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

ORIGINAL

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

CASE NO. 14380

AMENDED APPLICATION OF THE NEW MEXICO
OIL CONSERVATION DIVISION FOR A
COMPLIANCE ORDER AGAINST PLATINUM
EXPLORATION, INC., AND/OR DEVONIAN
PARTNERS, LLC.

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

2009 NOV 12 P 3:46
RECEIVED OCD

October 15, 2009
Santa Fe, New Mexico

BEFORE: TERRY WARNELL: Hearing Examiner
DAVID BROOKS: Technical Advisor

This matter came for hearing before the New Mexico
Oil Conservation Division, Terry Warnell Hearing Examiner,
on October 15, 2009, at the New Mexico Energy, Minerals
and Natural Resources Department, 1220 South St. Francis
Drive, Room 102, Santa Fe, New Mexico.

REPORTED BY: PEGGY A. SEDILLO, NM CCR NO. 88
Paul Baca Court Reporters
500 Fourth Street, NW, Suite 105
Albuquerque, NM 87102

I N D E X

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APPLICANT'S WITNESSES:

DANIEL SANCHEZ

Examination by Ms. MacQuesten

3

APPLICANT'S EXHIBITS

Exhibits 1 - 23

16

Exhibit 24

17

COURT REPORTER'S CERTIFICATE

28

A P P E A R A N C E S

For the Applicant:

GAIL MacQUESTEN, ESQ.

Assistant General Counsel

1220 S. St. Francis Drive

Santa Fe, NM 87505

1 HEARING EXAMINER: We'll go ahead and begin with
2 our first case. That's Case No. 14380, the Amended
3 Application of New Mexico Oil Conservation Division for
4 the Compliance Order against Platinum Exploration, Inc.
5 and/or Devonian Partners, LLC. Call for appearances.

6 MacQUESTEN: Gail MacQuesten, representing the
7 Oil Conservation Division.

8 HEARING EXAMINER: Any other appearances?
9 Ms. MacQuesten, would you like to make an opening
10 statement, or call your first witness?

11 MS. MacQUESTEN: I'd like to call my first
12 witness.

13 DANIEL SANCHEZ,
14 the witness herein, after first being duly sworn
15 upon his oath, was examined and testified as follows:

16 DIRECT EXAMINATION

17 BY MS. MacQUESTEN:

18 Q. Would you please state your name for the record?

19 A. Daniel Sanchez.

20 Q. What is your title?

21 A. Compliance and Enforcement Manager.

22 Q. And where do you work?

23 A. For the Oil Conservation Division in Santa Fe.

24 Q. Do your duties include supervising the
25 enforcement and compliance actions of the OCD and

1 supervising the district offices?

2 A. Yes, they do.

3 Q. Have you researched the violations alleged in
4 this compliance action against Platinum Exploration, Inc.
5 and Devonian Partners, LLC?

6 A. Yes, I have.

7 Q. Could you start by explaining the history of the
8 investigation in this case, how did the matter first come
9 to the attention of the Legal Bureau?

10 A. Earlier this summer, a landowner sent in a
11 complaint to the district office about four wells and a
12 tank battery on his property that required some care.

13 They were the Post No. 1, Post No. 2, Post
14 No. 3, and Barnhill No. 1 wells, and the tank battery that
15 the four of those wells are associated with.

16 There were some environmental issues that they
17 were very concerned about. They had lost some cattle
18 earlier that year and they were concerned about those
19 wells being operational.

20 They contacted the district office in Hobbs.
21 The district office sent one of our inspectors out there,
22 Max Brown, who did a preliminary inspection on the sites.
23 He issued some letters of violation to Platinum trying to
24 get them to do some of the cleanup.

25 He also noticed some well sign issues out there

1 and he contacted Platinum to try to get them to get out
2 there and take care of some of the contamination that was
3 on site.

4 Q. If you could turn to what's been marked as
5 Exhibit 17?

6 A. Okay.

7 Q. Is this an aerial photo of the area where those
8 wells are located?

9 A. Yes, it is. As you can see, Mr. Brown went
10 ahead and shows on this map the location of the tank
11 battery, the three Post wells, and the Barnhill well.

12 And as you can see right in the center there,
13 three of those wells are located in an area that's being
14 irrigated right now by the landowner. And he also
15 indicates that depth to groundwater to be between 85 and
16 99 feet in that area.

17 Q. If you could turn to Exhibits 15 and 16, are
18 these the photographs that were taken by the inspector
19 this summer?

