

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

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION COMPLIANCE AND ENFORCEMENT BUREAU FOR A COMPLIANCE ORDER AGAINST BRADLEY McINROE d/b/a BIG AL OIL & GAS, FOR WELLS OPERATED IN ROOSEVELT AND LEA COUNTIES, NEW MEXICO. CASE NO. 16045

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

March 22, 2018

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
DAVID K. BROOKS, 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, March 22, 2018, 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: Mary C. Hankins, CCR, RPR
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APPEARANCES

FOR APPLICANT THE NEW MEXICO OIL CONSERVATION DIVISION
COMPLIANCE AND ENFORCEMENT BUREAU:

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EXHIBITS OFFERED AND ADMITTED

NM OCD Compliance and Enforcement Bureau
Exhibit Numbers 1 through 5 (Attached)

1 (8:31 a.m.)

2 EXAMINER JONES: I believe the next item is
3 the affidavit cases. We'll call Case Number 16040. I
4 was under the impression that that case was --

5 MR. HERRMANN: Yes. That case was
6 continued. The only two cases we have to submit the
7 affidavits for are 16045 and 16049.

8 EXAMINER JONES: Okay. Let's call Case
9 Number 16045, application of the New Mexico Oil
10 Conservation Division Compliance and Enforcement Bureau
11 for a compliance order against Bradley McInroe d/b/a
12 Big Al Oil & Gas, for wells operated in Roosevelt and
13 Lea Counties.

14 Call for appearances.

15 MR. HERRMANN: Mr. Examiner, Keith Herrmann
16 representing the Oil Conservation Compliance and
17 Enforcement Bureau.

18 EXAMINER JONES: Any other appearances?

19 MR. HERRMANN: I would briefly like to call
20 Daniel Sanchez, the Oil Conservation compliance and
21 enforcement manager, to authenticate these exhibits.

22 EXAMINER JONES: Will the witness please
23 stand and the court reporter please swear the witness?

24

25

1 DANIEL SANCHEZ,

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

4 DIRECT EXAMINATION

5 BY MR. HERRMANN:

6 Q. Mr. Sanchez, do you have what's labeled as OCD
7 Exhibits 1 through 5 in front of you?

8 A. Yes, I do.

9 Q. Were these exhibits prepared by you or under
10 your direction?

11 A. Yes.

12 MR. HERRMANN: That is the last of our
13 questions, Mr. Examiner.

14 These exhibits were just to supplement the
15 information in our application. In our application, we
16 had moved to request that this operator return a
17 compliance 5.9 within -- 19.15.5.9 NMAC within 45 days.
18 And if they do not comply, the order states that their
19 producing wells will be shut in. We had initially
20 requested that until they comply, their producing wells
21 be shut in. However, in this case we do not feel that
22 will be necessary.

23 And if you wish, I could prepare a draft
24 order for you.

25 EXAMINER JONES: Mr. Brooks?

1 EXAMINER BROOKS: Yeah. I guess you know
2 what our usual form is, so that would be good.

3 EXAMINER JONES: So the 5.9 issues, is that
4 bonding, or is it inactive wells?

5 MR. HERRMANN: It is a number of inactive
6 wells.

7 EXAMINER JONES: The bonding is okay?

8 MR. HERRMANN: Yes.

9 This operator currently has three inactive
10 wells, and they're only allowed two. This is shown in
11 Exhibit 1. But we believe they will be able to comply
12 within 30 days.

13 CROSS-EXAMINATION

14 BY EXAMINER JONES:

15 Q. Mr. Sanchez, since you're on the stand and you
16 are glad to answer questions, did you negotiate with
17 this party to talk about the inactive wells, and -- can
18 you talk about that?

19 A. Sure. They were notified and given the
20 opportunity to enter into an agreed compliance order to
21 take care of that issue up front. They failed to
22 respond to the offer. So that's why --

23 Q. How long ago did you notify them and what's
24 the -- is this all in the written testimony?

25 MR. HERRMANN: Yes.

1 THE WITNESS: They were notified on August
2 1st of 2017.

3 Q. (BY EXAMINER JONES) You didn't get a reply at
4 all?

5 A. No.

6 Q. Do you have a correct address for them?

7 A. Yes. I got the green card back signed.

8 Q. Okay.

9 EXAMINER JONES: Mr. Brooks?

10 EXAMINER BROOKS: If they don't get in
11 compliance, you're going to plug some wells and make the
12 land commissioner happy?

13 THE WITNESS: Yes, we will.

14 MR. HERRMANN: Correct. If we -- if they
15 do not comply, we will -- we have notified their surety
16 of the matters in Exhibit 5, that we will use the
17 financial assurance to plug and abandon the wells.

18 EXAMINER JONES: So you're going to ask
19 that by a certain length of time, if they don't get in
20 compliance, they'll be in violation of a Division order
21 which --

22 MR. HERRMANN: Yes.

23 EXAMINER JONES: Okay. Thank you very
24 much. Is that it in this case?

25 MR. HERRMANN: That is it for this case.

1 EXAMINER JONES: Okay. Case Number 16045
2 is taken under advisement.

3 (Case Number 16045 concludes, 8:35 a.m.)

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1 STATE OF NEW MEXICO
2 COUNTY OF BERNALILLO

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4 CERTIFICATE OF COURT REPORTER

5 I, MARY C. HANKINS, Certified Court
6 Reporter, New Mexico Certified Court Reporter No. 20,
7 and Registered Professional Reporter, do hereby certify
8 that I reported the foregoing proceedings in
9 stenographic shorthand and that the foregoing pages are
10 a true and correct transcript of those proceedings that
11 were reduced to printed form by me to the best of my
12 ability.

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

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

20 DATED THIS 10th day of April, 2018.

21

22 MARY C. HANKINS, CCR, RPR
23 Certified Court Reporter
24 New Mexico CCR No. 20
25 Date of CCR Expiration: 12/31/2018
Paul Baca Professional Court Reporters

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