

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 COBALT OPERATING, LLC, FOR WELLS OPERATED IN LEA  
COUNTY, NEW MEXICO.

CASE NO. 16048

PRE-HEARING STATEMENT

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

1. That Cobalt Operating, LLC, ("Cobalt Operating, LLC" 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 7 19.15.5.9(B) NMAC.
3. The Bureau will present evidence that Operator currently has 3 wells 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**

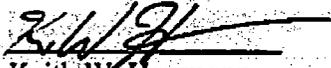
WITNESS: ESTIMATED TIME: 5 minutes  
Daniel Sanchez, NMOCD Compliance and Enforcement Manager  
Testimony on compliance with OCD Rules.

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

**PROCEDURAL MATTERS**

None.

Respectfully submitted  
this 25<sup>th</sup> day of April, 2018 by



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Attorney for the Oil Conservation Division  
Compliance and Enforcement Bureau

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was electronically mailed to the following parties on April 25, 2018:

Michael Feldewert, [mfeldewert@hollandhart.com](mailto:mfeldewert@hollandhart.com)  
Adam Rankin, [arankin@hollandhart.com](mailto:arankin@hollandhart.com)



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