

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF CONSIDERING:**

**CASE NO. 15187
ORDER NO. R-13895**

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR A COMPLIANCE ORDER AGAINST HAL J RASMUSSEN OPERATING INC., DIRECTORS, AND OFFICERS, HAROLD JAMES RASMUSSEN, AND GREGORY J. RASMUSSEN, JOINTLY AND SEVERALLY, FINDING THAT THE OPERATOR IS IN VIOLATION OF OCD RULES 19.15.15.9, 19.15.15.10, 19.15.25.8, 19.15.25.11, 19.15.16.8, AND 19.15.20.8 NMAC, REQUIRING OPERATOR TO SHUT IN ALL WELLS AND REVOKING ALL AUTHORITY TO TRANSPORT UNTIL COMPLIANCE WITH ALL DIVISION RULES IS ACHIEVED BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE, ADDITIONAL SANCTIONS WILL BE ASSESSED.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on August 21, 2014, at Santa Fe, New Mexico, before Examiner Michael McMillan.

NOW; on this 17th day of September, 2014, the Division Director, having considered the testimony, the record and the recommendations of the Examiner,

FINDS THAT:

- (1) Due notice has been given, and the Division has jurisdiction of the subject matter of this case.
- (2) The Division seeks a compliance order against Hal J Rasmussen Operating Inc., directors, and officers, Harold James Rasmussen, and Gregory J Rasmussen, Jointly and Severally, finding that the operator is in violation of Division Rules 19.15.15.9 NMAC, 19.15.15.10 NMAC, 19.15.16.8 NMAC, 19.15.20.8 NMAC, 19.15.25.8 NMAC, and 19.15.25.11 NMAC, requiring operator to shut in all wells and revoking all authority to transport until compliance with all Division rules is achieved by a date certain, and in the event of con-compliance, additional sanctions will be assessed.

(3) Hal J Rasmussen Operating Inc. ("Rasmussen"), Harold James Rasmussen, Gregory J. Rasmussen, and all other officers and directors, are respondents in this action.

(4) The Division appeared at the hearing through legal counsel and presented the following testimony.

- a. Division records identify Rasmussen (OGRID No. 9809) as the operator of the subject wells.
- b. Rasmussen's officers of record are Harold James Rasmussen (President) and Gregory J. Rasmussen (Vice President).
- c. Rasmussen has one blanket bond on file with the Division, bond No. RLB0012533 in the amount of \$50,000.
- d. Harold James Rasmussen and Gregory J. Rasmussen as officers of Platinum Exploration, Inc. are out of compliance with Division Rules 19.15.5.9 A (1) NMAC, 19.15.5.9 A (2) NMAC, and 19.15.5.9 A (4) NMAC.
- e. The following well is not in compliance with Division Rules 19.15.29.8 and 19.15.29.11 NMAC requiring Operator to complete a Division approved abatement plan in accordance with Division Rule 19.15.30 NMAC:
 - Reed Estate Well No. 1, (API No. 30-025-07258)
- f. The following well site has not been released after plugging operation and is lacking OCD Form C-103 as required by Division Rule 19.15.25.11 NMAC:
 - State A Well No. 002, (API No. 30-025-08467).
- g. After investigation, it was concluded that Rasmussen is either not reporting any production, or falsely reporting production as to all wells associated with OGRID No. 9809, which includes the following wells.
 1. Kaiser State Well No. 010, (API No. 30-025-02539)
 2. State P Well No. 006, (API No. 30-025-30334)
 3. Kaiser State Well No. 014, (API No. 30-025-02543)
 4. Kaiser State Well No. 043, (API No. 30-025-32048)
 5. State 23 Well No: 025, (API No. 30-025-02579)
 6. Wilson State Well No. 004, (API No. 30-025-02578)
 7. State E Well No. 022, (API No. 30-025-02572)

Division provided example of the Kaiser State Well No. 010, (API No. 30-025-02539) that reported production between 20 thousand cubic feet (MCF)/month and 100 MCF/month gas production between May 1, 2013, and February 1, 2014. However, no electric motor exists on the pumping unit, as seen in evidence submitted by the Division. Further, the State P

Well No. 006, (API 30-025-30334) reported gas production between 165 MCF/ month and 135 MCF/month between May 1, 2013 and February 1, 2014. However, no electric meters and fuses exist at that well as seen in evidence submitted by the Division.