20 A. Yes, they are.

21 Q. Have you seen the color versions of these
22 pictures?

23 A. Yes, I have.

24 Q. And what do they look like?

25 A. Much worse than these pictures. It's hard to

1 tell, but on some of these pictures it looks like there is
2 pooled water, but it's actually pooled oil or a mixture of
3 water and oil on these sites. Some of the pictures where
4 he is showing grassy areas or dried areas, the black and
5 white photos really don't show the extent of the
6 contamination on those pictures. But there is quite a bit
7 of contamination on those sites. And these are the Post 3
8 well site, and there's some pictures here of the tank
9 battery.

10 Q. Have you checked with the inspector to see if
11 these sites have been cleaned up since his inspections?

12 A. Yes, I have, and nothing has been done to date.

13 Q. You mentioned Platinum as the operator of these
14 wells. Who is the operator of record according to OCD
15 records?

16 A. Platinum Exploration.

17 Q. To prepare the case on the environmental issues,
18 did the OCD look to see whether the rest of Platinum's
19 wells were in compliance?

20 A. Yes, we did.

21 Q. And what did OCD find?

22 A. We found out that nine out of the ten wells
23 under Platinum are in violation of the Inactive Well Rule.
24 They've been inactive for more than 15 months. They're
25 not plugged and abandoned or properly TA'ed. Only the

1 Post No. 1 well has been properly TA'ed at this point.

2 All ten of their wells are in violation of the
3 Financial Assurance Rule. They're all state or fee wells,
4 and they've all been inactive for more than two years,
5 including the wells on TA status.

6 And there are some well issues here -- well sign
7 issues that they're also in violation of.

8 Q. So the compliance action addresses the
9 environmental issues you described, the inactive wells,
10 the financial assurance issues, and the well sign issues?

11 A. Yes, it does.

12 Q. The OCD amended its original application to add
13 another party, Devonian Partners, LLC. Why did it do
14 that?

15 A. Based on the letter that we received, the
16 complaint from the landowner, they have been dealing with
17 Devonian Partners with -- well, since back in January of
18 2009.

19 The complaint and the follow-up letters or
20 e-mails that we received from the owner, which are
21 Exhibits 19 through 22, I believe, indicate that Devonian
22 had taken over the obligation on that lease from Platinum.

23 And as you can see by Exhibit No. 21, they seem
24 to have taken over that responsibility since at least
25 January of 2009. Could have been even earlier than that.

1 And at that point, they discussed cleanup of the
2 sites on those leases, the Post and Barnhill lease, and
3 also, payment for the loss of the landowner's cows.

4 Q. So, Devonian Partners, LLC has been working with
5 the surface owner since at least January?

6 A. At least January.

7 Q. And claiming that they have the interest in the
8 wells rather than Platinum?

9 A. That's correct.

10 Q. And they promised the landowner that they would
11 clean up the environmental issues?

12 A. They promised that in the letter back in
13 January, and as of today, nothing has been done on those
14 properties.

15 Q. Now, you said Platinum is the operator of
16 record; Devonian is not?

17 A. No, Devonian is not even an operator in the
18 state of New Mexico at this time.

19 Q. So what is the basis for listing them as a party
20 in this action?

21 A. They are the current holder of those two leases,
22 the Post and the Barnhill, and part of the definition of
23 an operator is the holder of a lease.

24 Q. And they have not arranged with any other
25 operator to become operator of record for them; is that

1 right?

2 A. No, they have not.

3 Q. What is the OCD asking for in this case?

4 A. What we're asking for is an order that will have
5 Platinum and/or Devonian bring these ten wells back into
6 compliance however they see fit.

7 Also, to address the financial assurance issue,
8 the well sign issue, and the environmental issues by some
9 date certain. I'm looking at probably about six months
10 out, maybe, to get this done. And if Platinum and/or
11 Devonian fails to do so, to allow the OCD to go in and
12 plug these wells.

13 Q. When you say Platinum or Devonian, which wells
14 would you want the owner to hold Devonian responsible for?

15 A. For the three Post wells and the Barnhill well,
16 as well as the tank battery with regard to the
17 environmental cleanup.

18 Q. If an order is issued telling Platinum and/or
19 Devonian to bring the wells into compliance, can those
20 wells still be transferred to another operator?

21 A. Yes, they can.

22 Q. If there is an order requiring Platinum and/or
23 Devonian to bring the wells back into compliance, would
24 the OCD be able to require any new operator to enter into
25 the compliance order before they approve that transfer?

