

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:

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER AGAINST NORMAN L. GILBREATH, FOR WELLS OPERATED IN SAN JUAN COUNTY, NEW MEXICO. CASE NO. 15696

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

June 22, 2017

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER  
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Michael McMillan, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, June 22, 2017, at the New Mexico Energy, Minerals and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

REPORTED BY: Mary C. Hankins, CCR, RPR  
New Mexico CCR #20  
Paul Baca Professional Court Reporters  
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APPEARANCES

FOR APPLICANT THE NEW MEXICO OIL CONSERVATION DIVISION  
COMPLIANCE AND ENFORCEMENT BUREAU:

KEITH W. HERRMANN, ESQ.  
STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
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EXHIBITS OFFERED AND ADMITTED

NMOCD Compliance and Enforcement Bureau Exhibit Numbers 1 through 3 and 3A and 3B	7
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1 (10:39 a.m.)

2 EXAMINER McMILLAN: I'd like to call Case  
3 Number 15696, application of the New Mexico Oil  
4 Conservation Division Compliance and Enforcement Bureau  
5 for a compliance order against Norman L. Gilbreath for  
6 wells operated in San Juan County, New Mexico.

7 Call for appearances.

8 MR. HERRMANN: Mr. Examiner, Keith Herrmann  
9 representing the Compliance and Enforcement Bureau.

10 EXAMINER McMILLAN: Any other appearances?  
11 Please proceed.

12 MR. HERRMANN: I would like the record to  
13 reflect we have one witness today, Ms. Denise Gallegos,  
14 and she has been previously sworn in OCD Case 15695.

15 EXAMINER McMILLAN: Please proceed.

16 DENISE GALLEGOS,  
17 after having been previously sworn under oath, was  
18 questioned and testified as follows:

19 DIRECT EXAMINATION

20 BY MR. HERRMANN:

21 Q. Ms. Gallegos, are you familiar with the  
22 violations detailed in this application for hearing?

23 A. Yes.

24 Q. Could you please identify the operator that is  
25 the subject of this compliance case and the operator's

1 OGRID?

2 A. Norman L. Gilbreath, OGRID Number 15991.

3 Q. And in what county -- in what county are these  
4 wells located?

5 A. San Juan and Rio Arriba Counties.

6 Q. I believe we're -- the violating wells are just  
7 in Rio Arriba County; is that correct?

8 A. Just in San Juan.

9 Q. Or San Juan. Excuse me. Okay.

10 A. Yes.

11 Q. Does the Division post all inactive wells -- or  
12 wells that are in inactive well status, or otherwise  
13 known as temporarily abandoned status, for an operator  
14 on its Web site?

15 A. Yes. This is available on OCD's Web site and  
16 updated daily on the inactive well list, listing each  
17 operator by well.

18 Q. And does the OCD require additional financial  
19 assurance for wells that have been inactive for over two  
20 years?

21 A. Yes.

22 Q. What is that amount?

23 A. The amount is based on what county the well is  
24 located in and the measured depth of the well.

25 Q. How many of Norman L. Gilbreath's wells need

1 **additional financial assurance?**

2 A. Four.

3 **Q. Will you please identify those wells using**  
4 **Exhibit 1 for reference?**

5 A. The four wells that are requiring bonding  
6 currently have a \$5,000 single well bond. So it's just  
7 the additional amount that they're requiring.

8 The first one is Al Kendrick #2, API  
9 30-045-25540, and the total bond amount should be  
10 \$6,830;

11 The Emery C. Arnold #1, API 30-045-08209.  
12 The total bond amount should be \$6,880;

13 R Hendrick #1, API 30-045-07784. The total  
14 bond amount should be \$6,858;

15 And the Tom Baldwin #1, API 30-045-07879.  
16 The total bond amount should be \$6,825.

17 **Q. Was the operator notified of these violations,**  
18 **and if so, when?**

19 A. Yes. I sent a Notice of Financial Assurance  
20 Violation letter, certified, on June 20th, 2016. It was  
21 returned undeliverable by the post office on June 27th,  
22 2016. And a second Notice of Financial Assurance  
23 Violation was mailed out, certified mail, on June 29th,  
24 2016, and I received the green signed card back on July  
25 13th, 2016.

