

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

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

APPLICATION OF DENNIS LANGLITZ  
FOR AUTHORITY TO INJECT

Case No. 14,190

ENTRY OF APPEARANCE AND PREHEARING STATEMENT  
SUBMITTED BY THE OIL CONSERVATION DIVISION

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

Dennis Langlitz

APPLICANT'S ATTORNEY

Gary W. Larson  
Michael C. Williams  
Hinkle, Hensley, Shanor & Martin, LLP  
P.O. Box 2068  
Santa Fe, NM 87504-2068  
505.982.4554  
505.982.8623 (Facsimile)  
[glarson@hinklelawfirm.com](mailto:glarson@hinklelawfirm.com)  
[mwilliams@hinklelawfirm.com](mailto:mwilliams@hinklelawfirm.com)

RESPONDENT

Oil Conservation Division

RESPONDENTS' ATTORNEYS

Gail MacQuesten  
Oil Conservation Division  
Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3451  
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E-mail: [gail.macquesten@state.nm.us](mailto:gail.macquesten@state.nm.us)

STATEMENT OF CASE

Applicant Dennis Langlitz seeks approval for authority to inject into certain specified wells.

The Oil Conservation Division (OCD) takes no position on the merits of the application.

OCD Entry of Appearance and Pre-Hearing Statement

Case 14190

Page 1 of 3

The OCD enters its appearance in this case to bring the following to the attention of the Oil Conservation Division examiner:

OCD Rule 19.15.9.701.A NMAC allows the OCD to grant injection permits “only to an operator who is in compliance with Subsection A of 19.15.1.40 NMAC.” Applicant Dennis Langlitz is currently out of compliance with Subsection A of 19.15.1.40 NMAC with regard to inactive wells and unpaid penalties.

**1. Inactive wells.**

Subsection A of 19.15.1.40 NMAC contains the following provision regarding inactive wells:

A. A well operator is in compliance with Subsection A of 19.15.1.40 NMAC if the operator:

....

(4) has no more than the following number of wells out of compliance with 19.15.4.201 NMAC that are not subject to an agreed compliance order setting a schedule for bringing the wells into compliance with 19.15.4.201 NMAC and imposing sanctions if the schedule is not met:

(a) two wells or 50 percent of the wells the operator operates, whichever is less, if the operator operates 100 wells or less....

Applicant Dennis Langlitz operates 13 wells in New Mexico. Under 19.15.1.40 NMAC, an operator of 13 wells can have no more than two wells in violation of the inactive well rule. Applicant Dennis Langlitz has 5 wells on the inactive well list kept pursuant to 19.15.1.40.F NMAC. A copy of that well list is attached.

Applicant Dennis Langlitz has not entered into an inactive well agreed compliance order for the 5 wells on the list, and has not sought such an order from the OCD.

**2. Unpaid Penalties.**

Subsection A of 19.15.1.40 NMAC contains the following provision regarding unpaid penalties:

A. A well operator is in compliance with Subsection A of 19.15.1.40 NMAC if the operator:

....

(3) does not have a penalty assessment that is unpaid more than 70 days after issuance of the order assessing the penalty....

Applicant Dennis Langlitz entered into Agreed Compliance Order 225 (ACO 225) in March of 2008 regarding the same six injection wells that are the subject of the application in Case 14190. ACO 225 was the culmination of enforcement efforts dating back at least to 2005. ACO 225 was amended twice to extend deadlines for compliance at the request of Mr. Langlitz. Copies of the original order and the two amendments are attached.

In ACO 225, Applicant Dennis Langlitz acknowledged that he knowingly and willfully violated the provisions of 19.15.9.704.A regarding the requirements for mechanical integrity testing of injection wells. Under the terms of ACO 225, as amended, Applicant Dennis Langlitz paid a

\$15,000 penalty, and agreed to return the wells to compliance by July 31, 2008 by obtaining authority to inject and passing mechanical integrity tests. Under the terms of ACO 225, the OCD agreed to waive \$28,000 in penalties if Applicant Dennis Langlitz met the deadlines. Applicant Dennis Langlitz failed to meet the deadlines for returning the wells to compliance. By letter dated August 15, 2008, the OCD notified the attorney for Mr. Langlitz that the \$28,000 penalty was due and owing.

The OCD takes the position that the \$28,000 penalty was due an owing on August 1, 2008, when Applicant Dennis Langlitz failed to meet the July 31, 2008 deadline under ACO 225.

