

**Davidson, Florene, EMNRD**

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**From:** Herrmann, Keith, EMNRD  
**Sent:** Thursday, March 12, 2015 3:55 PM  
**To:** pdomenici@domenicilaw.com  
**Cc:** Davidson, Florene, EMNRD  
**Subject:** OCD Case 15271 against Canyon E&P  
**Attachments:** 2015-03-12 Canyon E&P Pre Hearing Statement.pdf; 2015-02-17 Complete Hearing Application.pdf

Pete,

Attached is both my original application for hearing against Canyon E & P and my pre hearing statement for the hearing on March 19. Please let me know if you would like hard copies as well or if electronic service will suffice. If you have any further questions or concerns, please do not hesitate to contact me.

Best Regards  
Keith

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION (“OCD”) COMPLIANCE AND ENFORCEMENT MANAGER FOR A COMPLIANCE ORDER AGAINST CANYON E & P COMPANY, DIRECTORS, AND OFFICERS, JOINTLY AND SEVERALLY, FINDING THAT THE OPERATOR IS IN VIOLATION OF THE OIL AND GAS ACT, NMSA 1978, SECTIONS 70-2-1 *et seq.* AND OCD RULES, NMAC 19.15.2 *et seq.*, REQUIRING OPERATOR TO RETURN TO COMPLIANCE WITH DIVISION RULES BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE, REQUEST FOR ADDITIONAL SANCTIONS.**

**CASE NO. 15271**

**PRE-HEARING STATEMENT**

Applicant Oil Conservation Division (“OCD” or “Division”) is seeking an order declaring:

1. That operator, Canyon E & P Company, (“Canyon” or “Operator”) is in violation of OCD Rules 19.15.5.9, 19.15.25.8, and 19.15.8.9 NMAC.
2. That all of Operator’s wells be shut in until operator complies with all division regulations by a date certain.
3. If Operator does not comply with division order, that Operator is out of compliance with a division order, the division declare all wells abandoned, and authorize the OCD to plug and abandon the operators wells and recover costs from Operator in accordance with OCD Rule 19.15.8.13 NMAC.

The OCD supports the approval because of the following:

1. Notice of Hearing was properly served as required by 19.15.4.9 NMAC and 19.15.4.10 NMAC.
2. Operator’s last reported production from any well(s) was reported for the month of May, 2013.
3. All of Operator’s wells have been inactive in excess of a period of 1 year plus 90 days, and are not plugged or abandoned, nor placed in temporary abandonment status in violation of OCD Rule 19.15.25.8 NMAC
4. On October 31, 2014, Operator had all authority to transport from/inject to all wells revoked by the OCD for failing to report production as required by Division Rule 19.15.7.24 NMAC. They have made no attempt to reinstate their C-104.
5. Operator currently has 227 wells out of a total of 227 wells out of compliance with Division Rule 19.15.25.8 NMAC, exceeding the amount allowed under Division Rule 19.15.5.9 (A)(4) NMAC.

6. Operator currently has 61 wells that require additional bonding in violation of Division Rule 19.15.8.9 NMAC.

### **PETITIONERS'S PROPOSED EVIDENCE**

WITNESS:

ESTIMATED TIME: 15 minutes

Daniel Sanchez, NMOCD Compliance & Enforcement Manager  
Testimony on compliance with OCD Rules.

### **PROCEDURAL MATTERS**

None.

Respectfully submitted  
this 12<sup>th</sup> day of March, 2015 by

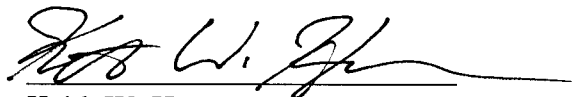


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Attorney for the Oil Conservation Division

## **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was electronically mailed to the following party on March 12, 2015:

Peter Domenici Jr.  
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Keith W. Herrmann