1           **Q.    And is Exhibit 2 a copy of that notice?**

2           A.    Yes.

3           **Q.    What relief is the Division requesting?**

4           A.    The Division is requesting the operator provide  
5 the OCD with acceptable financial assurance within 30  
6 days of the issuance of an order of finding that the  
7 operator is in violation of 70-2-14 of the New Mexico  
8 state statute and 19.15.8 NMAC. And if the operator  
9 does not post the requested financial assurance within  
10 30 days of the issuance of an order, that the operator's  
11 in violation of a Division order.

12           **Q.    Is the OCD only seeking to enforce violations**  
13 **of financial assurance at this time?**

14           A.    Yes.

15           **Q.    Were Exhibits 1 and 2 prepared by you or under**  
16 **your direction?**

17           A.    Yes.

18                       MR. HERRMANN: Mr. Examiner, I have no  
19 further questions.

20                       If I may move to admit OCD Exhibits 1  
21 through 3, Exhibits 1 and 2 being previously identified  
22 during testimony, and Exhibit 3 being an Affidavit of  
23 Service prepared by myself that includes a certified  
24 mailing of the original date of this hearing, May 11th,  
25 2011 [sic], and an Affidavit of Notice -- or an

1 Affidavit of Publication in the "Daily Times," a  
2 newspaper of general circulation in San Juan County.

3 EXAMINER McMILLAN: Exhibits 1 through 3  
4 may now be accepted be as part of the record.

5 (NMOCD Compliance and Enforcement Bureau  
6 Exhibit Numbers 1 through 3 are offered and  
7 admitted into evidence.)

8 MR. HERRMANN: That concludes our  
9 presentation of OCD Case 15696.

10 EXAMINER BROOKS: Either you misspoke or I  
11 misheard. I thought you said May 11th -- that this was  
12 originally set for May 11th, 2011. So --

13 MR. HERRMANN: It originally was and notice  
14 was delivered. We've been in contact with the operator.  
15 And through trying to deal with this outside of hearing,  
16 we had agreed to four continuances and should have  
17 compliance as of today, but we did not want to continue  
18 it.

19 EXAMINER BROOKS: Well, my point is that it  
20 was May 11th, 2017, right?

21 MR. HERRMANN: Yes. Did I say '16?

22 EXAMINER BROOKS: You said May 11th, 2011.

23 MR. HERRMANN: Oh (laughter). Sorry.

24 Excuse me.

25 (Discussion off the record, 10:45 a.m. to

1 10:47 a.m.)

2 EXAMINER McMILLAN: Case Number 15696 shall  
3 be taken under advisement.

4 Thank you very much.

5 And this concludes the hearings today on  
6 June 22nd, 2017.

7 (Case Number 15696 concludes, 10:47 a.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court  
6 Reporter, New Mexico Certified Court Reporter No. 20,  
7 and Registered Professional Reporter, do hereby certify  
8 that I reported the foregoing proceedings in  
9 stenographic shorthand and that the foregoing pages are  
10 a true and correct transcript of those proceedings that  
11 were reduced to printed form by me to the best of my  
12 ability.

13 I FURTHER CERTIFY that the Reporter's  
14 Record of the proceedings truly and accurately reflects  
15 the exhibits, if any, offered by the respective parties.

16 I FURTHER CERTIFY that I am neither  
17 employed by nor related to any of the parties or  
18 attorneys in this case and that I have no interest in  
19 the final disposition of this case.

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MARY C. HANKINS, CCR, RPR  
Certified Court Reporter  
New Mexico CCR No. 20  
Date of CCR Expiration: 12/31/2017  
Paul Baca Professional Court Reporters

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