

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

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST SOUTHWESTERN, INC. FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.3.100.D NMAC, FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC, 19.15.1.13.B NMAC, 19.15.3.116.D AS TO ONE WELL, DETERMINING THAT THE VIOLATIONS ARE KNOWING AND WILLFUL AND IMPOSING A PENALTY, REQUIRING OPERATOR TO BRING THE WELL INTO COMPLIANCE AND PROVIDE REQUIRED CONTACT INFORMATION BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE AUTHORIZING THE DIVISION TO PLUG THE WELL, REMEDIATE THE LOCATION AND FORFEIT THE APPLICABLE FINANCIAL ASSURANCE, LEA COUNTY, NEW MEXICO.

CASE NO. 14007

ENTRY OF APPEARANCE AND
PRE-HEARING STATEMENT

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 1211 [19.15.14.1211 NMAC].

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451
FAX: 476-3462

RESPONDENT

Southwestern, Inc.
(no entry of appearance filed
at this time)

Southwestern, Inc.
1304 W. Broadway Place
Hobbs, NM 88240

Southwestern, Inc.
P.O. Box 658
Dripping Springs, TX 78620

OneBeacon Insurance Company
One Beacon Lane
Canton, MA 02021-1030

STATEMENT OF THE CASE

The Oil Conservation Division (OCD) seeks a compliance order against Southwestern, Inc. (Southwestern) finding that Southwestern is in violation of:

- Rule 201 as to the State VC #1 well, because the well has not reported activity since October 2002, and is not properly plugged and abandoned or on approved temporary abandonment status;
- Rule 13B because it failed to conduct its operations at the State VC #1 well to prevent waste of oil, and allowed oil to leak from its equipment;
- Rule 116D because the State VC #1 well shows leakage and contamination that has not been remediated; and
- Rule 100 because the operator has not provided appropriate contact information to the OCD.

The OCD requests that the order impose penalties because Southwestern's plain indifference to and reckless disregard of the requirements of OCD rules, and its pattern of grossly negligent operations make the violations knowing and willful.

In addition, the OCD requests that the order require Southwestern to take the following corrective actions:

- Register address and emergency contact information with the OCD as required by Rule 100.C by a date certain;
- Return the State VC #001 to compliance with Rule 201 by a date certain;
- Repair the equipment at the State VC #001 and remediate the site by a date certain.

Finally, the OCD asks that the order authorize the OCD to plug the State VC #001, remediate the location, and forfeit the applicable financial assurance if Southwestern does not comply with the deadlines set in the order.

APPLICANT'S PROPOSED EVIDENCE

WITNESS:

Daniel Sanchez, Enforcement and Compliance
Manager

Maxey Brown, District I

Dorothy Phillips, Financial Assurance Administrator

ESTIMATED TIME:

20 minutes

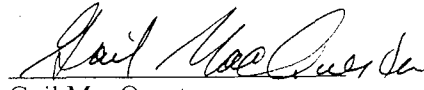
20 minutes

by affidavit

PROCEDURAL MATTERS

None.

Respectfully submitted
this 10th day of October 2007 by




Gail MacQuesten
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon Southwestern, Inc. and OneBeacon Insurance Company at the addresses indicated above this 10th day of October 2007.


Gail MacQuesten