

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

5 APPLICATION OF THE NEW MEXICO OIL  
6 CONSERVATION DIVISION FOR A  
7 COMPLIANCE ORDER AGAINST CHARLES  
8 SEED, SUCCESSORS, HEIRS, AND  
9 ASSIGNS OF LEASE NUMBER SEED  
10 SECTION 30.

CASE NO. 15128

ORIGINAL

9 REPORTER'S TRANSCRIPT OF PROCEEDINGS

10 EXAMINER HEARING

11 May 15, 2014

12 Santa Fe, New Mexico

13  
14 BEFORE: RICHARD EZEANYIM, CHIEF EXAMINER  
15 GABRIEL WADE, LEGAL EXAMINER  
16  
17

RECEIVED OCD  
2014 MAY 19 P 3:19

18 This matter came on for hearing before the  
19 New Mexico Oil Conservation Division, Richard Ezeanyim,  
20 Chief Examiner, and Gabriel Wade, Legal Examiner, on  
21 Thursday, May 15, 2014, at the New Mexico Energy,  
22 Minerals and Natural Resources Department, 1220 South  
23 St. Francis Drive, Porter Hall, Room 102, Santa Fe,  
24 New Mexico.

22 REPORTED BY: Mary C. Hankins, CCR, RPR  
23 New Mexico CCR #20  
24 Paul Baca Professional Court Reporters  
25 500 4th Street, Northwest, Suite 105  
Albuquerque, New Mexico 87102  
(505) 843-9241

## 1 APPEARANCES

2 FOR APPLICANT NEW MEXICO OIL CONSERVATION DIVISION:

3 KEITH HERRMANN, ESQ.  
 4 STATE OF NEW MEXICO OIL CONSERVATION DIVISION  
 5 ENERGY, MINERALS & NATURAL RESOURCES DEPARTMENT  
 6 OFFICE OF GENERAL COUNSEL  
 7 1220 South St. Francis Drive  
 8 Santa Fe, New Mexico 87505  
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## 20 EXHIBITS OFFERED AND ADMITTED

21 NMOCD Exhibit Numbers 1 through 5	5
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1 (8:26 a.m.)

2 EXAMINER EZEANYIM: The record will reflect  
3 that at this time I call Case Number 15128, application  
4 of the New Mexico Oil Conservation Division for a  
5 compliance order against Charles Seed, successors,  
6 heirs, and assigns of lease number Seed Section 30.

7 Call for appearances.

8 MR. HERRMANN: Keith Herrmann for the Oil  
9 Conservation Division.

10 EXAMINER EZEANYIM: Any other appearances,  
11 please?

12 Do you have witnesses?

13 MR. HERRMANN: Yes. I'll call my first  
14 witness, Mr. Daniel Sanchez.

15 EXAMINER EZEANYIM: May the witness stand,  
16 state your name and be sworn, please.

17 DANIEL SANCHEZ,  
18 after having been first duly sworn under oath, was  
19 questioned and testified as follows:

20 DIRECT EXAMINATION

21 BY MR. HERRMANN:

22 Q. Will you please state your name for the record?

23 A. Daniel Sanchez.

24 Q. And what is your title?

25 A. I'm the compliance and enforcement manager for

1 the OCD.

2 Q. And where do you work?

3 A. Here in Santa Fe with the Oil Conservation  
4 Division.

5 Q. Could you briefly describe your duties that you  
6 perform for the OCD?

7 A. I oversee the four district offices, oversee  
8 the UIC program, the administrative personnel within the  
9 Division and all enforcement and compliance issues that  
10 come up for the Division.

11 Q. Have you researched the violations alleged in  
12 this action against Mr. Seed?

13 A. Yes, I have.

14 Q. Could you explain how the investigation began?

15 A. The OCD has been putting together a list of  
16 what we are determining to be orphaned wells so we can  
17 go ahead and continue to plug these wells. And through  
18 discussions with my district supervisors, we were able  
19 to get some information from Mr. Maxey Brown, who is our  
20 District 1 supervisor, and that information led to --  
21 these wells were known by us as the Windmill wells.  
22 There are nine wells that are, we considered to be,  
23 orphaned at this point, and we would like to go ahead  
24 and get those wells plugged out and the sites cleaned  
25 up.