### RESPONDENT OCD'S PROPOSED EVIDENCE

WITNESS:  
Daniel Sanchez,  
Compliance and Enforcement Manager

ESTIMATED TIME:  
10 minutes

### PROCEDURAL MATTERS

The application for authority to inject cannot be granted while Applicant Dennis Langlitz is in violation of Subsection A of 19.15.1.40 NMAC. To come into compliance, the applicant must pay the \$28,000 penalty that is due, and either return the 5 wells identified on the inactive well list to compliance or enter into an inactive well agreed compliance order covering the wells setting a schedule for coming into compliance and imposing sanctions if the operator fails to meet that schedule.

Respectfully submitted  
this 8<sup>th</sup> day of October 2008 by



Gail MacQuesten  
Oil Conservation Division  
Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3451

Attorney for the Oil Conservation Division

### CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was faxed to Mr. Larson and Mr. Williams at the fax number listed above this 8<sup>th</sup> day of October 2008.



Gail MacQuesten

## Inactive Well List

**Total Well Count: 13 Inactive Well Count: 5 Since: 7/14/2007**

**Printed On: Monday, October 06 2008**

District	API	Well	ULSTR	OCD Unit	OGRID	Operator	Lease Type	Well Type	Last Production	Formation/Notes	Status	TA Exp Date
2	30-015-02451	SALADAR UNIT #001	L-33-20S-28E	L	157447	DENNIS LANGLITZ	P	O	03/2005			
2	30-015-02444	SALADAR UNIT #005	K-33-20S-28E	K	157447	DENNIS LANGLITZ	F	O	03/2006			
2	30-015-10468	SALADAR UNIT #007	N-33-20S-28E	N	157447	DENNIS LANGLITZ	F	I	11/2006			
2	30-015-10365	SALADAR UNIT #010	O-33-20S-28E	O	157447	DENNIS LANGLITZ	F	O	05/1991			
2	30-015-24181	SALADAR UNIT #014	N-33-20S-28E	N	157447	DENNIS LANGLITZ	F	O	11/2006			

WHERE Ogrid:157447, County:All, District:All, Township:All, Range:All, Section:All, Production(months):15, Excludes Wells Under ACOI, Excludes Wells in Approved TA Period

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

ACO No. 225

IN THE MATTER OF DENNIS LANGLITZ,

Respondent.

**AGREED ORDER DIRECTING COMPLIANCE  
AND ASSESSING CIVIL PENALTY**

Pursuant to the New Mexico Oil and Gas Act, NMSA 1978, Sections 70-2-1 through 70-2-38, as amended ("Act"), and the regulations promulgated under the Act, the Director of the Oil Conservation Division of the Energy Minerals and Natural Resources Department of the State of New Mexico ("OCD") issues this Order to Dennis Langlitz (hereinafter "Operator") directing compliance with the Act and OCD Rules, and assessing a penalty for violations of the Act and OCD rules.

**I. FINDINGS**

1. The OCD is the state division charged with administration and enforcement of the Act and OCD Rules.
2. Operator is a sole proprietorship operating wells in New Mexico under OGRID 157447. Operator's address of record is 1425 S. Country Club Circle, Carlsbad, New Mexico 88220.
3. Operator is Operator of Record of the following subject wells:

Saladar Unit No. 002;	30-015-02450;	L-33-20S-28E
Saladar Unit No. 004;	30-015-02446;	K-33-20S-28E
Saladar Unit No. 006;	30-015-02448;	K-33-20S-28E
Saladar Unit No. 007;	30-015-10468;	N-33-20S-28E
Saladar Unit No. 008;	30-015-02449;	N-33-20S-28E
Saladar Unit No. 012;	30-015-24179;	K-33-20S-28E

4. OCD Rule 19.15.9.703(A) NMAC ("Rule 703") states:

Injection wells shall be equipped, operated, monitored, and maintained to facilitate periodic testing and to assure continued mechanical integrity which will result in no significant leak in the tubular goods and packing materials used and no significant fluid movement through vertical channels adjacent to the well bore.

