

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

**IN RE NORTHERN PACIFIC OIL
AND GAS, INCORPORATED**

CASE NO. 24743

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

The New Mexico Oil Conservation Division (“OCD”) submits this Pre-Hearing Statement pursuant to 19.15.4.13(B) NMAC.

I. IDENTIFICATION OF PARTY AND COUNSEL

OCD initiated this matter and is represented by undersigned counsel.

II. STATEMENT OF THE CASE

In June 2024, OCD Compliance Officer Nicholas Karns, in the course and scope of his duties as a Compliance Officer and Bond Administrator in the Administrative Compliance Bureau of OCD, conducted a compliance assessment Northern Pacific Oil and Gas, Inc. (“Respondent”), OGRID# 330352. The goal of such an assessment is to inspect the OCD permitting system regarding operator compliance with rules 19.15.5, 19.15.7, & 19.15.8 NMAC. Upon Mr. Karns’ review of OCD’s permitting system reports and data, Mr. Karns concluded that Respondent was not compliant with 19.15.5.9(A)(4)(a) NMAC, which governs the number of wells an operator may have that are inactive, per 19.15.25.8 NMAC.

More specifically, OCD’s records indicate that Respondent owns seventy-nine (79) wells, sixty-five (65) of which were and remain inactive, with no reporting by Respondent of production from any of the seventy-nine (79) in the fifteen (15) months prior to June 2024. Per 19.15.5.9(B)(1)(a) NMAC, if an operator does not report production for a well for fifteen (15)

months, that well is deemed non-compliant with 19.15.5.9 NMAC. The remaining fourteen (14) are plugged, not released. Per 19.15.7.24 NMAC, the Respondent has not filed the required C-115 (monthly production reports) for any well since April 2023. Per 19.15.5.10 NMAC, OCD may pursue a litany of remedies for wells in violation of 19.15.5.9(B)(1)(a) NMAC (or any other OCD regulation) including, but not limited to, civil penalties and plugging and abandoning of inactive wells.

Respondent violated and remains in violation of 19.15.5.9, 19.15.7.24, and 19.15.25.8 NMAC. OCD seeks an order from the Division allowing OCD to plug and abandon all of Respondent's seventy-nine (79) wells, termination of Respondent's Authorization to Transport from all wells, assessing a civil penalty upon Respondent in the amount of \$161,500.00, and any other relief the Hearing Officer believes is just and proper.

III. PROPOSED EVIDENCE

WITNESSES:

ESTIMATED

TIME:

1. Nicholas Karns, Compliance Officer 30 minutes

Mr. Karns is a Compliance Officer with OCD in the Administrative Compliance Bureau who is also the acting Bond Administrator for OCD. He has served with OCD in his current role for twenty (22) months. Prior to joining OCD, Mr. Karns served as an administrator for several New Mexico state agencies, including the Department of Public Safety. His qualifications are described in Exhibit 1. Mr. Karns will testify regarding his assessment of Respondent's inactive well compliance status in June 2024, which included the status of Respondent's wells.

2. Sara Griego, Law Clerk 15 minutes

Ms. Griego is the Law Clerk for the OCD. Ms. Griego handled the service of the Notice of Violation upon the Respondent. Ms. Griego will testify that she utilized the OCD Permitting System to identify the Respondent's last known address, along with information learned from OCD Counsel Christy Treviño as to the name and address of the Respondent, to attempt to serve both the Notice of Violation upon Respondent. The Notice of Violation was served by electronic mail, and certified mail upon Mr. Santiago Garcia, the last known Central Contact for Respondent. Service of the Notice of Violation upon Mr. Santiago Garcia was attempted by certified mail, but was returned to sender as undelivered. OCD attempted to send it by both United Parcel Service and United State Postal Service.

3. Sheila Apodaca, OCC Meetings & Hearings Administrator

15 minutes

Ms. Apodaca is the Meetings & Hearings Administrator for the OCC. Ms. Apodaca handled the service of the Notice of Violation and Docketing Notice upon the Respondent. Ms. Apodaca will testify that she utilized the OCD Permitting System to identify the Respondent's last known address along with information learned from OCD Counsel Christy Treviño as to the name and address Respondent, to attempt to serve both the Notice of Violation and Docketing Notice upon Respondent. The Notice of Violation and Docketing Notice was not delivered to the Respondent.

EXHIBITS:

Exhibit 1 Curriculum Vitae of Nicholas Karns;

Exhibit 2 Notice of Violation (NOV) against Northern Pacific Oil and Gas, Inc., dated June 21, 2014;

Exhibit 2-A OCD Permitting Report dated June 18, 2024;

Exhibit 2-B OCD C-115 Report

Exhibit 2-C Civil Penalty Calculator

Exhibit 3 Sara Griego- OCD emails regarding UPS and United States Postal Service
Tracking information for NOV;

Exhibit 4 Shelia Apodaca- OCD email and certified mailing of the Docketing Notice
for NOV set for a hearing date of August 22, 2024, dated July 24, 2024;

Exhibit 5 Delivery and read email notice with email response from the Respondent.

IV. PROCEDURAL MATTERS

The OCD has not identified any procedural matters to be resolved prior to the hearing.

Respectfully submitted,

Christy B. Treviño

Christy Treviño
Assistant General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Tel (505) 607-4524
Christy.Trevino@emnrd.nm.gov

CERTIFICATE OF SERVICE

I certify that on August 15, 2023, I served this pleading by electronic mail on:

Santiago Garcia
President
Northern Pacific Oil and Gas, Inc.
santiago.garcia@npacificoil.com

Christy B. Treviño

Christy Treviño