

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

4 IN THE MATTER OF THE HEARING CALLED
5 BY THE OIL CONSERVATION DIVISION FOR
6 THE PURPOSE OF CONSIDERING:

7 APPLICATION OF THE NEW MEXICO OIL CASE NO. 15686
8 CONSERVATION DIVISION COMPLIANCE
9 AND ENFORCEMENT BUREAU FOR A
10 COMPLIANCE ORDER AGAINST PRIMAL
11 ENERGY CORPORATION, FOR WELLS
12 OPERATED IN EDDY AND LEA COUNTIES,
13 NEW MEXICO.

14 REPORTER'S TRANSCRIPT OF PROCEEDINGS

15 EXAMINER HEARING

16 May 11, 2017

17 Santa Fe, New Mexico

18 BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
19 DAVID K. BROOKS, LEGAL EXAMINER

20 This matter came on for hearing before the
21 New Mexico Oil Conservation Division, Michael McMillan,
22 Chief Examiner, and David K. Brooks, Legal Examiner, on
23 Thursday, May 11, 2017, at the New Mexico Energy,
24 Minerals and Natural Resources Department, Wendell Chino
25 Building, 1220 South St. Francis Drive, Porter Hall,
26 Room 102, Santa Fe, New Mexico.

27 REPORTED BY: Mary C. Hankins, CCR, RPR
28 New Mexico CCR #20
29 Paul Baca Professional Court Reporters
30 500 4th Street, Northwest, Suite 105
31 Albuquerque, New Mexico 87102
32 (505) 843-9241

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APPEARANCES

FOR APPLICANT THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU:

KEITH HERRMANN, ESQ.
STATE OF NEW MEXICO OIL CONSERVATION DIVISION
ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT
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EXHIBITS OFFERED AND ADMITTED

Stipulated Order of the Division (Attached)

1 (10:12 a.m.)

2 EXAMINER McMILLAN: I'd like call Case
3 Number 15686, application of the New Mexico Oil
4 Conservation Division Compliance and Enforcement Bureau
5 for a compliance order against Primal Energy
6 Corporation, for wells operated in Eddy and Lea
7 Counties, New Mexico.

8 Call for appearances.

9 MR. HERRMANN: Mr. Examiner, Keith Herrmann
10 representing the Oil Conservation Division Compliance
11 and Enforcement Bureau.

12 EXAMINER McMILLAN: Any other appearances?
13 Please proceed.

14 MR. HERRMANN: Mr. Examiner, one other
15 party did enter their appearance, a Paul Funkhouser, for
16 Primal Energy Corp. And through discussion, we agreed
17 to a stipulated order. I will be submitting two
18 originals for your review and the director's execution,
19 signed by both parties, and one copy for the court
20 reporter.

21 And with that, I move to -- for the
22 Examiner to take this case under advisement.

23 Excuse me. I can summarize a little bit
24 more.

25 EXAMINER McMILLAN: Yeah, summarize.

1 MR. HERRMANN: The operator had ten wells
2 requiring additional financial assurance. And through
3 discussion, the operator believes he'll be able to post
4 that bonding within 60 days, and that was a time period
5 that was agreeable to both parties. So the stipulated
6 order states that bonding will be provided within that
7 time frame.

8 EXAMINER BROOKS: And it appears these
9 stipulated orders have been signed by the Mr. Paul
10 Funkhouser, and he signed as CEO of Primal Energy
11 Corporation; is that correct?

12 MR. HERRMANN: Yes. He's also an attorney
13 licensed in Texas.

14 EXAMINER BROOKS: Okay. So what you're
15 asking is that the stipulated order be entered as an
16 order of the Division?

17 MR. HERRMANN: Yes.

18 EXAMINER BROOKS: Okay. Well, I think
19 that's an acceptable procedure based upon the
20 representation of counsel.

21 Is there a need for any further testimony?

22 MR. HERRMANN: No.

23 EXAMINER McMILLAN: Okay. Case Number
24 15686 shall be taken under advisement.

25 MR. HERRMANN: Thank you, Mr. Examiner.

1 EXAMINER McMILLAN: Thank you.
2 Okay. Let's take a five-minute break.
3 (Case Number 15686 concludes, 10:15 a.m.)
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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

13 I FURTHER CERTIFY that the Reporter's
14 Record of the proceedings truly and accurately reflects
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither
17 employed by nor related to any of the parties or
18 attorneys in this case and that I have no interest in
19 the final disposition of this case.

20

21

22 MARY C. HANKINS, CCR, RPR
23 Certified Court Reporter
24 New Mexico CCR No. 20
25 Date of CCR Expiration: 12/31/2017
Paul Baca Professional Court Reporters