1 MR. HERRMANN: If I may at this time, I  
2 would like to move to bring in my exhibits, 1 through 5.

3 (NMOCD Exhibit Numbers 1 through 5 were  
4 offered into evidence.)

5 Q. (BY MR. HERRMANN) Mr. Sanchez, would you please  
6 identify Exhibit 1?

7 A. Exhibit 1 is the affidavit of Maxey Brown, who  
8 is the District 1 supervisor.

9 EXAMINER EZEANYIM: Excuse me, Counsel. I  
10 was talking to the other counselor here. Have you  
11 qualified the witness?

12 MR. HERRMANN: I believe I did.

13 EXAMINER EZEANYIM: I'm sorry. I was  
14 talking to somebody. The way we do it is we get them  
15 qualified so that we have it in the record. Whatever we  
16 have should be in the record.

17 So I need to qualify this witness as an  
18 expert witness, right?

19 MR. WADE: He explained his duties here.  
20 Do you want to qualify the witness as an  
21 expert.

22 MR. HERRMANN: Yes. I would like to  
23 qualify this witness as an expert.

24 EXAMINER EZEANYIM: Are you asking me to do  
25 that?

1 MR. HERRMANN: Yes.

2 EXAMINER EZEANYIM: He is so qualified.

3 I'm sorry. I have to do that because it  
4 has to be in the record.

5 MR. HERRMANN: I appreciate that. This is  
6 my first hearing. Thank you.

7 EXAMINER EZEANYIM: I understand.

8 Q. (BY MR. HERRMANN) In Exhibit 1, does Maxey  
9 state that this well has been inactive for a period of  
10 greater than 90 days?

11 A. Yes, he does.

12 Q. Or one year plus 90 days?

13 A. That's correct.

14 Q. Could you identify Exhibit 2 for me?

15 A. Exhibit 2 is a series of pictures that were  
16 taken of the Windmill sites showing the equipment on  
17 site, some environmental issues that came up along with  
18 this and just the general condition of the area.

19 Q. Were these photos taken under the direction of  
20 the OCD?

21 A. Yes, they were.

22 Q. Do you know who took them?

23 A. William Sonnamaker. He's our staff manager out  
24 of Hobbs.

25 Q. Have these sites been cleaned since the

1 pictures were taken?

2 A. No.

3 Q. Could you describe the OCD rules that these  
4 wells are violating?

5 A. The first rule is 19.15.28.8, which requires an  
6 operator to plug and abandon or temporarily abandon the  
7 well within 15 months of its inactivity.

8 Rule 19.15.25.10.B provides that as soon as  
9 practical but no later than one year after the  
10 completion of plugging operations, the operator shall  
11 level the location and move deadman and other junk, take  
12 measures necessary or required by the OCD to restore the  
13 location to a safe and clean condition.

14 And the other rule would be 19.15.25.11,  
15 which requires the operator to record the work done  
16 within 30 days of completion with the OCD so that the  
17 OCD can go ahead do a final inspection and release the  
18 site.

19 Q. Are these wells producing, to your knowledge?

20 A. No, they are not.

21 Q. Would you identify the section, township and  
22 range that these wells are located in? It's in Exhibit  
23 3, showing the well location.

24 A. K-30-18-38.

25 Q. Would you please identify Exhibit 4?

1           A.   Exhibit 4 is a C-103 dated back to 1975, and  
2   this is the last record of anything done that the OCD  
3   has with regard to these wells.

4           Q.   All right. What steps were taken to notify the  
5   operator of these wells?

6           A.   Trying to find an actual operator. During that  
7   search for the operator, we found out he had passed away  
8   back in 2013, December. They do have an heir, but we're  
9   not going after that heir at this time. We would just  
10   like to get the wells plugged and cleaned up.

