

Jones, William V, EMNRD

From: Herrmann, Keith, EMNRD
Sent: Thursday, October 20, 2016 3:23 PM
To: Collins, Karen, EMNRD
Cc: Jones, William V, EMNRD; Davidson, Florene, EMNRD; Gary Larson
Subject: OCD Case 15541 Pre Hearing Statement
Attachments: 2016-10-20 Chaparral PHS.PDF

Hi Karen,

Attached is the OCD Compliance and Enforcement Bureau's Pre Hearing Statement for the above reference case. I would like to let the hearing examiner know that we have already entered into an inactive well agreed compliance order (ACOI) with Chaparral. However, the one of the deadlines for compliance called for in the ACOI is next Tuesday, 10/25, so the Bureau is filing this Pre Hearing Statement merely as a contingency. So long as the deadlines in the ACOI are met, the Bureau will dismiss the case early next week.

Thanks

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER
AGAINST CHAPARRAL RESOURCES, LLC, FOR ITS WELL OPERATED IN
LEA COUNTY, NEW MEXICO.**

CASE NO. 15541

PRE-HEARING STATEMENT

Applicant New Mexico Oil Conservation Division Compliance and Enforcement Bureau ("Bureau") is seeking an order declaring:

1. That operator Chaparral Resources, LLC ("Chaparral" or "Operator") is out of compliance with 19.15.5.9, and 19.15.25.8 NMAC;
2. That Operator return to compliance with 19.15.5.9 and 19.15.25.8 NMAC by a date certain;
3. In the event of non-compliance, finding the Operator in violation of a Division Order for each day after the deadline established in the sought order to obtain compliance, declaring the well abandoned, and authorizing the Oil Conservation Division ("OCD") to plug the violating well in accordance with a Division-approved plugging program and restore and remediate the location, recover costs from the Operator's financial assurance as permitted by 19.15.8.13 NMAC, and seek indemnification as permitted by NMSA 1978, § 70-2-14(E)..

The OCD supports the approval of the compliance order because of the following:

1. Notice of Hearing was properly served as required by 19.15.4.9 and 19.15.4.10 NMAC.
2. Operator currently operates one salt water disposal well in Lea County, the Houston A No. 1, API No. 30-025-07202 ("subject well").
3. The last reported injection into the subject well was a volume of 3,730 bbls in the reporting period for January 2014.
4. Injection authority into the subject well has terminated due to a one-year period of non-injection pursuant to 19.15.26.12(C)(1) NMAC.
5. Operator currently has one (1) well out of a total of one (1) well out of compliance with 19.15.25.8 NMAC, exceeding the amount allowed under 19.15.5.9(A)(4) NMAC.

PETITIONERS'S PROPOSED EVIDENCE

WITNESS:

ESTIMATED TIME: 15 minutes

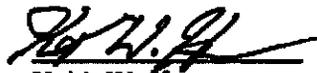
Daniel Sanchez, NMOCD Compliance & Enforcement Manager

Testimony on well status.

PROCEDURAL MATTERS

None.

Respectfully submitted
October 20, 2016 by

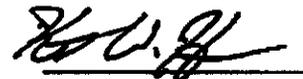


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*Attorney for the Oil Conservation Division
Compliance and Enforcement Bureau*

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was sent electronically to the following party on October 20, 2016:

Gary W. Larson,
Attorney for Chaparral Resources, LLC
Hinkle Shanor LLP
218 Montezuma
Santa Fe, New Mexico 87501
glarson@hinklelawfirm.com


Keith W. Herrmann

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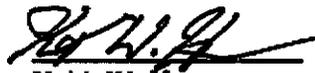
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Respectfully submitted
October 20, 2016 by

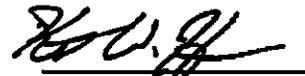


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