

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 PRIMAL ENERGY CORPORATION, FOR WELLS OPERATED IN EDDY AND LEA COUNTIES, NEW MEXICO. CASE NO. 16358

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

August 9, 2018

Santa Fe, New Mexico

BEFORE: SCOTT DAWSON, CHIEF EXAMINER  
LEONARD LOWE, TECHNICAL EXAMINER  
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, Scott Dawson, Chief Examiner, Leonard Lowe, Technical Examiner, and David K. Brooks, Legal Examiner, on Thursday, August 9, 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  
New Mexico CCR #20  
Paul Baca Professional Court Reporters  
500 4th Street, Northwest, Suite 105  
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(505) 843-9241

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# APPEARANCES

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

KEITH W. HERRMANN, ESQ.  
STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL  
RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
Office of General Counsel  
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# EXHIBITS OFFERED AND ADMITTED

NMOCD Compliance and Enforcement Bureau Exhibit Numbers 1 through 6	5
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1 (8:27 a.m.)

2 EXAMINER DAWSON: Next on the docket page  
3 is Case Number 16358. It's number 28 on the list. And  
4 Case Number 16358 is application of New Mexico Oil  
5 Conservation Division Compliance and Enforcement Bureau  
6 for a compliance order against Primal Energy  
7 Corporation, for wells operated in Eddy and Lea  
8 Counties.

9 Mr. Herrmann, when you're ready.

10 MR. HERRMANN: Just to call for  
11 appearances, Mr. Examiner, Keith Herrmann representing  
12 the Oil Conservation Division Compliance and Enforcement  
13 Bureau.

14 I do not believe there are any other  
15 case --

16 EXAMINER DAWSON: Any protestors or  
17 contestants?

18 MR. HERRMANN: -- any other appearances to  
19 be entered.

20 We brought this application for a plugging  
21 order on ten wells Eddy and Lea Counties. In our  
22 application for hearing, we also asked that the hearing  
23 examiner present the finding that the operator, Primal  
24 Energy, is out of compliance with OCD Order 14388  
25 requiring them to provide adequate financial assurance.

1 They did not comply with that order.

2 And also in our order, we had asked for  
3 compliance within 45 days. However -- and that would be  
4 with both the plugging and financial assurance rule.  
5 However, we have had contact with this operator, and he  
6 has requested that instead of the 45 days, we extend  
7 that period to 75 days, and we do not object to that  
8 request.

9 EXAMINER DAWSON: Okay.

10 MR. HERRMANN: So I have presented you with  
11 what is marked as OCD Exhibits 1 through 6, 1 being a  
12 copy of the Inactive Well List; Number 2 being the copy  
13 of the Inactive Financial Assurance Report; Exhibit 3  
14 being a copy of the Notice of Violation sent to the  
15 operator pursuant to 19.15.5.9. Exhibit 4 is an  
16 Affidavit of Notice of this proceeding. Exhibit 5 is a  
17 copy of OCD Order R-14388, which they are noncompliant  
18 with. And Exhibit 6 is an Affidavit of Daniel Sanchez  
19 testifying that he has reviewed these records and  
20 certifies them to be a true and accurate reproduction of  
21 OCD records and were prepared by him or under his  
22 direction.

23 With that, I move to admit OCD Exhibits 1  
24 through 6, and that will conclude our presentation.

25 EXAMINER DAWSON: Since I see no objection

1 to Exhibits 1 through 6 being admitted to the record,  
2 they will be so admitted at this time.

3 (NMOCD Compliance and Enforcement Bureau  
4 Exhibit Numbers 1 through 6 are offered  
5 and admitted into evidence.)

6 EXAMINER DAWSON: And that will conclude  
7 16358. It will be taken under advisement at this time.

8 MR. HERRMANN: Thank you, Mr. Examiner.

9 EXAMINER DAWSON: Thank you very much,  
10 Mr. Herrmann.

11 (Case Number 16358 concludes, 8:31 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 16th day of August 2018.  
21

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