

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:

ORIGINAL

CASE 15315

APPLICATION OF THE NEW MEXICO OIL
CONSERVATION DIVISION ("OCD") COMPLIANCE
AND ENFORCEMENT MANAGER FOR A COMPLIANCE
ORDER AGAINST GLEN A. DEVILBISS.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

JUNE 11, 2015

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
GABRIEL WADE, LEGAL EXAMINER

RECEIVED OCD
2015 JUN 30 P 2:26

This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and Gabriel Wade, Legal Examiner, on
June 11, 2015, 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: ELLEN H. ALLANIC
NEW MEXICO CCR 100
CALIFORNIA CSR 8670
PAUL BACA COURT REPORTERS
500 Fourth Street, NW
Suite 105
Albuquerque, New Mexico 87102

1 A P P E A R A N C E S

2 FOR APPLICANT NEW MEXICO OIL CONSERVATION DIVISION:

3 KEITH HERRMANN, ESQ.
 4 Assistant General Counsel
 5 Oil Conservation Division
 6 Energy, Minerals and Natural
 7 Resources Department
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505
 (505)476-3463
 keith.herrmann@state.nm.us

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9 I N D E X

10 CASE NUMBER 15315 CALLED

11 OCD CASE CASE-IN-CHIEF:

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WITNESS DANIEL SANCHEZ

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16 By Mr. Herrmann	Direct 4	Redirect	Further
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21 Reporter's Certificate

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1	E X H I B I T I N D E X	
2	Exhibits Offered and Admitted	
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1 (Time noted 8:19 a.m.)

2 EXAMINER GOETZE: The first case is case No.
3 15315, Application of the New Mexico Oil Conservation
4 Division (OCD) Compliance and Enforcement Manager for a
5 compliance order against Glen A. Devilbiss.

6 Call for appearances.

7 MR. HERRMANN: Mr. Examiner, I am Keith
8 Herrmann representing the OCD.

9 EXAMINER GOETZE: And do you have any other
10 appearances for this case?

11 MR. HERRMANN: No.

12 EXAMINER GOETZE: Any witnesses?

13 MR. HERRMANN: I have one witness, Mr. Daniel
14 Sanchez.

15 EXAMINER GOETZE: Will the witness please
16 stand and be sworn in.

17 DANIEL SANCHEZ
18 having first been duly sworn, was examined and testified
19 as follows:

20 DIRECT EXAMINATION

21 BY MR. HERRMANN:

22 Q. Mr. Sanchez, would you please state your name and
23 title for the record.

24 A. Yes. Daniel Sanchez. I'm the compliance and
25 enforcement manager for the Oil Conservation Division.

1 Q. Could you briefly describe your duties and how
2 long you've been employed in this capacity?

3 A. I have been employed for going on 11 years now.
4 And I oversee the compliance and enforcement programs
5 for the OCD, the UIC program, working with the BLM. And
6 I oversee the four districts for the Division.

7 MR. HERRMANN: At this time, I would like to
8 move to admit Mr. Sanchez as an expert in OCD compliance
9 and enforcement matters.

10 EXAMINER GOETZE: He is so qualified.

11 Q. Mr. Sanchez, have you researched the alleged
12 violations in this request for compliance action against
13 Mr. Glen Devilbiss?

14 A. Yes, I have.

15 Q. Could you please identify what has been marked as
16 OCD Exhibit 1.

17 A. I don't have copies of the actual exhibits --
18 this is just the notice.

19 Q. I'm sorry. I must have slipped up.

20 A. Exhibit 1 is the inactive well additional
21 financial assurance report that's on the OCD website.

22 And this indicates that the only well that was --
23 or that is owned by Devilbiss is in violation of
24 financial assurance rule 15.8.9.

25 They do not have a bond in place for that

1 particular well.

2 Q. Where is this well located and when was the last
3 production?

4 A. It's located in San Juan County. And the last
5 production was April of 2006.

6 Q. Could you describe the additional rules that this
7 well is violating?

8 A. The first one is 19.15.8.9, the financial
9 assurance rule, no bonding in place.

10 19.15.25.8, it's that an operator's required to
11 properly plug and abandon the well if it's been inactive
12 for a year plus 90 days.

13 This well has been inactive since April of 2006,
14 so it's in violation of that rule.

15 It's in violation of rule 19.15.5.9 which covers
16 inactive wells and financial assurance. This well has
17 been inactive for a longer period without being plugged
18 and has no financial assurance.

19 Q. Could you identify Exhibit 2, please.

20 A. Exhibit 2 is a letter from Far West Insurance
21 Company in liquidation. This company went out of
22 business in 2001 and held bond for Devilbiss.