1 A. Yes, we would, as long as there was an order in
2 place.

3 Q. Okay. What sort of terms does the OCD normally
4 ask of a new operator in that sort of situation?

5 A. For one, of course we ask that the wells in
6 question be brought into compliance, whether they're
7 plugged and abandoned, put on temporarily approved
8 abandoned status, or put back into production or
9 injection.

10 We would require that the financial assurance be
11 placed in the form of either a cash bond or a letter of
12 credit. This would allow the OCD to go ahead and -- well,
13 we would ask that the OCD be allowed to go ahead and plug
14 those wells if they didn't meet a deadline set within that
15 agreement to bring them into compliance.

16 We would also ask that they take care of any
17 other issues, including the well signs and environmental
18 issues that were part of those leases.

19 Q. So essentially, we would ask them to return the
20 wells to compliance or allow the OCD to plug the wells and
21 forfeit the financial assurance without a hearing?

22 A. That's right.

23 Q. And is that the reason that we would request the
24 financial assurance in the form of cash or a letter of
25 credit?

1 A. Yes.

2 Q. So there would be no surety to require notice
3 and hearing for?

4 A. That's right.

5 Q. Has the OCD ever had to go to hearing multiple
6 times on the same wells because of operator changes?

7 A. Yes. A couple of operators come to mind. Orbit
8 Petroleum and C&D Management recently where we've had to
9 do that.

10 Q. So getting an order and then requiring any new
11 operator to enter into a similar order would prevent the
12 OCD from having to go to hearing multiple times on the
13 same wells for the same issues?

14 A. Yes, it would.

15 Q. If we don't have a compliance order in place,
16 could we force a new operator to enter into such an order?

17 A. No, we couldn't force them to, but we could sit
18 down with them to try to work with them to do so. But no,
19 we couldn't force them to.

20 Q. Have any other operators expressed interest in
21 becoming the operator of Platinum's wells?

22 A. Yes. Actually, one of the wells right now, the
23 Warren State No. 1, has been transferred, or is in the
24 process of being transferred to BC Operating.

25 BC Operating has been operating this well

1 illegally for a few months already. What's required at
2 this point is the additional financial assurance before
3 that change of operator can go into effect. So we're
4 waiting on that. They have been contacted and they're
5 working on that at this time.

6 We've had an inquiry from GP Two into a couple
7 of the wells. Some information was given to them on the
8 wells and we never heard from them again after that.

9 And then finally, Moss Operating is working with
10 Devonian Partners to possibly acquire seven of the wells,
11 including the Post and the Barnhill wells. We've been
12 working with them on that right now.

13 Q. So Devonian has not expressed an interest in
14 becoming the operator of record for the wells; is that
15 right?

16 A. That is right.

17 Q. But they would like to have Moss be the operator
18 of record for them as leaseholder?

19 A. Yes.

20 Q. You said you were talking to both Moss and
21 Devonian; what is the status of those talks?

22 A. They are going to be coming in to meet with me
23 later on this month. We've discussed entering into an
24 agreement like we talked about earlier with the conditions
25 of the environmental cleanup, the additional financial

1 assurance, the conditions allowing the OCD to go ahead and
2 plug the wells if they didn't meet the deadlines. They
3 are coming in to learn how to be an operator.

4 Apparently, they've been doing this without the
5 proper approvals prior to this, and we really didn't find
6 out about it until this case came to light, which Devonian
7 was brought into this at that time. That's when we found
8 out they were actually acting as the leaseholder on these
9 when the complaint came in.

10 Q. You had referred to Exhibit 21, the letter from
11 Devonian Partners to the surface owner saying that
12 Devonian was now responsible for the wells. That was
13 dated back in January of this year?

14 A. January 26th.

15 Q. And yet, you're saying the OCD didn't hear from
16 Devonian until after we filed the action in this case?

17 A. That's right.

18 Q. Was the OCD informed that BC Operating was
19 actually operating the Warren State well until after
20 filing this case?

21 A. That's right, not until after we filed the case.

22 Q. Has the OCD had issues with operators operating
23 wells without becoming the operator of record?

24 A. Yes, we have, several.

25 Q. Did you submit prefiled written testimony in

1 this case?

