

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

ACO No. 190

IN THE MATTER OF NORDSTRAND ENGINEERING, INC.,

Respondent.

AGREED COMPLIANCE ORDER

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the regulations promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico (hereinafter, "OCD") issues this Order to **Nordstrand Engineering, Inc.** (hereinafter, "Nordstrand"), directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules.

FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Nordstrand is a foreign profit corporation doing business in New Mexico (SCC No. 2508174) under OGRID 230757. Nordstrand's principal address is 3229 D'Armiro, Suite 200; Houston, Texas 77019. Nordstrand's principal address within New Mexico is 133131 Lovington Hwy; Loco Hills, New Mexico 88255.
3. Nordstrand is the operator of record for the West Henshaw Premier Unit No. 2, API No. 30-015-03835, Unit Letter K, Section 3, Township 16S, Range 30E, located in Eddy County, New Mexico.
4. On June 14, 2007, OCD Deputy Oil and Gas inspector Gerry Guye attempted to perform a mechanical integrity test on the West Henshaw Premier Unit No. 2 but was unable to do so because he could not access the well due to the well's road being impassable. The service truck got stuck during this time. Inspector Guye told Ed Cartwright, the company pumper, to fix the road and call in for a retest. The well did not pass the mechanical integrity test because no such test could be performed.
5. On June 15, 2007, Inspector Guye sent Nordstrand a letter of violation that informed Nordstrand of OCD's inability to perform a mechanical integrity test on the well due to the well site's impassable road. The letter informed Nordstrand that the road had to be repaired prior to re-testing and that the corrective action had to be done by July 16, 2007.
6. To date, Nordstrand has not repaired the road so that a mechanical integrity test could be performed on the well.

7. OCD Rule 703 [19.15.9.703 NMAC] requires injection wells to be “equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.”
8. Nordstrand knowingly and willfully violated Rule 703 by failing to repair the well site’s road so that a mechanical integrity test could be performed on the West Henshaw Premier Unit No. 2, after having been notified both verbally and in writing of the need to do so.
9. On July 25, 2007, the OCD issued Notice of Violation (02-07-12) to Nordstrand alleging one violation of OCD Rule 703.
10. On August 14, 2007, an administrative conference was held at the OCD’s district office in Artesia. Mr. Carl Nordstrand and Mr. Ed Cartwright appeared on behalf of Nordstrand. Mr. Daniel Sanchez, Mr. Gerry Guye, Mr. Sonny Swazo, and Mr. Mike Bratcher appeared on behalf of OCD.
11. At the conference Mr. Nordstrand stated that he never received the June 15, 2007 letter of violation even though the letter was sent to the same address as the notice of violation which was received by Nordstrand. Mr. Nordstrand stated that the poor road condition was the result of recent rains and that the rains had prevented them from repairing the road. Inspector Guye agreed that there was rainy weather around the time of his inspection. Mr. Nordstrand agreed that they would repair the road within 30 days and would notify Inspector Guye of the road’s repair so that a mechanical integrity test could be performed by OCD on the well.

II. CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Nordstrand is a “person” as defined by NMSA 1978, § 70-2-33(A) (defining “person” to include a “corporation”) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
3. Nordstrand is subject to civil penalties under NMSA 1978, § 70-2-31(A) for a knowing and willful violation of OCD Rule 703.

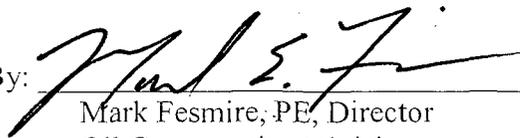
III. ORDER AND CIVIL PENALTY

1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty totaling **One Thousand Dollars (\$1,000.00)** against Nordstrand for one violation of OCD Rule 703.
2. The entire **One Thousand Dollars (\$1,000.00)** penalty will be waived if Nordstrand meets all requirements and deadlines of this Order. Specifically, Nordstrand shall repair the road by **September 14, 2007** so that OCD can access the well to perform a mechanical integrity test. Nordstrand shall promptly notify Inspector Guye of the road’s repair immediately after the road is repaired. Should Nordstrand fail to meet any requirements of this Order, the waived **One Thousand Dollars (\$1,000.00)** penalty shall be reinstated and due immediately.

3. Payment of the penalty shall be made by certified or cashier's check made payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.
4. By signing this Order, Nordstrand expressly:
 - a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with Ordering Paragraph 2;
 - c. waives any right pursuant to the Oil and Gas Act or otherwise to a hearing either prior or subsequent to the entry of this Order, or to an appeal from this Order; and
 - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended).
5. For good cause shown, Nordstrand may request an extension to complete the requirements as set out in Ordering Paragraph 2. Such notification ("notice") shall reasonably describe the circumstances encountered by Nordstrand that prohibits it from meeting the deadlines set out herein.

Within ten (10) days of receipt of this notice, the OCD shall either approve the extended time requested by Nordstrand by executing a written amendment to this Order, or notify Nordstrand that it will not extend the deadline. The OCD's approval of a time extension shall not be unreasonably withheld.

Done at Santa Fe, New Mexico this 31st day of Aug. 2007.

By: 
Mark Fesmire, PE, Director
Oil Conservation Division

ACCEPTANCE

Nordstrand Engineering, Inc., hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth therein.

NORDSTRAND ENGINEERING, INC.

By: *Carl H. Nordstrand*

Title: *President*

Date *8-27-07*