5. OCD Rule 19.15.9.704(A)(2) NMAC ("Rule 704") requires injection wells to have a mechanical integrity test conducted at least once every five years, to assure their continued mechanical integrity.
6. OCD Rule 704(A)(5) states, "The injection well operator shall advise the division of the date and time any initial, five-year or special tests are to be commenced in order that such tests may be witnessed."
7. In 2005, OCD informed Operator by letter that the above identified subject wells were due for their mandatory five-year mechanical integrity test. The letter informed Operator that the wells were going to be tested on a certain date and that Operator had to have a representative present for the test. The letter advised Operator to call OCD if there were any questions or the tests needed to be rescheduled. No one for Operator appeared for the scheduled tests. As a result, OCD was unable to test the mechanical integrity of the wells.
8. In 2006, OCD informed Operator by letter that the subject wells needed to have mechanical integrity tests performed on them. The letter informed Operator that the wells were going to be tested on a certain date and that Operator had to have a representative present for the test. The letter advised Operator to call OCD if there were any questions or the tests needed to be rescheduled. No one for Operator appeared for the tests. As a result, OCD was unable to test the mechanical integrity of the wells.
9. On January 5, 2007, OCD Deputy Oil and Gas Inspector Gerry Guye sent Operator a letter which informed Operator that its authority to inject for the subject wells was being suspended due to no mechanical integrity test having been conducted on the wells since May 2000. Deputy Inspector Guye told Operator that the wells needed to have a mechanical integrity test conducted prior to reinstatement of Operator's injection authority for the wells. OCD did not hear from Operator.
10. As a result, on December 6, 2007, OCD issued Notice of Violation No. 02-07-29, which alleged that Operator was in knowing and willful violation of OCD 704(A)(5) because Operator had not contacted OCD to reschedule the mechanical integrity test for the wells.
11. On January 8, 2008, an administrative conference was held on the notice of violation. Dennis Langlitz appeared in person.
12. Mr. Langlitz said in 2005 he talked to OCD Compliance Officer Van Barton about having the wells tested. He told OCD Compliance Officer Van Barton that he needed injection lines. He said in September 2005 he got injection lines for all the wells except for the Saladar Unit No. 004 and Saladar Unit No. 007. He said he was injecting with the other wells. He said he got the January 5, 2007 letter but he did not open the letter until October 2007. He did not recall when he got the January 5, 2007 letter, but said he found it when he was cleaning out his office in early October 2007. He said he stopped injecting when he received Notice of Violation No. 02-07-29. He said he has never read the rules governing injection wells. He said he is ready to have all of the wells tested except for the Saladar Unit

No. 007. He said he could have the Saladar Unit No. 007 ready to be tested in two weeks.

### III. CONCLUSIONS

1. The OCD has jurisdiction over the parties and subject matter in this proceeding.
2. Operator is a person as defined by NMSA 1978, § 70-2-33(A) that may be subject to civil penalties under NMSA 1978, §70-2-31(A).
3. NMSA 1978, Section 70-2-31(A) states, "Any person who knowingly and willfully violates any provision of the Oil and Gas Act or any provision of any rule or order issued pursuant to that act shall be subject to a civil penalty of not more than one thousand dollars for each violation. For purposes of this subsection, in the case of a continuing violation, each day of violation shall constitute a separate offense."
4. Operator is subject to civil penalties under NMSA 1978, § 70-2-31(A) for knowing and willful violations of OCD Rule 704.

### IV. ORDER & CIVIL PENALTY ASSESSMENT

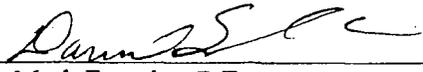
1. Taking into account both aggravating and mitigating factors, the OCD hereby assesses a civil penalty against Operator totaling Forty-Three Thousand Dollars (\$43,000.00).
2. Twenty-Eight Thousand Dollars (\$28,000.00) shall be waived on the following conditions:
  - a. Operator shall pay the due Fifteen Thousand Dollars (\$15,000.00) civil penalty by March 14, 2008. Payment shall be made by certified or cashier's check payable to the "New Mexico Oil Conservation Division," and mailed or hand-delivered to the New Mexico Oil Conservation Division, Attention: Director, 1220 South Saint Francis Drive, Santa Fe, New Mexico 87505.
  - b. Operator shall return the subject wells to compliance with OCD rules by Monday June 30, 2008. To be in compliance, the subject wells must have the authority to inject, their mechanical integrity must be tested, and they must have passed mechanical integrity tests.
  - c. Operator shall inspect all of its wells for contamination. Operator shall submit a remediation plan for those contaminated well sites by no later than Monday March 24, 2008.
3. If Operator fails to comply with the conditions of Ordering Paragraph No. 2, the Twenty-Eight Thousand Dollars (\$28,000.00) shall become immediately due and paid in accordance with Ordering Paragraph No. 2(a).
4. By signing this Order, Operator expressly:

- a. acknowledges the correctness of the Findings and Conclusions set forth in this Order;
  - b. agrees to comply with the Order;
  - c. waives any right, pursuant to the Oil and Gas Act or otherwise, to a hearing either prior or subsequent to the entry of this Order or to an appeal from this Order;
  - d. agrees that if it fails to comply with this Order, the Order may be enforced by suit or otherwise to the same extent and with the same effect as a Final Order of the Division entered after notice and hearing in accordance with all terms and provisions of the Oil and Gas Act;
5. For good cause shown, Operator may request an extension to complete the requirements as set out in Ordering Paragraph 2. Such notification ("notice") shall reasonably describe the circumstances encountered by Operator that prohibits it from meeting the deadlines set out herein.