2 A. Yes, I did.

3 Q. Is that testimony what has been marked as OCD
4 Exhibit No. 1?

5 A. Yes.

6 Q. And does that testimony go into these violations
7 in more detail?

8 A. Yes, it does.

9 Q. Did you make changes to that testimony after
10 submitting a prehearing statement?

11 A. Yes, I made a few changes.

12 Q. And what are those changes?

13 A. On Page 4 of that testimony, Line 99, it reads,
14 "The remaining five Platinum wells." It should read, "The
15 remaining four Platinum wells." On Line 109, same thing.
16 "These five wells" should read "These four wells."

17 And the Post No. 1 was listed as Exhibit 6, I
18 believe. That should have been taken out since it was
19 actually in compliance. And the Rose Eaves No. 2 should
20 be shown as Exhibit No. 6, the Smith No. 1 as Exhibit 7.

21 Q. So all of those errors relate to the fact that
22 the Post No. 1 was showing in your testimony as being out
23 of compliance, when in fact, it was in temporary
24 abandonment status?

25 A. Yes.

1 Q. So it wasn't out of compliance with the Inactive
2 Well Rule?

3 A. No, it wasn't.

4 Q. So you're retracting your testimony to indicate
5 that one well is in compliance with the Inactive Well
6 Rule?

7 A. Yes.

8 Q. Have you reviewed your revised testimony and are
9 you prepared to say that it is accurate?

10 A. With these changes, yes, it is accurate.

11 Q. Do you adopt that testimony today under oath?

12 A. Yes, I do.

13 Q. I'd like to review the exhibits you reference in
14 that testimony. Is Exhibit No. 2 the well list showing
15 the ten wells at issue?

16 A. Yes, it is.

17 Q. Are Exhibits 3 through 7 the documents from the
18 well files of wells that never showed production to show
19 those wells were reentered and then left idle for more
20 than two years?

21 A. Yes, they are.

22 Q. Are Exhibits 8 through 10 the well inspection
23 histories for the three Post wells described in the
24 environmental issues?

25 A. Yes, they are.

1 Q. Are Exhibits 11 through 14 the letters of
2 violation to Platinum on the environmental issues and the
3 well sign issues?

4 A. Yes.

5 Q. Are Exhibits 15 and 16 the photos of the Post
6 lease taken by the inspector this summer?

7 A. Yes.

8 Q. Is Exhibit 17 the aerial photo of the Post and
9 Barnhill wells?

10 A. Yes, it is.

11 Q. Is Exhibit 18 the written complaint from the
12 surface owner?

13 A. Yes.

14 Q. And are Exhibits 19 through 22 the
15 correspondence between the surface owner and Devonian?

16 A. Yes, they are.

17 MS. MacQUESTEN: At this time, I'd move for the
18 admission of Exhibits 1 through 22.

19 HEARING EXAMINER: Exhibits 1 through 22 are
20 admitted.

21 MS. MacQUESTEN: I would also move for the
22 admission of Exhibit 23. That is the affidavit of Dorothy
23 Phillips, our Financial Assurance Administrator, showing
24 that Platinum has a \$50,000 letter of credit but no single
25 well financial assurances.

1 I would also move for the admission of Exhibit
2 24, which is my Affidavit of Notice and Publication for
3 the hearing showing notice to Platinum and Devonian and
4 publication in the relevant newspapers.

5 HEARING EXAMINER: Exhibits 23 and 24 are
6 admitted. Makes me wonder about Exhibit 22.

7 MS. MacQUESTEN: Which is 22?

8 HEARING EXAMINER: The one that we didn't admit.

9 MR. BROOKS: I thought you did say 1 through 22.

10 HEARING EXAMINER: I thought I said 1 through
11 21. We do want Exhibit 22 in there?

12 MS. MacQUESTEN: We do. Exhibit 22 is the last
13 piece of correspondence between the surface owner and
14 Devonian.

15 HEARING EXAMINER: Okay. So we're admitting
16 Exhibits 1 through 24.

17 MS. MacQUESTEN: Yes. I have no other questions
18 of Mr. Sanchez at this time.

19 HEARING EXAMINER: I don't suppose there will be
20 any cross-examination. These are difficult when these
21 operators or want-to-be-operators or we think operators
22 won't show up. Mr. Brooks, any questions?

23 MR. BROOKS: No questions. Thank you.

24 HEARING EXAMINER: I was afraid you'd say that.
25 I have a few, Mr. Sanchez. You say that the operator took

1 the pictures that we were looking at there on your
2 exhibits?