- h. By having wells that have been inactive for a continuous period exceeding one year plus 90 days, and are neither plugged and abandoned in accord with Division Rules 19.15.25.9 NMAC through 19.15.11 NMAC nor on approved temporary abandonment status in accord with Division Rule 19:15.25.12 NMAC the following wells operated by Rasmussen are not in compliance with Division Rule 19.15.25.8 NMAC:
 - 1. Amoco Stone Well No. 1, (API No. 30-025-27936)
 - 2. Gecko 27 State Well No. 1, (API No. 30-025-33021)
 - 3. Reed Estate Well No. 1, (API No. 30-025-07258)
 - 4. State B Well No. 12, (API No. 30-025-02541)

- i. By producing Gas only in an Oil pool, Rasmussen's following wells are not in compliance with Division Rules 19.15.15.9 NMAC and 19.15.15.10 NMAC:
 - 1. Amoco Stone Well No. 1, (API No. 30-025-27936)
 - 2. State E Well No. 22, (API No. 30-025-02572)
 - 3. Wilson State Well No. 4, (API No. 30-025-02578)

- j. Division Rule 19.15.5.9 A.(4) NMAC permits an operator with less than one hundred (100) wells to have no more than two (2) wells out of compliance with Division Rule 19.15.5.9 NMAC. Rasmussen is out of compliance with Division Rule 19.15.5.9 NMAC as by having four (4) wells out of compliance with Division Rule 19.15.5.9 NMAC.

- k. Rasmussen has been reporting unsubstantiated amounts of gas, and is therefore in violation of Division Rule 19.15.19.9 NMAC, which dictates how an operator is to report volumes of produced gas, on the following well(s):
 - 1. Kaiser State Well No. 010, (API No. 30-025-02539)
 - 2. State P Well No. 006, (API No. 30-025-30334)
 - 3. Kaiser State Well No. 014, (API No. 30-025-02543)
 - 4. Kaiser State Well No. 043, (API No. 30-025-32048)
 - 5. State 23 Well No. 025, (API No. 30-025-02579)
 - 6. Wilson State Well No. 004, (API No. 30-025-02578)
 - 7. State E Well No. 022, (API No. 30-025-02572)

- l. The following well(s) are not in compliance with Division Rule 19.15.16.8 NMAC requiring Operator to properly identify all wells with correct signage:
 - 1. State A Well No. 002, (API No. 30-025-08467)
 - 2. State B Well No. 12, (API No. 30-025-02541)
 - 3. Kaiser State Well No. 10, (API No. 30-25-02539)

4. Kaiser State Well No. 043, (API No. 30-025-32048)
 5. Wilson State Well No. 004, (API No. 30-025-02578)
 6. Gecko 27 State Well No. 1, (API No. 30-025-33021)
 7. Amoco Stone Well No. 1, (API No. 30-025-27936)
 8. Reed Estate Well No. 1, (API No. 30-025-07258)
- m. NMSA 1978, Section 70-2-14(B) provides, in relevant part, "If any of the requirements of the Oil and Gas Act [70-2-1 NMSA 1978] or the rules promulgated pursuant to that act have not been complied with, the oil conservation division, after notice and hearing, may order any well plugged and abandoned by the operator or surety or both in accordance with division rules."
- n. Division Rule 19.15.5.10B NMAC authorizes the Division to commence compliance proceedings for violation of a provision of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38 or a provision of a rule or order issued pursuant to the act.
1. requiring compliance with a provision of the Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38 or a provision of a rule or order issued pursuant to the act;
 2. assessment of civil penalties pursuant to NMSA 1978, Section 70-2-31(A);
 3. corrective action including but not limited to abatement or remediation of contamination and removal of surface equipment.
 4. plugging and abandonment of a well and restoration and remediation of the well location, and authority for the Division to forfeit the applicable financial assurance if the well is not plugged and abandoned and the location restored and remediated;
 5. denial, cancellation or suspension of a permit;
 6. denial, cancellation or suspension of authorization to transport; and
 7. shutting in a well or wells.

