

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

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**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION (“OCD”) COMPLIANCE AND ENFORCEMENT MANAGER FOR A COMPLIANCE ORDER AGAINST DOMINION PRODUCTION COMPANY, LLC, FINDING THAT THE OPERATOR IS IN VIOLATION OF AGREED COMPLIANCE ORDER 285 AND 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. 15379**

**PRE-HEARING STATEMENT**

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

1. That operator, Dominion Production Company LLC, (“Dominion” or “Operator”) is out of compliance with Agreed Compliance Order (“ACO”) 285.
2. That Operator is in violation of 19.15.5.9, 19.15.25.8, and 19.15.8.9 NMAC.
3. That Operator must comply with the financial assurance provisions of 19.15.8.9 NMAC and submit proof of compliance within 21 days.
4. Should Operator not comply with the financial assurance provisions of 19.15.8.9 NMAC within the time frame stipulated by the Commission, Operator will be out of compliance with Subsection A of 19.15.5.9 NMAC and pursuant to 19.15.26.8 NMAC its injection permits be revoked at a rate of one per week until compliance is achieved.
5. Should any injection permits be revoked for lack of financial assurance, Operator will be required to refile OCD form C-108 to have injection authority reinstated if it later obtains financial assurance.
6. That Operator must comply with the unfulfilled conditions in ACO 285 pursuant to the following schedule:
  - a. Complete the required mechanical integrity tests within 30 days of the issuance of the Commission order;
  - b. Complete the required plugging and abandonment within 90 days of the issuance of the Commission order;
  - c. Complete the required maintenance work on the South Hospah Unit No. 39 within 120 days of the issuance of the Commission order.
7. That Operator must comply with 19.15.5.9 and 19.15.25.8 NMAC by a date certain.
8. If Operator does not comply with the Commission order, a finding that Operator is out of compliance with a Commission order, and the Commission declare all violating wells abandoned, and authorize the OCD to plug and abandon the Operator’s wells and recover costs from Operator in accordance with 19.15.8.13 NMAC.

The OCD requests the above relief 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 and the OCD agreed upon the terms in ACO 285 which established a mutually agreed upon schedule to return Operator to compliance with OCD rules. Operator has not met its agreed to obligations.
3. Operator partially complied with ACO 285, however currently has three (3) conditions unfulfilled, affecting nine (9) different wells. Those conditions had deadlines that required the Operator to plug and abandon certain wells, perform mechanical integrity tests on certain wells, and perform other maintenance on one well. All the wells covered by ACO-285 were injection wells.
4. 74 of Operator's wells have been inactive in excess of a period of one year plus 90 days, and are not plugged or abandoned, nor placed in temporary abandonment status in violation of 19.15.25.8 NMAC. The number of violating wells has increased since the initial filing of this application for hearing.
5. Operator currently has 81 wells out of a total of 165 wells out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9(A)(4) NMAC.
6. Operator currently has 38 wells that require additional bonding in violation of 19.15.8.9 NMAC.

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

WITNESS: ESTIMATED TIME: 20 minutes  
Daniel Sanchez, NMOCD Compliance & Enforcement Manager  
Testimony on compliance with OCD Rules.

WITNESS: ESTIMATED TIME: 20 minutes  
Brandon Powell, NMOCD District 3 Inspection & Enforcement Supervisor  
Testimony on condition of subject well sites and compliance with OCD rules and ACO-285.

#### **PROCEDURAL MATTERS**

None.

Respectfully submitted  
this 9th day of June, 2016 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 June 9, 2016:

Scott Hall  
Montgomery & Andrew Law Firm  
325 Paseo de Peralta  
Santa Fe, NM 87501  
*Via shall@montand.com*

A handwritten signature in black ink, appearing to read 'K. W. Herrmann', written over a horizontal line.

Keith W. Herrmann