3 THE WITNESS: No, our inspector.

4 HEARING EXAMINER: Or your inspector, excuse me.
5 The inspector. And he took them early this summer?

6 THE WITNESS: In June and August.

7 HEARING EXAMINER: But nothing has been done on
8 those wells?

9 THE WITNESS: No. As a matter of fact, I spoke
10 with Mr. Brown this morning just to verify that is the
11 case.

12 HEARING EXAMINER: Nothing has been done for
13 quite some time on those wells?

14 THE WITNESS: That's right.

15 HEARING EXAMINER: Tell me about those wells.
16 There's nine or ten of them?

17 THE WITNESS: There are ten wells.

18 HEARING EXAMINER: Ten wells. And were they
19 once producers, or are they injectors, or are they just
20 abandoned wells that are sitting there? Were they
21 originally oil wells, I'm assuming?

22 THE WITNESS: They were once producers. Two of
23 them have been turned into injectors -- or they're trying
24 to get them turned into injectors.

25 HEARING EXAMINER: And we thought that Platinum

1 was the operator -- or Platinum is the operator on record?

2 THE WITNESS: Yes, Platinum is the operator of
3 record.

4 HEARING EXAMINER: And then this company
5 Devonian comes in and they start operating?

6 THE WITNESS: They took four wells and a tank
7 battery.

8 HEARING EXAMINER: Now, why do you suppose they
9 picked those four wells, what is it they're doing with
10 those four wells, are they injecting or producing?

11 THE WITNESS: Right now they're not doing
12 anything with those four, they do have plans from the
13 discussions I've had with them to get them all operating.
14 One of them will be an injection well. They intend to
15 come in and submit the proper paperwork for the permit and
16 get it going as an injection well.

17 HEARING EXAMINER: So is it your belief that
18 some of these wells have some production capability?

19 THE WITNESS: Yes.

20 HEARING EXAMINER: How many of those wells,
21 would you say?

22 THE WITNESS: Probably all ten of them do, but
23 as of today, with the various operators, only two of those
24 wells are not at a point where they're being claimed, I
25 guess, other than by Platinum -- or they would like to be

1 claimed.

2 HEARING EXAMINER: You say you've talked with
3 Devonian. So we know a few people, or we know the people
4 in the Devonian organization?

5 THE WITNESS: Mr. Brian Mahoney, who I've been
6 speaking with, is the lead for the company on the
7 acquisition of these wells.

8 HEARING EXAMINER: And then the Platinum folks,
9 do we know anyone in the Platinum organization?

10 THE WITNESS: I spoke with Mr. Hal Rathmusen
11 earlier this week, and he indicated to me that Platinum is
12 broke. They do not have the means to do any of the work
13 on any of these wells and that's why they're trying to
14 move them off.

15 HEARING EXAMINER: I sure wish we could help
16 them do that. It's hard for me to believe that by writing
17 an order telling them to bring the wells back into
18 compliance, or to plug them, or whatever we write that
19 order to say, that they are going to do anything if they
20 wouldn't even bother to show up here for a hearing.

21 THE WITNESS: What we're hoping for is that with
22 that order, it would actually allow us to work with this
23 other company, possibly BC Operating, to get those wells
24 transferred.

25 But it does protect us from having to come back

1 and go to hearing again on the same issues again. And if
2 everything were to fall through and the compliance wasn't
3 met, we could still go in there and plug the wells.

4 HEARING EXAMINER: What would you think that
5 plugging ten wells -- We never talked about well depth,
6 but are these fairly shallow wells?

7 THE WITNESS: I don't remember.

8 HEARING EXAMINER: Okay, but would you have a
9 ballpark figure? What do you think it would cost the
10 State to plug those wells?

11 A. Probably somewhere between \$350,000 to \$450,000.

12 HEARING EXAMINER: We'll try to keep that from
13 the governor before Saturday here. Okay. Well, I'll read
14 through your testimony. Are we requesting an expedited
15 order?

16 MS. MacQUESTEN: Yes, we are, sir, so that we
17 can require these interested parties to sign agreed
18 compliance orders when they become operator of record of
19 the wells.

20 HEARING EXAMINER: Okay. Could you provide me
21 an order draft to help expedite that?

22 MS. MacQUESTEN: I can.

23 HEARING EXAMINER: Thank you. I appreciate
24 that.

25 MS. MacQUESTEN: If I could ask just a few

1 questions of Mr. Sanchez about the points that you raised?

2 HEARING EXAMINER: Please.

3 Q. Before we filed this action, the original action
4 which named only Platinum, did the OCD know that Devonian
5 Partners was taking action on these wells?