The Division determined the following:

(1) Rasmussen is the operator of record for the subject wells and is responsible for compliance with the Oil and Gas Act and OCD rules.

(2) Rasmussen is in violation of the following rules: 19.15.25.8 NMAC, (the inactive well rule), 19.15.15.9 NMAC (well spacing requirements), 19.15.8.9 NMAC (the financial assurance rule) and 19.15.5.9 NMAC (the operator compliance rule), 19.15.16.8 NMAC (the signage rule), 19.15.19.9 NMAC (requiring accurate reporting), 19.15.29.8 NMAC and 19.15.29.11 NMAC (requiring Operator to complete a Division approved abatement plan), and is in violation of Section 70-2-14(B) of the Oil and Gas Act (70-2-1 NMSA 1978), as established in the findings.

IT IS THEREFORE ORDERED THAT:

(1) Hal J Rasmussen Operating Inc. ("Rasmussen" or "Operator") (OGRID 9809) active wells shall be shut in immediately. These eleven wells are identified in "Exhibit A", and made part of this order.

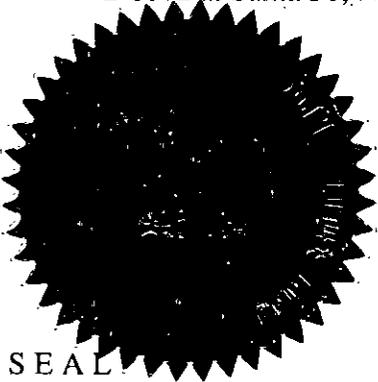
(2) All of Rasmussen authorities to transport oil and gas shall be cancelled.

(3) Rasmussen shall plug and abandon all wells and restore well sites within 30 days of the issuance of this order. If Rasmussen fails to comply, they will be found in violation of the Division order as required by Rule 19.15.5.9 A (2) NMAC.

(4) After sixty days, Rasmussen shall be in violation of this order if the work described in Ordering Paragraph (3) above is not yet done, and the Division will be authorized to plug and abandon the subject wells that are out of compliance with Division Rules, remediate the well sites, forfeit the applicable financial assurance and recover costs from Rasmussen in accordance with Division Rule 19.15.8.13 NMAC and may seek additional remedies.

(5) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in black ink, appearing to read "Jami Bailey".

JAMI BAILEY
Director

Exhibit A

API WELL #	Well Name	Well #	Type	County	UL	Sec	Twp	Rng	Feet	Ft
30-025-02539	KAISER STATE	010	G	Lea	N	13	21S	34E	660S	1980W
30-025-02541	STATE B	012	G	Lea	I	13	21S	34E	1650S	990E
30-025-02543	KAISER STATE	014	G	Lea	L	13	21S	34E	2310S	990W
30-025-02572	STATE E	022	O	Lea	K	23	21S	34E	1650S	2310W
30-025-02578	WILSON STATE	004	O	Lea	I	23	21S	34E	2310S	990E
30-025-02579	STATE 23	025	O	Lea	F	23	21S	34E	2270N	2310W
30-025-07258	REED ESTATE	001	O	Lea	J	22	15S	38E	1980S	1980E
30-025-27936	AMOCO STONE	001	O	Lea	G	22	15S	38E	1500N	1980E
30-025-30334	STATE P	006	G	Lea	B	24	21S	34E	100N	1520E
30-025-32048	KAISER STATE	043	G	Lea	M	13	21S	34E	1000S	400W
30-025-33021	GECKO 27 STATE	001	S	Lea	A	27	21S	34E	660N	660E