

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

IN RE JIM PIERCE

CASE NO. 24009

**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 August 2023, 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 general financial assurance assessment for New Mexico operators, also known as a “global bonding” assessment. The goal of such an assessment is to inspect the OCD permitting system for any operators who are non-compliant with 19.15.8 NMAC’s requirements for financial assurance of both active and inactive wells. Upon Mr. Karns’ review of OCD’s permitting system reports and data, Mr. Karns concluded that operator Jim Pierce (“Respondent”), OGRID # 99439, 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 19.15.28.8 NMAC.

At the time of Mr. Karns’ review, one of the operators that appeared to be non-compliant with 19.15.5.9(A)(4)(a) NMAC was Jim Pierce (“Respondent”), OGRID# 99439. More specifically, OCD’s records indicate that Respondent owns nine (9) wells, nine (9) of which were

and remain inactive, with no reporting by Respondent of production from any of the nine (9) in the fifteen (15) months prior to August 2023. 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 inactive. 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.

Because Respondent violated and remains in violation of 19.15.5.9 and 19.15.28.8 NMAC, OCD seeks an order from the Division allowing OCD to plug and abandon all of Respondent's nine (9) wells, termination of Respondent's Authorization to Transport, impose a civil penalty upon Respondent in the amount of \$4,050.00, and any other relief the Hearing Officer believes is just and proper.

III. PROPOSED EVIDENCE

WITNESS:

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 thirteen (13) 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 August 2023, which included the bond status of Respondent's wells.

EXHIBITS:

Exhibit 1 Curriculum Vitae of Nicholas Karns;

Exhibit 2 OCD Permitting Report dated 9/7/23;

- Exhibit 3 Notice of Violation (NOV) against Jim Pierce dated 9/22/23;
- Exhibit 4 United States Postal Service Tracking Data Sheet for NOV;
- Exhibit 5 Image of envelope issuing NOV to Respondent;
- Exhibit 6 OCD Docketing Notice for NOV for 12/7/23 dated 11/7/23;
- Exhibit 7 OCD email to Respondent's address-of-record with Docketing Notice attached and dated 11/7/23.

IV. PROCEDURAL MATTERS

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

Respectfully submitted,

Christopher Moander
Attorney, Office of General Counsel
New Mexico Energy, Minerals and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Tel (505) 709-5687
chris.moander@emnrd.nm.gov

CERTIFICATE OF SERVICE

I certify that on November 30, 2023, I served this pleading by electronic mail on:

Horace DeLong, Executor
Jim Pierce
P.O. Box 381
Artesia, NM 88210
dxotx@outlook.com

Christopher Moander