

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 LODESTONE OPERATING, INC., FOR WELLS OPERATED IN LEA COUNTY, NEW MEXICO. CASE NO. 20196

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 10, 2019, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
KATHLEEN MURPHY, TECHNICAL EXAMINER
LEONARD LOWE, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner; Kathleen Murphy and Leonard Lowe, Technical Examiners; and David K. Brooks, Legal Examiner, on Thursday, January 10, 2019, 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 NMOCD COMPLIANCE AND ENFORCEMENT BUREAU:

KEITH W. HERRMANN, ESQ.
STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL
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1 (11:11 a.m.)

2 EXAMINER JONES: Okay. Let's call Case
3 Number 20196.

4 Call for appearances.

5 MR. HERRMANN: Mr. Examiner, Keith Herrmann
6 representing the Oil Conservation Division Compliance
7 and Enforcement Bureau.

8 EXAMINER JONES: Any other appearances in
9 this case?

10 Will you please summarize what this case --
11 the title of the case. The examiner didn't do that in
12 this case.

13 MR. HERRMANN: Yes, Mr. Examiner.

14 This is the application of the New Mexico
15 Oil Conservation Division Compliance and Enforcement
16 Bureau for a compliance order against Lodestone
17 Operating, Incorporated for wells operated in Lea
18 County, New Mexico. This is very similar to the last
19 case we submitted. We have five exhibits.

20 Exhibit 1 is an inactive well list
21 generated from the Oil Conservation Division records
22 showing that the Shipp 10 #1 well has not produced since
23 May 2007. It is a well on private land, approximately
24 11,750 feet deep, with a bond of \$16,749. And I believe
25 that is the only bond associated with this well.

1 EXAMINER JONES: You have a character
2 standing to your right. Are you going to introduce him?

3 MR. HERRMANN: I have Mr. Daniel Sanchez
4 with me who has prepared these exhibits.

5 There is one well here. I'm noting that it
6 is -- according to Exhibit 2 -- for \$16,749, and that's
7 based on the \$5,000 plus \$1 a foot depth of the well.

8 Notice of violation is contained in Exhibit
9 3. It was sent at least 60 days prior to the
10 commencement of this proceeding.

11 Exhibit 4 is an affidavit from Mr. Sanchez,
12 again who is standing to my right, who has prepared his
13 testimony for you to review, testifying that this well
14 has been inactive for in excess of one year, plus 90
15 days and required to be plugged and abandoned pursuant
16 to 19.15.25.8 NMAC.

17 Exhibit 5, again, is an Affidavit of
18 Service that I have prepared showing that we have
19 notified all the addresses we have on file, Lodestone
20 Operating, Incorporated's own address in Portland,
21 Texas, their agent in Santa Fe, New Mexico, RLI
22 Insurance Company, their surety via the New Mexico
23 Superintendent of Insurance and David Reavis who was
24 identified as another principal by the New Mexico
25 Secretary of State.

1 And additionally, through Exhibit 5 is our
2 green cards and acceptance of service from the
3 New Mexico Superintendent of Insurance.

4 I now move to admit our Exhibits 1 through
5 5.

6 EXAMINER JONES: Exhibits 1 through 5 are
7 admitted.

8 (NMOCD Compliance and Enforcement Bureau
9 Exhibit Numbers 1 through 5 are offered and
10 admitted into evidence.)

11 MR. HERRMANN: And request that the
12 Division issue an order directing Lodestone Operating,
13 Incorporated to plug and abandon this well within 45
14 days, and if not, that the Division plug and believed
15 this well with a Division-approved plugging and
16 abandonment program and directing the expenses to be
17 recouped from the operator's financial assurance.

18 EXAMINER JONES: Thank you, Mr. Herrmann.
19 Is that it?

20 MR. HERRMANN: If there is nothing else, we
21 would request this case be taken under advisement.

22 EXAMINER JONES: Case 20196 is taken under
23 advisement.

24 (Case Number 20196 concludes, 11:15 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.

20 DATED THIS 31st day of January 2019.

21

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23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters

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