

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

IN RE WESPAC ENERGY, LLC

CASE NO. 21656

**NEW MEXICO OIL CONSERVATION DIVISION'S
PRE-HEARING STATEMENT**

The New Mexico Oil Conservation Division (“OCD”) submits this Pre-Hearing Statement in accordance with 19.15.5.10(E)(2)(e) NMAC.

I. WITNESSES

OCD will present one witness, Mr. Daniel Sanchez, OCD’s Administrative and Compliance Manager, 1220 S. St. Francis Drive, Santa Fe, New Mexico. He has served in this position since 2004. Prior to joining OCD, Mr. Sanchez was an engineer for the New Mexico Public Regulatory Commission, Westinghouse Electric Corporation, and Public Service Company of New Mexico. He holds a B.S. in Mechanical Engineering from New Mexico State University. His qualifications are described in Exhibit 1.

II. DIRECT TESTIMONY

On December 14, 2020, OCD issued a Notice of Violation to Wespac Energy, LLC (“Wespac”). Exhibit 2. The NOV alleged two violations, required compliance, and requested specific relief.

First, Wespac violated 19.15.9(A)(4)(a) NMAC, which states that an operator of less than 100 wells must plug and abandon or place into approved temporary abandonment status those inactive wells that exceed a threshold of 2 wells or 50 percent of all wells. Wespac is registered as the operator of 10 wells, of which 9 wells identified in the NOV are inactive and have not been plugged and abandoned or placed into approved temporary abandonment status. OCD ordered

Wespac to submit a plan to plug and abandon at least 7 wells no later than thirty (30) days after receipt of the NOV. Wespac did not submit a plan. For this violation, OCD proposed to assess a civil penalty of two thousand one hundred dollars (\$2,100), and advised that it would seek an order to plug and abandon at least 7 wells. The civil penalty calculation for 19.15.9(A)(4)(a) NMAC is attached as Exhibit 3.

Second, Wespac violated 19.15.5.9(D) NMAC, which requires an operator to provide a single well or blanket financial assurance for inactive wells. Wespac is registered as the operator of 4 inactive wells identified in the NOV for which there is no financial assurance. OCD ordered Wespac to submit financial assurance for these wells, but Wespac has not complied. For this violation, OCD proposed to assess a civil penalty of four thousand eight hundred dollars (\$4,800). The civil penalty calculation for 19.15.5.9(D) NMAC is attached as Exhibit 4.

Finally, OCD requested an order to terminate Wespac's authority to transport from all wells, including Wespac's only active well, State JA #001 (API No. 30-005-60787).

OCD served the NOV by electronic and certified mail to Wespac at its addresses of record. Exhibits 5 & 6. Electronic service was not rejected, but certified mail was undeliverable and returned to OCD. Exhibit 7.

Wespac did not contact OCD during the informal resolution period, which expired on or about January 13, 2021. Since then, Wespac has not contacted OCD and failed to file an answer to the NOV as allowed by 19.15.5.10(E)(2)(b) NMAC.

OCD requests an order terminating Wespac's authority to transport from all wells, forfeiting Wespac's financial assurance for all inactive wells, authorizing OCD to plug and abandon all of Wespac's inactive wells, assessing Wespac for the cost of plugging and abandoning

inactive wells that exceeds the forfeited financial assurance for those wells, and assessing civil penalties against Wespac of \$6,900 for the violations alleged in the NOV.

III. EXHIBITS AND OHER EVIDENCE

Exhibit 1	Curriculum Vitae of Daniel Sanchez
Exhibit 2	Notice of Violation, December 14, 2020
Exhibit 3	Civil Penalty Calculation - 19.15.9(A)(4)(a) NMAC
Exhibit 4	Civil Penalty Calculation - 19.15.5.9(D) NMAC
Exhibit 5	Electronic Mail Service for NOV, December 14, 2020
Exhibit 6	Certified Mail Ticket for NOV, December 14, 2020
Exhibit 7	Returned Certified Mail, December 20, 2020

III. PROCEDURAL MATTERS

OCD reserves the right to call rebuttal witnesses.

Respectfully submitted,



Eric Ames
Assistant General Counsel
New Mexico Energy Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505
(505) 476-3463
eric.ames@state.nm.us

CERTIFICATE OF SERVICE

I hereby certify that a copy of this pleading was mailed electronically on February 23, 2021 to:

Kyle Ford
Manager
Wespac Energy, LLC
400 East College Boulevard
Roswell, New Mexico 88202
kford@fordresources.com



Eric Ames