11          Q.   Would you identify Exhibit 5?

12          A.   Exhibit 5 is a notice that we sent out  
13   basically trying to determine who the owners would be.

14          Q.   What newspaper was that sent to?

15          A.   The Lovington Leader, I believe.

16          Q.   And was this also published on the Website per  
17   our rules?

18          A.   Yes, it was. Yes.

19          Q.   Have you had any contact with the operator or  
20   anyone representing him?

21          A.   Personally, I have not. I believe Maxey has  
22   talked to Mr. Seed's son, but that's it. That's as far  
23   as I know.

24          Q.   Did he state that he would oppose this order?

25          A.   No. He actually stated he wouldn't oppose it.



1 Q. What would the OCD normally do in a situation  
2 like this?

3 A. We would bring these wells to hearing. We  
4 would ask for an order by the Hearing Examiner to plug  
5 and abandon those wells and allow us to actually clean  
6 up the sites.

7 Q. And in the event they are unable to clean up  
8 the sites?

9 A. The OCD would actually do that work.

10 MR. HERRMANN: I have no further questions.

11 EXAMINER EZEANYIM: Thank you very much.

12 CROSS-EXAMINATION

13 BY EXAMINER EZEANYIM:

14 Q. Who is the operator of these -- who is the  
15 operator of these wells?

16 A. His name was Charles Seed, but he passed away  
17 on Christmas day of 2013.

18 Q. And the son -- the son does not own the wells?

19 A. No.

20 Q. Why are you not going after him? Because he  
21 doesn't own the wells?

22 A. Because he doesn't own the wells, yes, that's  
23 correct.

24 Q. These wells, do they have any plug-in bonds?  
25 Are you not asking for sufficient bonds?

1 A. I don't believe that they had bonds. No.  
2 There was no financial assurance for these particular  
3 wells.

4 Q. Didn't have financial assurance?

5 A. Huh-uh.

6 Q. Okay. Because if they have financial  
7 insurance, before we do --

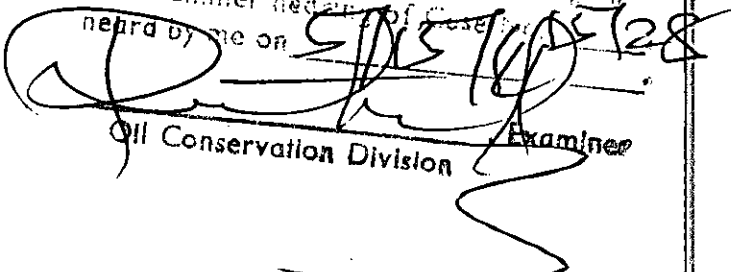
8 I have no further questions. You may be  
9 excused.

10 MR. HERRMANN: At this time, I'd just like  
11 the Division to issue an order declaring these wells  
12 abandoned and authorizing the Division to plug and  
13 abandon these wells.

14 EXAMINER EZEANYIM: Thank you,  
15 Counselor.

16 At this time, Case Number 15128 will be  
17 taken under advisement.

18 (Case Number 15128 concludes, 8:36 a.m.)  
19  
20

21 I do hereby certify that the foregoing is  
22 a complete record of the proceedings  
23 the Examiner heard of Case  
24 heard by me on 5/15/14 15128  
25   
Oil Conservation Division Examiner

1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, New Mexico Certified

6 Court Reporter No. 20, and Registered Professional

7 Reporter, do hereby certify that I reported the

8 foregoing proceedings in stenographic shorthand and that

9 the foregoing pages are a true and correct transcript of

10 those proceedings that were reduced to printed form by

11 me to the best of my ability.

12 I FURTHER CERTIFY that the Reporter's

13 Record of the proceedings truly and accurately reflects

14 the exhibits, if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither

16 employed by nor related to any of the parties or

17 attorneys in this case and that I have no interest in

18 the final disposition of this case.

19

20

*Mary C. Hankins*

21

MARY C. HANKINS, CCR, RPR  
Paul Baca Court Reporters, Inc.  
New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2014

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