

**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 CHAPARRAL RESOURCES, LLC, FOR ITS WELL OPERATED IN  
LEA COUNTY, NEW MEXICO.**

**CASE NO. 15541**

**PRE-HEARING STATEMENT**

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

1. That operator Chaparral Resources, LLC ("Chaparral" or "Operator") is out of compliance with 19.15.5.9, and 19.15.25.8 NMAC;
2. That Operator return to compliance with 19.15.5.9 and 19.15.25.8 NMAC by a date certain;
3. In the event of non-compliance, finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the well abandoned, and authorizing the Oil Conservation Division ("OCD") to plug the violating well 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 as permitted by NMSA 1978, § 70-2-14(E)..

The OCD supports the approval of the compliance order because of the following:

1. Notice of Hearing was properly served as required by 19.15.4.9 and 19.15.4.10 NMAC.
2. Operator currently operates one salt water disposal well in Lea County, the Houston A No. 1, API No. 30-025-07202 ("subject well").
3. The last reported injection into the subject well was a volume of 3,730 bbls in the reporting period for January 2014.
4. Injection authority into the subject well has terminated due to a one-year period of non-injection pursuant to 19.15.26.12(C)(1) NMAC.
5. Operator currently has one (1) well out of a total of one (1) well out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9(A)(4) NMAC.

FILED  
OCD  
JAN 20 10 33 AM  
LEA COUNTY

## PETITIONERS'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME: 15 minutes

Daniel Sanchez, NMOCD Compliance & Enforcement Manager

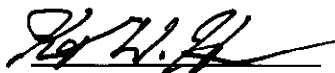
Testimony on well status.

## PROCEDURAL MATTERS

None.

Respectfully submitted

October 20, 2016 by



Keith W. Herrmann

Energy, Minerals and Natural

Resources Department

1220 S. St. Francis Drive

Santa Fe, NM 87505

(505) 476-3463

(505) 476-3462 (fax)

Email: *Keith.Herrmann@state.nm.us*

*Attorney for the Oil Conservation Division*

*Compliance and Enforcement Bureau*

## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent electronically to the following party on October 20, 2016:

Gary W. Larson,  
Attorney for Chaparral Resources, LLC  
Hinkle Shanor LLP  
218 Montezuma  
Santa Fe, New Mexico 87501  
glarson@hinklelawfirm.com

  
Keith W. Herrmann