

STATE OF NEW MEXICO
ENERGY, MINERAL AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION COMMISSION

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:

APPLICATION OF OXY USA WTP LIMITED CASE NO 15788
PARTNERSHIP FOR A NON-STANDARD SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

September 14, 2017

SANTA FE, NEW MEXICO

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
 GABRIEL WADE, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner, and David K. Brooks, Legal Examiner, on Thursday, September 14, 2017, 8:30 a.m., 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: Debra Ann Frietze
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APPEARANCES

FOR OIL CONSERVATION DIVISION COMPLIANCE AND ENFORCEMENT BUREAU:

KEITH W. HERRMANN
New Mexico Energy, Minerals and Natural
Resources Department
1220 S. Saint Francis Drive, Ste. 138
Santa Fe. New Mexico 87505
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| EXHIBITS | DESCRIPTION | ADMITTED |
|----------|---|----------|
| 1. | Inactive Well Additional Financial Assurance Report | 6 |
| 2. | Notice of Violation | 6 |
| 3. | Affidavit of Notice | 6 |
| | CERTIFICATE OF COURT REPORTER | 9 |

1 EXAMINER JONES: I call Case Number 15788,
2 Application of New Mexico Oil Conservation Division
3 Compliance and Enforcement Bureau for a Compliance Order
4 against S&D Partnership for a well operated in Lea
5 County, New Mexico.

6 I'll invite appearances in this case.

7 MR. HERRMANN: Mr. Examiner, Keith Herrmann
8 representing the Oil Conservation Division Compliance
9 and Enforcement Bureau. I have one witness today,
10 Ms. Denise Gallegos.

11 EXAMINER JONES: Okay. Any other
12 appearances in this case?

13 No other appearances. Will the witness
14 please stand, and will the court reporter please swear
15 the witness?

16 DENISE GALLEGOS

17 after having been first duly sworn under oath,
18 was questioned and testified as follows:

19 MR. HERRMANN: Mr. Examiner, this is a
20 brief financial assurance case regarding S&D
21 Partnership. We have one witness today, Ms. Denise
22 Gallegos. Without further ado, we will jump into our
23 direct testimony.

24 EXAMINER JONES: Okay, go ahead.

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DIRECT EXAMINATION

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BY MR. HERRMANN:

Q. Ms. Gallegos, would you please state your name, title and place of employment for the record?

A. Denise Gallegos, Compliance Officer with the Oil Conservation Division.

Q. Could you briefly describe the duties you perform for the OCD?

A. Among other duties, I'm responsible for the management, enforcement and ensuring compliance with the Division's Financial Assurance Program.

Q. And are you familiar with the violations detailed in this application for hearing?

A. Yes.

Q. Could you please identify the operator that's the subject of this case and their OGRID?

A. S&D Partnership, OGRID Number 19914.

Q. In what county is this well located?

A. Lea County.

Q. And does the Division post all inactive wells or otherwise known as temporarily abandoned status wells for an operator on its Website?

A. Yes. This is available on OCD's Website and updated daily on the Inactive Well list, listing each well by operator.

1 **Q. Does the OCD require additional financial**
2 **assurance for wells that have been inactive for over two**
3 **years?**

4 A. Yes.

5 **Q. What is the amount of financial assurance**
6 **required for a well that has been inactive for over two**
7 **years?**

8 A. The amount is based on what county the well is
9 in and the measured depth of the well.

10 **Q. Referring to Exhibit 1, how many of this**
11 **operator's wells need additional financial assurance?**

12 A. One.

13 **Q. Can you list the amount of financial assurance**
14 **for each well?**

15 A. For the Drincard Homestead Number 1, the amount
16 of the well required is \$12,817.

17 **Q. And this was based on Exhibit 1?**

18 A. Yes.

19 **Q. Which is a printout of the Inactive Well list?**

20 A. Yes.

21 **Q. Was the operator notified of these violations?**

22 A. Yes. A Notice of Financial Assurance Violation
23 letter was mailed out Certified Mail on February 27,
24 2017, and a signed green card was received by OCD on
25 March 13th, 2017.

1 Q. 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 that the operator
5 provide the OCD with acceptable financial assurance
6 within 30 days of issuance of an Order of Finding that
7 the operator is in violation of 70-2-14 of the
8 New Mexico State Statutes and 19.15.8 NMAC. And if the
9 operator does not post the requested financial assurance
10 within 30 days of the issuance of an order, that the
11 operator is in violation of a Division order.

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

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, at this time I
19 would move to admit Exhibits 1 through 3; Exhibits 1 and
20 2 being previously identified, and Exhibit 3 being an
21 Affidavit of Notice prepared by myself.

22 EXAMINER JONES: Exhibits 1, 2 and 3 are
23 admitted.

24 MR. HERRMANN: And that concludes our
25 presentation.

1 EXAMINER JONES: Ms. Gallegos, is this any
2 different than the other cases you've been presenting in
3 the last few hearings?

4 THE WITNESS: No.

5 EXAMINER JONES: Was there a problem
6 locating this party?

7 THE WITNESS: No. Keith has been in
8 contact with their attorney.

9 EXAMINER JONES: Okay.

10 MR. WADE: I have no questions.

11 EXAMINER JONES: Thank you very much.

12 MR. HERRMANN: And just for the record, the
13 attorney has not entered an appearance in this case.
14 They are represented --

15 EXAMINER JONES: There was no other
16 appearances in this case?

17 MR. HERRMANN: No. No appearance has been
18 filed. Without entering testimony, we believe this
19 operator will comply once an order is issued.

20 EXAMINER JONES: Okay, thank you.

21 Will you please prepare a draft order?

22 MR. HERRMANN: Certainly.

23 EXAMINER JONES: Case Number 15788 is taken
24 under advisement.

25 [Proceedings concluded at 8:36 a.m.]

1 STATE OF NEW MEXICO.
2 COUNTY OF BERNALILLO

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5 CERTIFICATE OF COURT REPORTER

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8 I, DEBRA ANN FRIETZE, Certified Court
9 Reporter, New Mexico Certified Court Reporter No. 251,
10 do hereby certify that I reported the foregoing
11 proceedings in stenographic shorthand and that the
12 foregoing pages are a true and correct transcript of
13 those proceedings that were reduced to printed form by
14 me to the best of my ability.

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

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

22

23 DEBRA ANN FRIETZE.
24 Certified Court Reporter
25 New Mexico CCR No. 251
Date of CCR Expiration: 12/31/2017