

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

**IN RE NANCY WILCOX E. QUALLS.**

**CASE NO. 24512**

**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 for both active and inactive wells. Upon Mr. Karns’ review of OCD’s permitting system reports and data, Mr. Karns concluded that operator Nancy Wilcox E. Qualls (“Respondent”), OGRID 15501, 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 Respondent, OGRID 15501. More specifically, OCD’s records indicate that Respondent owns four (4) wells, all of which show no reporting since October 2014, no reporting by Respondent of production from any of the four (4) wells within the fifteen

(15) months prior to August 2023, and no production reporting since the Notice of Violation was issued on March 27, 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 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 four (4) 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 nineteen (19) 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, as well as February 16, 2024, when he ran the report used for the Notice of Violation, which included the bond status of Respondent's wells.

2. 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 as well as information learned from OCD Counsel Chris Moander as to the name and address of the Executor of the Estate of Nany Wilcox E. Qualls, to attempt to serve both the Notice of Violation and Docketing Notice upon Respondent. Service of the Notice of Violation upon William Kent Elliott was attempted by USPS Certified Mail, but was returned as "Unclaimed." The Docketing Notice was served upon William Kent Elliott by Certified Mail.

3. Sara Griego, OCD Paralegal and Legal Assistant 15 minutes

Ms. Griego is a Paralegal and Legal Assistant for the OCD. Ms. Apodaca handled the service of the Notice of Violation and Docketing Notice upon the Respondent. Ms. Griego will testify that she utilized the OCD Permitting System to identify the Respondent's last known address as well as information learned from OCD Counsel Chris Moander as to the name and address of the Executor of the Estate of Nany Wilcox E. Qualls, to attempt to serve both the Notice of Violation and Docketing Notice upon Respondent. The Notice of Violation was served by electronic mail and Certified Mail upon Staci Brooks, the last known Central Contact for Respondent. The Docketing Notice was served upon Staci Brooks via electronic mail.

**EXHIBITS:**

- Exhibit 1 Curriculum Vitae of Nicholas Karns;
- Exhibit 2 OCD Permitting Report dated 5/31/24;
- Exhibit 3 OCD Financial Assurance Report dated 5/31/24
- Exhibit 4 Amended Notice of Violation (NOV) against Nancy Wilcox E. Qualls dated 3/27/24;

- Exhibit 5 Civil Penalty Calculator for NOV;
- Exhibit 6 Motion filed with the Statutory Probate Court, El Paso County, State of Texas, identifying William Kent Elliott as co-Executor, if not sole Executor, of the Estate of Nancy Wilcox E. Qualls;
- Exhibit 7 United States Postal Service Tracking Data Sheet for NOV to Staci Brooks;
- Exhibit 8 Image of envelope sent *via* United States Postal Service, Certified Mail, to William Kent Elliott, Executor of the Estate of Nancy Wilcox E. Qualls;
- Exhibit 9 United States Postal Service Tracking Data Sheet for NOV to William Kent Elliott, Executor of the Estate of Nancy Wilcox E. Qualls;
- Exhibit 10 OCD Docketing Notice for NOV for 6/13/24 dated 5/7/24;
- Exhibit 11 OCD email to Respondent's address-of-record with Docketing Notice attached and dated 5/7/24.
- Exhibit 12 United States Postal Service Tracking Data Sheet for Docketing Notice to Willliam Kent Elliott.

#### IV. PROCEDURAL MATTERS

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

Respectfully submitted,

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Christopher Moander  
Attorney, Office of General Counsel  
New Mexico Energy, Minerals and  
Natural Resources Department  
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Santa Fe, New Mexico 87505  
Tel (505) 709-5687  
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**CERTIFICATE OF SERVICE**

I certify that on June 3, 2024 this pleading was served by electronic mail and/or USPS as follows:

Electronic Mail Service

Staci E. Brooks  
Production Accounting Supervisor  
Nancy Wilcox E. Qualls  
P.O. Box 420  
Farmington, NM 87410  
[stacibrooks@duganproduction.com](mailto:stacibrooks@duganproduction.com)

USPS Service

William Kent Elliot  
Executor, Nancy Wilcox E. Qualls Estate  
728 Brisa Del Mar Drive  
El Paso, TX 79912

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Christopher Moander