

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

ACO No. 225

IN THE MATTER OF DENNIS LANGLITZ,

Respondent.

**AGREED ORDER DIRECTING COMPLIANCE
AND ASSESSING CIVIL PENALTY**

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 ("OCD") issues this Order to Dennis Langlitz (hereinafter "Operator") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules.

I. FINDINGS

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Operator is a sole proprietorship operating wells in New Mexico under OGRID 157447. Operator's address of record is 1425 S. Country Club Circle, Carlsbad, New Mexico 88220.
3. Operator is Operator of Record of the following subject wells:

Saladar Unit No. 002;	30-015-02450;	L-33-20S-28E
Saladar Unit No. 004;	30-015-02446;	K-33-20S-28E
Saladar Unit No. 006;	30-015-02448;	K-33-20S-28E
Saladar Unit No. 007;	30-015-10468;	N-33-20S-28E
Saladar Unit No. 008;	30-015-02449;	N-33-20S-28E
Saladar Unit No. 012;	30-015-24179;	K-33-20S-28E
4. OCD Rule 19.15.9.703(A) NMAC ("Rule 703") states:

Injection wells shall 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.

5. OCD Rule 19.15.9.704(A)(2) NMAC ("Rule 704") requires injection wells to have a mechanical integrity test conducted at least once every five years, to assure their continued mechanical integrity.
6. OCD Rule 704(A)(5) states, "The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed."
7. In 2005, OCD informed Operator by letter that the above identified subject wells were due for their mandatory five-year mechanical integrity test. The letter informed Operator that the wells were going to be tested on a certain date and that Operator had to have a representative present for the test. The letter advised Operator to call OCD if there were any questions or the tests needed to be rescheduled. No one for Operator appeared for the scheduled tests. As a result, OCD was unable to test the mechanical integrity of the wells.
8. In 2006, OCD informed Operator by letter that the subject wells needed to have mechanical integrity tests performed on them. The letter informed Operator that the wells were going to be tested on a certain date and that Operator had to have a representative present for the test. The letter advised Operator to call OCD if there were any questions or the tests needed to be rescheduled. No one for Operator appeared for the tests. As a result, OCD was unable to test the mechanical integrity of the wells.
9. On January 5, 2007, OCD Deputy Oil and Gas Inspector Gerry Guye sent Operator a letter which informed Operator that its authority to inject for the subject wells was being suspended due to no mechanical integrity test having been conducted on the wells since May 2000. Deputy Inspector Guye told Operator that the wells needed to have a mechanical integrity test conducted prior to reinstatement of Operator's injection authority for the wells. OCD did not hear from Operator.
10. As a result, on December 6, 2007, OCD issued Notice of Violation No. 02-07-29, which alleged that Operator was in knowing and willful violation of OCD 704(A)(5) because Operator had not contacted OCD to reschedule the mechanical integrity test for the wells.
11. On January 8, 2008, an administrative conference was held on the notice of violation. Dennis Langlitz appeared in person.
12. Mr. Langlitz said in 2005 he talked to OCD Compliance Officer Van Barton about having the wells tested. He told OCD Compliance Officer Van Barton that he needed injection lines. He said in September 2005 he got injection lines for all the wells except for the Saladar Unit No. 004 and Saladar Unit No. 007. He said he was injecting with the other wells. He said he got the January 5, 2007 letter but he did not open the letter until October 2007. He did not recall when he got the January 5, 2007 letter, but said he found it when he was cleaning out his office in early October 2007. He said he stopped injecting when he received Notice of Violation No. 02-07-29. He said he has never read the rules governing injection wells. He said he is ready to have all of the wells tested except for the Saladar Unit

No. 007. He said he could have the Saladar Unit No. 007 ready to be tested in two weeks.

III. CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Operator is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
3. NMSA 1978, Section 70-2-31(A) states, "Any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate offense."
4. Operator is subject to civil penalties under NMSA 1978, § 70-2-31(A) for knowing and willful violations of OCD Rule 704.

IV. ORDER & CIVIL PENALTY ASSESSMENT

1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty against Operator totaling Forty-Three Thousand Dollars (\$43,000.00).
2. Twenty-Eight Thousand Dollars (\$28,000.00) shall be waived on the following conditions:
 - a. Operator shall pay the due Fifteen Thousand Dollars (\$15,000.00) civil penalty **by March 14, 2008**. Payment shall be made by certified or cashier's check 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.
 - b. Operator shall return the subject wells to compliance with OCD rules by **Monday June 30, 2008**. To be in compliance, the subject wells must have the authority to inject, their mechanical integrity must be tested, and they must have passed mechanical integrity tests.
 - c. Operator shall inspect all of its wells for contamination. Operator shall submit a remediation plan for those contaminated well sites by no later than **Monday March 24, 2008**.
3. If Operator fails to comply with the conditions of Ordering Paragraph No. 2, the Twenty-Eight Thousand Dollars (\$28,000.00) shall become immediately due and paid in accordance with Ordering Paragraph No. 2(a).
4. By signing this Order, Operator expressly:

- a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
 - b. agrees to comply with the Order;
 - 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;
 - 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;
5. For good cause shown, Operator 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 Operator 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 Operator by executing a written amendment to this Order, or notify Operator that it will not extend the deadline. The OCD's approval of a time extension shall not be unreasonably withheld.

6. Nothing in this Order relieves Operator of its liability should its operations fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves Operator of its responsibility for compliance with any other federal, state or local laws and/or regulations.

Done at Santa Fe, New Mexico this 12th day of March 2008.

By: 
Mark Fesmire, P.E.
Director, Oil Conservation Division

ACCEPTANCE

Dennis Langlitz hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth in the Order.

Dennis Langlitz

By: 

Title: OPERATOR

Date: 6 MAR 08