Within ten (10) days of receipt of this notice, the OCD shall either approve the extended time requested by Operator by executing a written amendment to this Order, or notify Operator that it will not extend the deadline. The OCD's approval of a time extension shall not be unreasonably withheld.

6. Nothing in this Order relieves Operator of its liability should its operations fail to adequately investigate and remediate contamination that poses a threat to ground water, surface water, human health or the environment. In addition, nothing in this Order relieves Operator of its responsibility for compliance with any other federal, state or local laws and/or regulations.

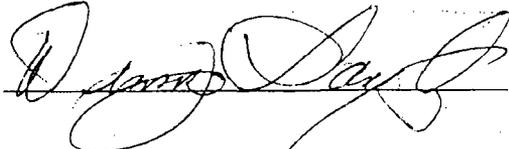
Done at Santa Fe, New Mexico this 12<sup>th</sup> day of March 2008.

By:   
Mark Fesmire, P.E.  
Director, Oil Conservation Division

**ACCEPTANCE**

Dennis Langlitz hereby accepts the foregoing Order, and agrees to all of the terms and provisions as set forth in the Order.

**Dennis Langlitz**

By: 

Title: OPERATOR

Date: 6 MAR 08

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

ACO No. 225-A

IN THE MATTER OF DENNIS LANGLITZ,

Respondent.

AMENDED AGREED ORDER DIRECTING COMPLIANCE  
AND ASSESSING CIVIL PENALTY

Pursuant to Ordering Paragraph 5 of Agreed Compliance Order No. 225, the Director of the Oil Conservation Division ("OCD") hereby amends that Order as follows:

FINDINGS

1. Ordering Paragraph 2(A) requires Dennis Langlitz ("Operator") to pay a civil penalty in the amount of Fifteen Thousand Dollars (\$15,000.00) by March 14, 2008.
2. On March 12, 2008, Operator requested a one week extension to March 21, 2008, in which to pay the \$15,000.00 civil penalty. Operator requested the extension after Mike Sandate of the First National Bank in Artesia informed him that the bank needed another week to complete the processing of his loan.
3. Ordering Paragraph 5 provides that OCD may approve an Operator's request for an extension for "good cause."

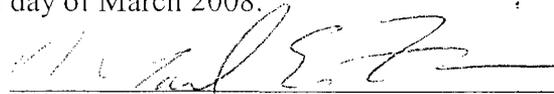
CONCLUSIONS

1. Operator has demonstrated sufficient good cause for the granting of the extension.
2. Ordering Paragraph 2(A) is hereby amended to require Operator to pay the \$15,000 civil penalty by March 21, 2008.

ORDER

1. Operator shall pay the \$15,000.00 civil penalty by March 21, 2008.
2. The terms of Agreed Compliance Order No. 225 otherwise remain in effect.

Done at Santa Fe, New Mexico this 14th day of March 2008.

By: 

Mark Fesmire, P.E.

Director, Oil Conservation Division

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

ACO No. 225-B

IN THE MATTER OF DENNIS LANGLITZ,

Respondent.

**AMENDED AGREED ORDER DIRECTING COMPLIANCE  
AND ASSESSING CIVIL PENALTY**

Pursuant to Ordering Paragraph 5 of Agreed Compliance Order No. 225, the Director of the Oil Conservation Division ("OCD") hereby amends that Order as follows:

