

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

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APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST KIMLAR OIL COMPANY, FINDING THAT OPERATOR KNOWINGLY AND WILLFULLY VIOLATED DIVISION RULES 19.15.3.116 AND 19.15.9.703 NMAC; ORDERING OPERATOR TO COMPLY WITH SUCH RULES BY A DATE CERTAIN; ASSESSING PENALTIES; EDDY COUNTY, NEW MEXICO.

CASE NO. 14054

ENTRY OF APPEARANCE AND  
PRE-HEARING STATEMENT

The Oil Conservation Division submits this entry of appearance and pre-hearing statement pursuant to OCD Rule 1211 [19.15.14.1211 NMAC].

APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Sonny Swazo  
Oil Conservation Division  
Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3463  
FAX: 476-3462  
Email: Sonny.Swazo@state.nm.us

Kim  
8/8/11

RESPONDENT

Kimlar Oil Company

No entry of appearance filed.

STATEMENT OF THE CASE

The Oil Conservation Division (OCD) seeks an order finding that Kimlar Oil Company knowingly and willfully violated OCD Rule 19.15.3.116 NMAC as to the Gourley Federal No. 003 and OCD Rule 19.15.9.703 as to the Gourley Federal No. 004.

As to the Gourley Federal No. 003, Kimlar entered into Agreed Compliance Order No. 174, wherein Kimlar agreed to submit "a remediation plan on the release at the Gourley Federal No. 003 well no later than April 20, 2007, and completes remediation with in a reasonable time thereafter, not to exceed six (6) months." As of this date, Kimlar has not

notified OCD of the release nor remediated the site in accord with OCD Rule 19.15.3.116.

As to the Gourley Federal No. 004, Kimlar entered into Agreed Compliance Order No. 195, wherein Kimlar agreed to schedule a mechanical integrity test for the well by no later than September 4, 2007 (this compliance action began when Kimlar did not show up for a scheduled test on the well in October 2006 and did not reschedule the test). Kimlar did not contact OCD (to schedule the test) by the deadline set out in Agreed Compliance Order No. 195. On December 18, 2007, after the above application was filed, Kimlar scheduled a test on the well and the well was tested on December 19, 2007. The well passed the test.

Because Kimlar is now in compliance with OCD Rule 19.15.9.703, OCD is seeking an order directing Kimlar to comply with OCD Rule 19.15.3.116 by a date certain.

OCD is seeking civil penalties for the time that Kimlar knowingly and willfully violated OCD Rule 19.15.3.116 and OCD Rule 19.15.9.703, after the expiration of Agreed Compliance Order Nos. 174 and 195.

#### **APPLICANT'S PROPOSED EVIDENCE**

WITNESS:

ESTIMATED TIME:

Daniel Sanchez  
Enforcement and Compliance Manager

45 Minutes

Gerry Guye (by telephone)  
Compliance Officer, District II

45 Minutes

May Call (Only if Compliance Officer Guye is either unavailable or unable to answer certain questions)

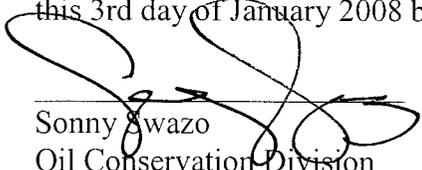
Mike Bratcher (by telephone)  
Compliance Officer, District II

45 Minutes

#### **PROCEDURAL MATTERS**

None.

Respectfully submitted  
this 3rd day of January 2008 by

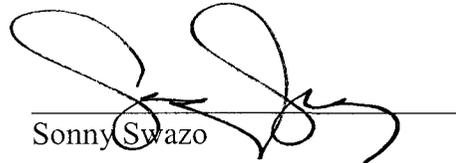
  
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Attorney for the Oil Conservation Division

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was served upon the following by first class mail and email this 3rd day of January 2008:

Kimlar Oil Company  
P.O. Box 1217  
Kermit, Texas 79745  
Email: [hillhop@apex2000.net](mailto:hillhop@apex2000.net)

  
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Sonny Swazo