

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

IN RE PRIMAL ENERGY CORPORATION

CASE NO. 22221

**NEW MEXICO OIL CONSERVATION DIVISION'S
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division (“OCD”) submits this Pre-Hearing Statement in accordance with 19.15.5.10(E)(2)(e) NMAC.

I. WITNESSES

OCD will present one witness, Mr. Rob Jackson, Compliance Officer and Bond Administrator, with OCD’s Administrative and Compliance Bureau, 1220 S. St. Francis Drive, Santa Fe, New Mexico.

II. DIRECT TESTIMONY

On August 12, 2021, OCD issued a Notice of Violation to Primal Energy Corporation (“Operator”). Exhibit 2. The NOV alleges three violations and requests specific relief.

First, Operator has more than two (2) inactive wells. 19.15.9(A)(4)(a) NMAC states that an operator with less than 100 wells must plug and abandon or place into approved temporary abandonment status those inactive wells that exceed the threshold of two (2) wells or 50 percent of all wells. Operator is registered as the operator of ten (10) wells, all of which are inactive and none of which have been plugged and abandoned or placed into approved temporary abandonment status. Exhibit 2, Table 1. For this violation, OCD requests an order requiring Operator to plug and abandon the wells by a date certain or to allow OCD to do so, and if OCD plugs and abandons the wells, to forfeit the financial assurance for the wells and require Operator to pay the excess cost to

plug and abandon the wells. OCD also proposes to assess a civil penalty of three thousand dollars (\$3000) for exceeding the inactive well threshold. Exhibit 5.

Second, Operator has failed to file required monthly production reports, form C-115. Operator is required to file a C-115 every month for each well but has failed to file any monthly reports since 2017. OCD requests an order requiring Operator to file the missing monthly production reports by a date certain. OCD also proposes a civil penalty of fifteen thousand six hundred dollars (\$12,000) for Operator's failure to file the reports. Ex. 6.

Third, Operator does not have sufficient financial assurance for inactive wells. 19.15.8.9(D) NMAC requires three hundred thousand dollars (\$300,000) in blanket plugging financial assurance for six to ten qualifying wells. Operator currently has ten qualifying wells. Alternatively, Operator may provide single well inactive financial assurance in the amounts detailed in Exhibit 2, table 2. For this violation, OCD proposes a civil penalty of three thousand dollars (\$3000). Exhibit 7.

Operator accepted service of the NOV by certified mail on August 30, 2021. *See* Exhibit 4. OCD also served the NOV by email at Operator's email address of record on August 12, 2021. OCD also served its Notice of Docketing by certified mail, which was accepted on October 4, 2021. *See* Exhibit 4. The Notice of Docketing was also served by email on September 20, 2021. In response to unexpectedly long delivery times by the United States Postal Service, OCD moved to continue the hearing set for October 6, 2021. OCD has not received any response from Operator. Operator did not file an answer to the NOV Docketing Notice as allowed by 19.15.5.10(E)(2)(b) NMAC.

OCD requests an order revoking Operator's registration, terminating Operator's authority to transport from all wells, requiring Operator to plug and abandon inactive wells or alternatively, authorizing OCD to plug and abandon inactive wells, forfeiting financial assurance for inactive wells, requiring Operator to pay the excess cost to plug and abandon inactive wells, and assessing civil penalties against Operator in the amount of eighteen thousand dollars (\$18,000).

III. EXHIBITS

Exhibit 1	Resume of Rob Jackson
Exhibit 2	Notice of Violation
Exhibit 3	Notice of Docketing Statement
Exhibit 4	Certified Mail Tracking Information
Exhibit 5	Civil Penalty Calculation - 19.15.5.9(A)(4)(a) NMAC
Exhibit 6	Civil Penalty Calculation - 19.15.7.24 NMAC
Exhibit 7	Civil Penalty Calculation - 19.15.8.9 NMAC

III. PROCEDURAL MATTERS

OCD reserves the right to call rebuttal witnesses.

Respectfully submitted,

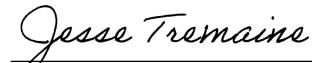
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CERTIFICATE OF SERVICE

I certify that on November 24, 2021, I served this pleading by electronic mail only on:

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Jesse K. Tremaine