**FINDINGS**

1. Ordering Paragraph 2(b) requires Dennis Langlitz ("Operator") to return the subject wells to compliance with OCD rules by June 30, 2008. To be in compliance, the subject wells must have the authority to inject, their mechanical integrity must be tested, and they must have passed mechanical integrity tests.
2. By letter dated June 25, 2008 Operator through counsel requested an extension until July 31, 2008 in which to meet the requirements of Ordering Paragraph 2(b). Operator explained that he was not allowed to inject into the wells because he was out of compliance with OCD's financial assurance requirements as to the Saladar Unit #001 well. Operator represented that he had obtained the required financial assurance, but needed the additional time to complete the mechanical integrity tests.
3. The OCD has informed Operator's counsel that Operator is out of compliance with financial assurance requirements as to three wells: The Saladar Unit #001, the Saladar Unit #002, and the Saladar Unit #011. The three wells are fee wells. Because Operator does not have a blanket financial assurance in place, all three fee wells must be covered by single-well financial assurances. Although Operator has posted single well financial assurances for the three wells, the amount posted is insufficient because the amounts required for single well financial assurances increased effective January 1, 2008. See 19.15.3.101 NMAC.
4. Operator has represented through counsel that he will immediately take action to secure the appropriate financial assurances for the three wells, and will then complete the actions required under Ordering Paragraph 2(b).
5. Ordering Paragraph 5 provides that OCD may approve an Operator's request for an extension for "good cause."

**CONCLUSIONS**

1. Operator has demonstrated sufficient good cause for the granting of the extension.

2. Ordering Paragraph 2(b) is hereby amended to require Operator to complete the actions required by that paragraph by July 31, 2008.

**ORDER**

1. Operator shall complete the actions required by Ordering Paragraph 2(b) by July 31, 2008.
2. No further extensions will be granted.
3. The terms of Agreed Compliance Order No. 225 otherwise remain in effect.

Done at Santa Fe, New Mexico this 26th day of June 2008.

By: \_\_\_\_\_

Mark Fesmire, P.E.

Director, Oil Conservation Division

# New Mexico Energy, Minerals and Natural Resources Department

**Bill Richardson**  
Governor

Joanna Prukop  
Cabinet Secretary  
Reese Fullerton  
Deputy Cabinet Secretary

Mark Fesmire  
Division Director  
Oil Conservation Division



August 15, 2008

Gary W. Larson, Esq.  
Hinkle, Hensley, Shanor & Martin, L.L.P.  
218 Montezuma  
Santa Fe, NM 87501

**Re: Operator Dennis Langlitz, OGRID 157447**  
**Agreed Compliance Order No. 225 / Notice of Violation No. 02-07-29**

Dear Mr. Larson:

Agreed Compliance Order (ACO) No. 225 required your client Dennis Langlitz to return the Saladar Unit No. 002 (30-015-02450), Saladar Unit No. 004 (30-015-02446), Saladar Unit No. 006 (30-015-02448), Saladar Unit No. 007 (30-015-10468), Saladar Unit No. 008 (30-015-02449), and Saladar Unit No. 012 (30-015-24179), to compliance with Oil Conservation Division rules by June 30, 2008.

On June 25, 2008, you requested a "month-long extension of the June 30, 2008 deadline for Dennis Langlitz to obtain authorization to inject for the six wells listed in ACO No. 225." Your request was based on additional time Mr. Langlitz needed to obtain bonding on the Saladar Unit No. 001 (30-015-02451). Your letter stated, "The financial assurance for the Saladar Unit No. 001 is now in place," and "an extension of the final ACO deadline until July 31 2008 would enable Mr. Langlitz to complete the mechanical integrity testing and obtain the Division's authorization to inject."

As of this date Division records show that no mechanical integrity tests were performed on the wells by July 31 as required by ACO No. 225. ACO No. 225 has now expired and the wells continue to remain in violation of Division rules.

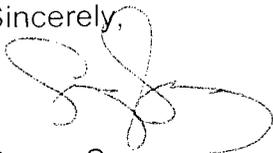
As part of ACO No. 225, the Division agreed to waive twenty-eight thousand dollars (\$28,000.00) of a forty-three thousand dollars (\$43,000.00) civil penalty on the condition that Mr. Langlitz returns the wells to compliance by the ACO deadline. Because Mr. Langlitz did not return the wells to compliance by the ACO deadline, Mr. Langlitz now owes the \$28,000.00 civil penalty. Payment must be submitted in accordance with the procedures specified in the ACO.



Gary W. Larson  
August 15, 2008  
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Because the wells remain in violation of Division rules, the Division will be filing an application for a compliance order against Mr. Langlitz to require him to return the wells to compliance. It is within Mr. Langlitz's best interest to promptly return the wells to compliance with Division rules.

Sincerely,

A handwritten signature in black ink, appearing to read "Sonny Swazo", with a large, stylized flourish extending to the right.

Sonny Swazo  
OCD Assistant General Counsel

ec: Daniel Sanchez, OCD Enforcement and Compliance Manager  
Tim Gum, Supervisor, OCD District II  
Gerry Guye, Compliance Officer, OCD District II