23 The letter basically states that after 2001 it
24 would no longer be carrying Devilbiss.

25 Q. And then the second letter in Exhibit 2.

1 A. The second letter is a letter from the OCD to
2 Mr. Devilbiss stating that the Far West Company was
3 dropping their bond on that well and that they were
4 required by rule 101, at that time, to replace that bond
5 and get that well back in compliance.

6 Q. And to your knowledge, did the operator ever
7 submit replacement financial insurance?

8 A. No, they did not.

9 Q. Could you explain how this matter came to the
10 attention of the OCD?

11 A. Our district supervisor in Aztec who covers San
12 Juan County after years of inspections on the particular
13 site and a lack of compliance at almost every one of
14 those inspections, they finally asked that the well be
15 plugged by the OCD.

16 Q. Could you identify OCD Exhibit 3?

17 A. This is a document showing Mr. Devilbiss actually
18 passed away in July of 2010.

19 Q. And is that from the Social Security Death Index?

20 A. Yes, it is.

21 Q. Could you please identify OCD Exhibit 4?

22 A. Exhibit 4 is the well inspection history for the
23 Wild Swede well, the well that was owned by Devilbiss.

24 Q. Could you describe the condition on this site?

25 A. The condition was very poor. We had some

1 pictures taken recently, a few months ago, probably in
2 February, I guess.

3 Q. And these are in Exhibit 4?

4 A. Yes. And they show the actual condition. There
5 is a large number of infractions here. Mainly, the site
6 is just dirty, junk all over. There is no pump jack in
7 place. A lot of old equipment, a lot of staining, a lot
8 of oil leaks that are still apparent on the site.

9 Q. From the inspection reports, do they indicate
10 that any prudent operator is actively maintaining the
11 site?

12 A. Not at this time.

13 Q. Is the site a danger to the environment or the
14 general public?

15 A. I believe it is, yes.

16 Q. In your opinion, is it in the best interests of
17 protecting the environment and correlative rights to
18 have the Division issue an order requiring this well to
19 be properly plugged and abandoned?

20 A. Yes.

21 MR. HERRMANN: I have no further questions.

22 EXAMINER GOETZE: Well, it is pretty
23 self-explanatory at this point. I would have no
24 questions.

25 Counselor.

1 EXAMINER WADE: Did you want to talk about
2 your notice or enter your exhibits into the record?

3 MR. HERRMANN: Yes. OCD Exhibit 5 is my
4 notice documents. We sent two letters certified to both
5 the addresses on record. And both were returned
6 undeliverable. And further we advertised this in the
7 San Juan Daily Times pursuant to the OCD rules.

8 EXAMINER GOETZE: Would you like to enter
9 them?

10 MR. HERRMANN: I would like to move to enter
11 OCD Exhibits 1 through 5 into the record.

12 EXAMINER GOETZE: And who prepared those
13 exhibits?

14 Q. (By Mr. Herrmann) Mr. Sanchez, were OCD Exhibits
15 1 through 5 prepared by you or at your direction?

16 A. Yes, they were.

17 EXAMINER GOETZE: Exhibits 1 through 5 are
18 so entered.

19 (OCD Exhibits 1 through 5 were offered and
20 admitted.)

21 EXAMINER GOETZE: If you have no additional
22 questions or comments --

23 MR. HERRMANN: At this time I would just
24 like to reiterate that the OCD issue an order requiring
25 the operator to plug and abandon this well by a date

1 certain; and if, in fact, they don't comply with the
2 order that the well be declared orphaned and the OCD be
3 able to plug and abandon the well pursuant to our rules.

4 EXAMINER GOETZE: Very good then. Case No.
5 15315 is taken under advisement.

6 MR. HERRMANN: Thank you.

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8 (Time noted 8:28 a.m.)

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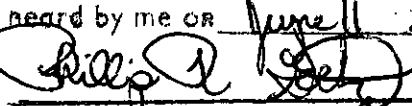
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 15315
heard by me on June 11, 2015.
 , Examiner
Oil Conservation Division

1 STATE OF NEW MEXICO)
2) ss.
3 COUNTY OF BERNALILLO)
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7 REPORTER'S CERTIFICATE

8
9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR
10 No. 100, DO HEREBY CERTIFY that on Thursday, June 11,
11 2015, the proceedings in the above-captioned matter were
12 taken before me, that I did report in stenographic
13 shorthand the proceedings set forth herein, and the
14 foregoing pages are a true and correct transcription to
15 the best of my ability and control.

16
17 I FURTHER CERTIFY that I am neither employed by
18 nor related to nor contracted with (unless excepted by
19 the rules) any of the parties or attorneys in this case,
20 and that I have no interest whatsoever in the final
21 disposition of this case in any court.

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ELLEN H. ALLANIC, CSR
NM Certified Court Reporter No. 100
License Expires: 12/31/15