

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

**IN RE LEASE HOLDERS ACQUISITIONS**

**CASE NO. 22220**

**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. Rob Jackson, Compliance Officer and Bond Administrator, with OCD’s Administrative and Compliance Bureau, 1220 S. St. Francis Drive, Santa Fe, New Mexico.

**II. DIRECT TESTIMONY**

On August 12, 2021, OCD issued a Notice of Violation to Lease Holders Acquisitions, Inc. (“Operator”). Exhibit 2. The NOV alleges three violations and requests specific relief.

First, Operator has more than two (2) inactive wells. 19.15.9(A)(4)(a) NMAC states that an operator with less than 100 wells must plug and abandon or place into approved temporary abandonment status those inactive wells that exceed the threshold of two (2) wells or 50 percent of all wells. Operator is registered as the operator of thirteen (13) wells, ten (10) of which are inactive and none of which have been plugged and abandoned or placed into approved temporary abandonment status. Exhibit 2, Table 1. For this violation, OCD requests an order requiring Operator to plug and abandon the wells by a date certain or to allow OCD to do so, and if OCD plugs and abandons the wells, to forfeit the financial assurance for the wells and require Operator

to pay the excess cost to plug and abandon the wells. OCD also proposes to assess a civil penalty of three thousand dollars (\$3000) for exceeding the inactive well threshold. Exhibit 5.

Second, Operator has failed to file required monthly production reports, form C-115. Operator is required to file a C-115 every month for each well but has failed to file any monthly reports since 2015. OCD requests an order requiring Operator to file the missing monthly production reports by a date certain. OCD also proposes a civil penalty of fifteen thousand six hundred dollars (\$15,600) for Operator's failure to file the reports. Ex. 6.

Third, Operator does not have sufficient financial assurance for active or inactive wells. 19.15.8.9(C) NMAC requires blanket plugging financial assurance of \$75,000 for operators with eleven to fifty wells. Operator is the registered operator of thirteen (13) wells but has provided only \$50,000 in blanket financial assurance. 19.15.8.9(D) NMAC requires three hundred thousand dollars (\$300,000) in blanket plugging financial assurance for six to ten qualifying wells. Operator currently has ten qualifying wells. Alternatively, Operator may provide single well inactive financial assurance in the amounts detailed in Exhibit 2, table 2. For this violation, OCD proposes a civil penalty of three thousand dollars (\$3000). Exhibit 7.

Operator accepted service of the NOV by certified mail on August 21, 2021. *See* Exhibit 4. OCD also served the NOV by email at Operator's email address of record on August 12, 2021. Exhibit 10. OCD attempted to serve its Notice of Docketing by certified mail, which was not accepted. *See* Exhibit 4. The Notice of Docketing was also served by email on September 20, 2021. Exhibit 9. In response to unexpectedly long delivery times by the United States Postal Service, OCD moved to continue the hearing set for October 6, 2021. Operator was copied on this motion by email on September 29, 2021. Exhibit 8. OCD has not received any response from Operator.

Operator did not file an answer to the NOV Docketing Notice as allowed by 19.15.5.10(E)(2)(b) NMAC.

OCD requests an order revoking Operator's registration, terminating Operator's authority to transport from all wells, requiring Operator to plug and abandon inactive wells or alternatively, authorizing OCD to plug and abandon inactive wells, forfeiting financial assurance for inactive wells, requiring Operator to pay the excess cost to plug and abandon inactive wells, and assessing civil penalties against Operator in the amount of twenty-one thousand six hundred dollars (\$21,600).

### III. EXHIBITS

- Exhibit 1      Resume of Rob Jackson
- Exhibit 2      Notice of Violation
- Exhibit 3      Notice of Docketing Statement
- Exhibit 4      Certified Mail Tracking Information
- Exhibit 5      Civil Penalty Calculation - 19.15.5.9(A)(4)(a) NMAC
- Exhibit 6      Civil Penalty Calculation - 19.15.7.24 NMAC
- Exhibit 7      Civil Penalty Calculation - 19.15.8.9 NMAC
- Exhibit 8      Email Correspondence re Motion to Postpone
- Exhibit 9      Email Correspondence re OCD Docket Notice
- Exhibit 10     Email Correspondence re Notice of Violation

### III. PROCEDURAL MATTERS

OCD reserves the right to call rebuttal witnesses.

Respectfully submitted,



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## CERTIFICATE OF SERVICE

I certify that on November 24, 2021, I served this pleading by electronic mail only on:

Bobbie J. Johns  
President  
Lease Holders Acquisitions, Inc.  
705 S. Mustang Road, #127  
Yukon, OK 73099  
[Leaseholdersacq@gmail.com](mailto:Leaseholdersacq@gmail.com)

  
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Jesse K. Tremaine