

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER
AGAINST LODESTONE OPERATING, INC., FOR WELLS OPERATED IN LEA
COUNTY, NEW MEXICO.**

CASE NO. 20196

PRE-HEARING STATEMENT

Applicant Oil Conservation Division Compliance and Enforcement Bureau ("OCD" or "Bureau") is seeking an order declaring:

1. That Lodestone Operating, Inc., ("Lodestone Operating, Inc." or "Operator") is out of compliance with 19.15.5.9(A)(4), and 19.15.25.8 NMAC.
2. That Operator must comply with OCD Rules within 45 days of the issuance of a Division order.
3. That Operator must shut-in all producing wells until compliance is achieved.
4. If Operator does not comply with Division order, find that Operator is out of compliance with a Division order, shutting in all producing wells (if not already done), declare the wells abandoned, and authorize the OCD to plug the violating wells in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification and costs as permitted by NMSA 1978, § 70-2-14(E).

The Bureau 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. The Operator was notified of the divisions intent to commence enforcement action as required by 19.15.5.9(B) NMAC.
3. The Bureau will present evidence that Operator currently has 1 well out of compliance with Division Rule 19.15.25.8 NMAC, exceeding the amount allowed by 19.15.5.9(A)(4) NMAC.

PETITIONERS'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME: 5 minutes

Daniel Sanchez, NMOCD Compliance and Enforcement Manager

Testimony on compliance with OCD Rules.

The Bureau reserves the right to call additional witnesses not listed herein on rebuttal.

PROCEDURAL MATTERS

None.

Respectfully submitted
this 2nd day of January, 2019 by



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was electronically mailed to the following party on January 2, 2019:

No party has entered an appearance.



Keith W. Herrmann