

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 S & D PARTNERSHIP, FOR WELLS OPERATED IN LEA COUNTY, NEW MEXICO. CASE NO. 20199

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 10, 2019

Santa Fe, New Mexico

BEFORE: WILLIAM V. JONES, CHIEF EXAMINER
KATHLEEN MURPHY, TECHNICAL EXAMINER
LEONARD LOWE, TECHNICAL EXAMINER
DAVID K. BROOKS, LEGAL EXAMINER

This matter came on for hearing before the New Mexico Oil Conservation Division, William V. Jones, Chief Examiner; Kathleen Murphy and Leonard Lowe, Technical Examiners; and David K. Brooks, Legal Examiner, on Thursday, January 10, 2019, 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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APPEARANCES

FOR APPLICANT NMOCD COMPLIANCE AND ENFORCEMENT BUREAU:

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

NMOCD Compliance and Enforcement Bureau Exhibit Numbers 1 through 5	6
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1 (11:05 a.m.)

2 EXAMINER JONES: Call Cases -- are these
3 separately called, Keith?

4 MR. HERRMANN: Yes.

5 EXAMINER JONES: Call Case 20199,
6 application of New Mexico Oil Conversation Division
7 Compliance and Enforcement Bureau.
8 Call for appearances.

9 MR. HERRMANN: Mr. Examiner, Keith Herrmann
10 representing the Oil Conservation Division Compliance
11 and Enforcement Bureau.

12 EXAMINER JONES: Any other appearances in
13 this case?

14 Please proceed.

15 MR. HERRMANN: Mr. Examiner, since there
16 are no other appearances in this case, I'll just read
17 for the record that this is the application of the
18 New Mexico Oil Conservation Division Compliance and
19 Enforcement Bureau for a compliance order against S & D
20 Partnership for wells operated in Lea County, New
21 Mexico.

22 We have prepared five exhibits that we will
23 submit for the record, including an affidavit for
24 testimony for Mr. Daniel Sanchez. Sorry. I'm short on
25 exhibits.

1 In summary, this is a plugging case. We
2 are requesting the Division to issue a plugging order
3 for the Drinkard Homestead #1 well. It last produced in
4 September 2014 according to the Division records, and
5 that's contained in Exhibit 1.

6 It has -- let's see. It has two bonds on
7 the -- there are two wet bonds on this well, one blanket
8 bond for \$50,000 and another single-well bond for
9 \$12,817, that in the event the Division has to plug and
10 abandon the well, we would ask, in an order, that we be
11 authorized to recoup our plugging expenses.

12 Exhibit 3 is a letter violation that was
13 sent to the operator at least 60 days prior to the
14 commencement of this proceeding.

15 Exhibit 4 is the affidavit of Daniel
16 Sanchez that's notarized stating the facts I just
17 briefly summarized.

18 And Exhibit 5 is an exhibit prepared 2 by
19 myself, an Affidavit of Service, showing that we have
20 notified both banks holding the financial assurance and
21 the operator to all the addresses that we have on file
22 with the OCD.

23 If there are no further questions, I
24 request that this case be taken under advisement.

25 EXAMINER JONES: The James Pope Stone

1 National Bank I think has been changed to a community
2 bank, but I'm not sure about that. That was my hometown
3 bank, so I pay attention to those kind of things.

4 MR. HERRMANN: Well, we sent notice
5 directly to them because I believe it's a cash bond that
6 they have there, and we also notified the Hartford
7 Accident & Indemnity Corporation via the New Mexico
8 Superintendent of Insurance.

9 EXAMINER JONES: Okay. This is just a one
10 well plugging case? There is no bonding issues here?

11 MR. HERRMANN: No. They are adequately
12 bonded. And if they -- we're requesting that the
13 Division issue an order ordering the operator plug and
14 abandon this well within 45 days, and if they don't,
15 that the Division be authorized to plug and abandon the
16 well in accordance with the Division-approved plugging
17 program and that we recoup our expenses from the bonding
18 that the operator has on file with the OCD.

19 EXAMINER JONES: Okay. That sounds good.

20 MR. HERRMANN: I wold also move to admit
21 Exhibits 1 through 5.

22 EXAMINER JONES: Is that okay, Mr. Brooks?

23 EXAMINER BROOKS: Fine with me.

24 EXAMINER JONES: Exhibits 1 through 5 are
25 admitted.

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

4 EXAMINER JONES: Case 20199 is taken under
5 advisement.

6 (Case Number 20199 concludes, 11:10 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 31st day of January 2019.

21

22

23 MARY C. HANKINS, CCR, RPR
24 Certified Court Reporter
25 New Mexico CCR No. 20
Date of CCR Expiration: 12/31/2019
Paul Baca Professional Court Reporters