6 A. No, we did not.

7 Q. We didn't know they claimed any interest in the
8 wells at all?

9 A. Not that I'm aware of, no.

10 Q. All we knew was that Platinum was the operator
11 of record and Platinum had not responded to telephone
12 calls or letters of violation regarding the environmental
13 issues in the wells?

14 A. That's correct.

15 Q. The letter that you discussed from Mr. Mahoney
16 of Devonian to the surface owner was dated in January of
17 this year you said?

18 A. January 26, 2009.

19 Q. And so Devonian Partners has been claiming the
20 interest in these wells since at least that time?

21 A. Yes.

22 Q. And promising the surface owner that they would
23 take action on environmental issue?

24 A. Yes.

25 Q. And yet Devonian never came forward to become

1 operator of record of these wells?

2 A. No, they did not.

3 Q. If they came forward to become operator of
4 record, would they have had to post single well financial
5 assurances for these wells?

6 A. Yes, they would.

7 Q. And becoming operator of record, it would be
8 obvious that they would be the first person the OCD would
9 look to for environmental cleanup and compliance; is that
10 right?

11 A. Yes.

12 Q. So until we filed this action, was there any
13 incentive for them to take on that responsibility?

14 A. None that I'm aware of, no.

15 Q. And if we had not filed this action, we wouldn't
16 even know about Devonian, would we?

17 A. No.

18 Q. We wouldn't know about BC Operating that
19 apparently has been operating the Warren State well?

20 A. No, we would not.

21 Q. And they've had no incentive to come forward and
22 post a bond for that well?

23 A. No.

24 Q. By operating under the radar, they don't have to
25 do that, do they?

1 A. No, they don't.

2 Q. They're just acting in violation?

3 A. Yes.

4 Q. And there's no downside to that, is there?

5 A. Not to the operator.

6 Q. Is there a downside for the OCD if we don't know
7 who is operating those wells?

8 A. Yes, there is.

9 Q. Do we have financial assurances for the wells?

10 A. No, we don't.

11 Q. Do we know who to contact if there is an
12 emergency?

13 A. No.

14 Q. Do we know who to contact to get environmental
15 cleanup?

16 A. No.

17 Q. You testified earlier that you wanted this order
18 so that we could force these companies to step forward,
19 become operator of record, and assume responsibility for
20 these wells; is that right?

21 A. Yes.

22 Q. So the point really isn't to have the State plug
23 these wells?

24 A. No, it's not.

25 Q. And your hope is that companies will come

1 forward, take on the responsibility and deal with the
2 wells; is that right?

3 A. Yes.

4 Q. And it's possible there will be some wells left
5 over?

6 A. There's a possibility that there might be two
7 wells left over, yes.

8 Q. No one has stepped forward to claim any interest
9 in those wells?

10 A. No.

11 Q. And you testified Platinum is not willing or
12 able to deal with the problem?

13 A. Platinum claims that they are unable to
14 financially, yes.

15 Q. And are the wells that may be left over ones
16 that Devonian is responsible for, or are they Platinum
17 wells?

18 A. They're Platinum wells and Devonian has no
19 interest in those two wells.

20 Q. So essentially, we need an order telling
21 Platinum to do it or the State will do it?

22 A. Yes.

23 Q. That's all I have.

24 HEARING EXAMINER: Thank you for pointing that
25 out, Ms. MacQuesten. I appreciate that except for the

1 part about all the things that we don't know that are
2 going on out there. That's a bit scary.

3 MS. MacQUESTEN: Well, if I could say,
4 Mr. Examiner, the point is, we have no way of flushing
5 these folks out except to bring hearings. If we bring
6 hearings to plug wells and they have an interest in the
7 well, then they need to step forward. But until we do
8 that, there is no incentive for them to come into
9 compliance, it's much easier for them to operate under the
10 radar.

11 HEARING EXAMINER: Right, and therein lies the
12 catch. Okay. If there is nothing else, then we'll take
13 Case 14380 under advisement. And we'll go ahead and take
14 a break. So we can go off the record.

15 (Whereupon, the proceedings concluded.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. _____
heard by me on _____
_____, Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO)
) ss.
2 COUNTY OF BERNALILLO)

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REPORTER'S CERTIFICATE

I, PEGGY A. SEDILLO, Certified Court Reporter of the firm Paul Baca Professional Court Reporters do hereby certify that the foregoing transcript is a complete and accurate record of said proceedings as the same were recorded by me or under my supervision.

Dated at Albuquerque, New Mexico this 2nd day of November, 2009.



PEGGY A. SEDILLO, CCR NO. 88
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