

**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 GIANT OPERATING LLC, FOR ITS WELLS OPERATED IN EDDY
COUNTY, NEW MEXICO.**

CASE NO. 15582

PRE-HEARING STATEMENT

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

1. That operator Giant Operating LLC (“Giant” 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.

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 is currently the operator of record of five (5) wells (“subject wells”) in Eddy County.
3. The last reported production from any of Operator’s wells was May, 2013.
4. The last reported injection into Operator’s sole injection well was October 2005 prior to it failing a mechanical integrity test. 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. The OCD has not received any monthly production reports from the Operator since December 2013. On October 29, 2014, the OCD notified Operator that Operator’s authority to transport from/inject to all wells it operates had been revoked, pursuant to 19.15.7.24 NMAC. Operator has made no attempt to reinstate its transportation and injection authorities.
6. Operator currently has five (5) wells out of a total of five (5) wells out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9(A)(4) NMAC.

PETITIONERS'S PROPOSED EVIDENCE

WITNESS: ESTIMATED TIME: 15 minutes
Daniel Sanchez, NMOCD Compliance & Enforcement Manager
Testimony on operator and OCD records.

WITNESS: ESTIMATED TIME: 15 minutes
Bradford Billings, NMOCD District 2 Hydrologist;
Testimony on existing environmental hazards at subject wells.

PROCEDURAL MATTERS

None.

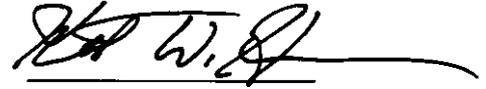
Respectfully submitted
November 22, 2016 by

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent electronically to the following party on November 22, 2016:

Karen Cook, receiver
Karen Cook Law Firm
Via email: Karen@karencooklaw.com


Keith W. Herrmann