

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

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

Notice of Violation issued to Case No. 21899
Slayton, dba Escudilla Oil Company

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

WEDNESDAY, JUNE 2, 2021

This matter came on for hearing before the
New Mexico Oil Conservation Division, before
Hearing Examiner William Brancard on Wednesday,
June 2, 2021, via the Webex virtual Conferencing
platform

Reported by: Mary Therese Macfarlane
New Mexico CCR No. 122
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A P P E A R A N C E S

FOR THE OCD: Eric Ames, Esq.
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1 HEARING EXAMINER BRANCARD: I call the third
2 item on our agenda today, Case 21899. This is a Notice of
3 Violation issued to Roger Slayton dba Escudilla, if I
4 pronounce that correctly, Oil Company.

5 Entries of appearance. For the Division?

6 MR. AMES: Eric Ames for the OCD.

7 HEARING EXAMINER BRANCARD: Is there anyone here
8 on behalf of, or the Respondent, willing to speak up
9 today?

10 Haring none, Mr. Ames are you ready to
11 proceed?

12 MR. AMES: Thank you, Mr. Hearing Examiner. OCD
13 intends to proceed in the same manner that we just did for
14 Flare Oil And for Tipton and Zimmerman.

15 OCD calls Daniel Sanchez.

16 Mr. Hearing Examiner, can we assume that
17 Mr. Sanchez continues to be sworn, or should we do it
18 again?

19 HEARING EXAMINER BRANCARD: Well, I'm not sure
20 if the court reporter is going to prepare separate
21 transcripts on these cases, so I will have Mr. Sanchez
22 sworn in.

23 JOSE DANIEL SANCHEZ,

24 having been duly sworn, testified as follows:

25 EXAMINATION

1 HEARING EXAMINER BRANCARD: Thank you.

2 You may proceed.

3 EXAMINATION

4 BY MR. AMES:

5 Q. Good morning, Daniel.

6 A. Good morning.

7 Q. So for the third time, please state your name
8 for the record.

9 A. Jose Daniel Sanchez.

10 Q. Where do you work, how long have you worked
11 there, and what do you do?

12 A. I work for the Oil Conservation Division, a
13 division of the Energy, Minerals and Natural Resources
14 Department, and I am the Administration and Compliance
15 Bureau Chief.

16 Q. Did you prepare Direct Testimony in this case?

17 A. Yes, I did.

18 Q. Is that Direct Testimony produced in the
19 Prehearing Statement submitted by OCD in this case?

20 A. Yes, it is.

21 Q. Under Section 2, entitled Direct Testimony,
22 there is a recitation. Is this recitation your complete
23 and accurate testimony in this case?

24 A. Yes, it is.

25 Q. Let's review the NOV together with the

1 **violations and the sanctions.**

2 **With the first violation, could you please**
3 **identify the citation, the violation, and the nature of**
4 **the violation.**

5 A. Okay. The first violatiobn is Rule 19.15.5.9
6 (A)(4)(a), and it is Slayton has more inactive wells than
7 required by the rule.

8 **Q. What sanction does OCD propose for this alleged**
9 **violation?**

10 A. We would like an Order requiring Slayton to plug
11 and abandon six of the inactive wells listed on the table
12 of the testimony, and also allow the OCD to do so if they
13 fail to, and forfeit the financial assurance.

14 We are also looking at a civil penalty of
15 \$1800.

16 **Q. What is the second violation?**

17 A. That's of Rule 19.15.8.9(C). It's insufficient
18 plugging financial assurance.

19 **Q. What sanction is proposed here?**

20 A. We are asking for an Order requiring Slayton to
21 increase its current financial assurance from \$50,000 to
22 \$75,000 and also requesting a civil penalty in the amount
23 of \$300.

24 **Q. Thank you. And finally, what is the third**
25 **violation?**

1 A. The third violation is of rule 19.15.8.9 (D),
2 which is insufficient financial assurance for wells that
3 have been inactive for more than two years.

4 Q. And the sanction?

5 To require Slayton to increase or to -- well,
6 increase the financial assurance on two of the wells to
7 the proper amounts, and submit financial assurance for the
8 other six wells; or in the amount of 300,000, a T.A.
9 Blanket Bond.

10 Q. And a civil penalty? Has one been proposed
11 here?

12 A. Yes. A civil penalty of \$2400.

13 Q. Thank you. Let's go down to Tab 3 of the
14 Prehearing Statement. There is a list of exhibits there.
15 Could you review those for the record.

16 A. Exhibit 1 is my curriculum again.

17 Exhibit 2 is the Notice of Violation
18 issued.

19 Exhibits 3, 4 and 5 are the civil penalty
20 calculations for the three penalties.

21 Exhibit 6 is the Return Certified Mail for
22 the NOV.

23 And Exhibit 7 showing that the electronic
24 mial was not received, as well.

25 MR. AMES: OCD now offers those exhibits.

1 HEARING EXAMINER BRANCARD: Thank you.

2 Once again I'll just open the mic here.

3 Is there anyone here to speak on
4 behalf of the Respondent in this case? (Note: No
5 response.)

6 Hearing none, the exhibits will be admitted
7 into the record and we will take the case under advisement

8 Mr. Ames, are you prepared to do Findings
9 and Conclusions in this case?

10 MR. AMES: I am, Mr. Hearing Examiner. I
11 propose to submit the Findings of Fact in this case on
12 the two-week time frame that we previously specified for
13 Flare.

14 HEARING EXAMINER BRANCARD: Thank you very
15 much. With that, this case will be taken under the
16 advisement upon submittal of Proposed Findings and
17 Conclusions from the Division.

18 (Time noted: 10:33 a.m.)

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1 STATE OF NEW MEXICO)

2 : SS

3 COUNTY OF TAOS)

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REPORTER'S CERTIFICATE

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I, MARY THERESE MACFARLANE, New Mexico Reporter

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CCR No. 122, DO HEREBY CERTIFY that on Wednesday, June 2,

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2021, the proceedings in the above-captioned matter were

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taken before me; that I did report in stenographic

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shorthand the proceedings set forth herein, and the

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foregoing pages are a true and correct transcription to

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the best of my ability and control.

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I FURTHER CERTIFY that I am neither employed by

14

nor related to nor contracted with (unless excepted by the

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rules) any of the parties or attorneys in this case, and

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that I have no interest whatsoever in the final

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disposition of this case in any court.

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/s/ Mary Macfarlane

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MARY THERESE MACFARLANE, CCR

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NM Certified Court Reporter No. 122

License Expires: 12/31/2021

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