a written amendment of this Order, or notify Parrish that it will not extend the deadline. The OCD's approval of a time extension shall not be unreasonably withheld.

Done at Santa Fe, New Mexico this 3<sup>rd</sup> day of August, 2007.

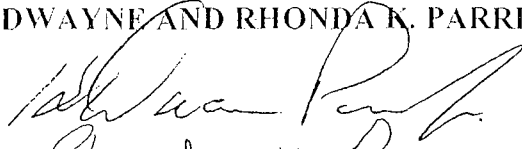
By: 

Mark Fesmire, PE, Director  
Oil Conservation Division

ACCEPTANCE

H. DWAYNE AND RHONDA K. PARRISH hereby accepts the foregoing Order, and agrees to all of the terms and provisions set forth therein.

H. DWAYNE AND RHONDA K. PARRISH

  
By: Rhonda K. Parrish

Title: Owner

Date: 7-26-07