

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

**PETITION FOR HEARING BEFORE
A DIVISION EXAMINER REGARDING
DIRECTOR’S DECISION ON ABATEMENT
OF EAST BLINEBRY DRINKARD UNIT**

CASE NO. 26126

OCD’S PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

NOW COMES the New Mexico Oil Conservation Division (“OCD”), by and through its attorney of record, Michael Hall, and would respectfully propose the following Findings of Fact and Conclusions of Law in the above-referenced matter:

This matter came before the New Mexico Oil Conservation Division for a scheduled hearing on June 4, 2026, at Santa Fe, New Mexico, before duly appointed Hearing Officer, Gregory Chakalian. NOW, the Division Director, having considered the record in this matter, including the evidence presented and arguments of counsel, issues the following Order:

FINDINGS OF FACT

1. The OCD has jurisdiction over the parties and the subject matter in this proceeding. 19.15.30 NMAC.
2. Apache Corporation (“Apache”) timely filed this appeal of the Notification of Abatement (“Notice”) issued to it on or about March 12, 2026 by OCD. *Id.*; OCD Exhibit A.
3. The Notice was properly sent to Apache. 19.15.30.13 NMAC.
4. Apache previously agreed to install groundwater monitoring wells and conduct groundwater monitoring at the location at issue. OCD Exhibit C; OCD Exhibit D.
5. Groundwater monitoring is abatement. 19.15.2.7(A) NMAC.

6. The groundwater at the location is contaminated in amounts in excess of allowable limits and has been since at least 2019. 19.15.30 NMAC; OCD Exhibit E; Hearing Transcript at p. 200, l. 6898-6911, p. 202, l. 6950-6957.
7. Apache agreed to monitor and investigate the contamination on the property and has done so through the current year. OCD Exhibit C and D.
8. Subsequent to the entry of Order R-23728-A, on July 10, 2025, operatorship of the wells at issue were transferred from Apache to Hilcorp Energy Company. OCD Exhibit G.
9. Apache continued to perform soil and groundwater monitoring required by its agreement to Order R-23728-A. OCD Exhibit G.
10. Apache cannot determine how, where, or when the contamination at the location occurred. Hearing Transcript at p. 186-7, l. 6409-6433; p. 203, l. 6981-6985.
11. The location has elevated levels of contaminants from likely oil and gas activity. Hearing Transcript, p. 185, l. 6379-6387.
12. When the soil remediation actions undertaken by Apache related to the 2019 incident were completed, the Closure document explicitly stated that the closure was “for the soil remediation only still conducting groundwater monitoring.” Apache Exhibit A-4.
13. Apache was the active operator of the lease and controlled the location of the release from approximately November of 1998 until at least December 31, 2024. Hearing Transcript, p. 191-2, l. 6599-6608; p. 204, l. 7014-7018.
14. Groundwater testing results show that during Apache’s custody, control, ownership, and operatorship of the subject location, groundwater contamination existed in excess of the allowable limits. OCD Exhibit E; Hearing Transcript at p. 230-233, l. 7944-8033.
15. Apache’s Field Activity Report called for Apache to develop and submit a semi-annual groundwater monitoring report and such reports are part of a stage on abatement plan. 19.15.30 NMAC; OCD Exhibit F; Hearing Transcript at p. 237, l. 8162-8167.

CONCLUSIONS OF LAW

1. Apache is a responsible party and responsible person for the groundwater contamination at the location at issue. 19.15.2.7(R) NMAC; 19.15.29.7(C) NMAC; 19.15.30.7 NMAC.
2. Apache is the owner or operator who shall complete a division-approved corrective action for pollution from the release. 19.15.2.7(R) NMAC.

3. Apache remains a responsible person for the abatement in the Notice even after the transfer to Hilcorp. 19.15.2.7(A) NMAC; 19.15.30.11 NMAC.
4. As the party in control of the location at the time the contamination was discovered and the party who agreed to monitor (abate) the groundwater contamination pursuant to the agreement with the OCD, Apache was properly noticed and required to abate the contamination regardless of when the contamination occurred. 19.15.29 NMAC; 19.15.30 NMAC.

ORDER

IT IS THEREFORE ORDERED THAT:

1. Apache comply with the Notice it received from OCD on or about March 12, 2026. *See* OCD Exhibit A.
2. Apache's appeal and petition in this matter is denied.
3. Jurisdiction of this matter is retained for the entry of such further orders as the Division may deem necessary.

Albert C.S. Chang
Director, Oil Conservation Division

DATE

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that on July 10, 2026, this pleading was served upon Apache by electronic mail at:

Dalva Moellenberg, Attorney for Apache

DLM@gknet.com

A handwritten signature in black ink, appearing to read 'M. Hall', is positioned above a horizontal line.

Michael Hall, Attorney for OCD