

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

RECEIVED OCD  
2015 OCT 22 P 2: 10

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION ("OCD") COMPLIANCE AND ENFORCEMENT MANAGER FOR A COMPLIANCE ORDER AGAINST DOMINION PRODUCTION COMPANY, LLC, FINDING THAT THE OPERATOR IS IN VIOLATION OF AGREED COMPLIANCE ORDER 285 AND THE OIL AND GAS ACT, NMSA 1978, SECTIONS 70-2-1 et seq. AND OCD RULES, NMAC 19.15.2 et seq., REQUIRING OPERATOR TO RETURN TO COMPLIANCE WITH DIVISION RULES BY A DATE CERTAIN, AND IN THE EVENT OF NON-COMPLIANCE, REQUEST FOR ADDITIONAL SANCTIONS.

CASE NO. 15379

**PRE-HEARING STATEMENT**

Applicant Oil Conservation Division ("OCD" or "Division") is seeking an order declaring:

1. That operator, Dominion Production Company LLC, ("Dominion" or "Operator") is out of compliance with Agreed Compliance Order ("ACO") 285.
2. That Operator is in violation of OCD Rules 19.15.5.9, 19.15.25.8, and 19.15.8.9 NMAC.
3. That Operator must comply with the conditions in ACO 285 within 30 days of the issuance of a division order.
4. That Operator must comply with OCD Rules 19.15.5.9, 19.15.25.8, and 19.15.8.9 NMAC by a date certain.
5. If Operator does not comply with division order, finding that Operator is out of compliance with a division order, and the division declare all violating wells abandoned, and authorize the OCD to plug and abandon the operators wells and recover costs from Operator in accordance with OCD Rule 19.15.8.13 NMAC.

The OCD supports the approval because of the following:

1. Notice of Hearing was properly served as required by 19.15.4.9 NMAC and 19.15.4.10 NMAC.
2. Operator and the OCD entered into ACO 285 which established a mutually agreed upon schedule to return Operator to compliance with OCD rules.
3. ACO 285 was limited to Operator's injection wells.
4. Operator partially complied with ACO 285, however currently has three (3) conditions unfulfilled. Those conditions had deadlines of January 15, 2015, January 31, 2015, and March 1, 2015 and remain unfulfilled.
5. Seventy-four (74) of Operator's wells have been inactive in excess of a period of 1 year plus 90 days, and are not plugged or abandoned, nor placed in temporary

- abandonment status in violation of OCD Rule 19.15.25.8 NMAC. The number of violating wells has increased since the initial filing of this application for hearing.
6. Operator currently has seventy-four (74) wells out of a total of one hundred sixty-five (165) wells out of compliance with Division Rule 19.15.25.8 NMAC, exceeding the amount allowed under OCD Rule 19.15.5.9(A)(4) NMAC.
  7. Operator currently has thirty-eight (38) wells that require additional bonding in violation of OCD Rule 19.15.8.9 NMAC.

### **PETITIONERS'S PROPOSED EVIDENCE**

WITNESS: ESTIMATED TIME: 15 minutes  
Daniel Sanchez, NMOCD Compliance & Enforcement Manager  
Testimony on compliance with OCD Rules.

WITNESS: ESTIMATED TIME: 15 minutes  
Brandon Powell, NMOCD District 3 Inspection & Enforcement Supervisor  
Testimony on condition of subject well sites and compliance with OCD rules.

### **PROCEDURAL MATTERS**

None.

Respectfully submitted  
this 22<sup>nd</sup> day of October, 2015 by

/s/ Keith Herrmann  
Keith W. Herrmann  
Oil Conservation Division  
Energy, Minerals and Natural  
Resources Department  
1220 S. St. Francis Drive  
Santa Fe, NM 87505  
(505) 476-3463  
Fax (505) 476-3462  
Email: Keith.Herrmann@state.nm.us  
Attorney for the Oil Conservation Division

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was electronically mailed to the following party on October 21, 2015:

Scott Hall  
Montgomery & Andrew Law Firm  
325 Paseo de Peralta  
Santa Fe, NM 87501  
*Via shall@montand.com*

/s/ Keith Herrmann  
Keith W. Herrmann