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

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**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION  
COMPLIANCE AND ENFORCEMENT FOR A COMPLIANCE ORDER  
AGAINST DC ENERGY, LLC, FOR WELLS OPERATED IN LEA COUNTY,  
NEW MEXICO.**

**CASE NO. 15432**

**PRE-HEARING STATEMENT**

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

1. That operator, DC Energy LLC, ("DC" or "Operator") is out of compliance with OCD Rules 19.15.26, 19.15.16, 19.15.29, 19.15.25, and 19.15.5.9.
2. That Operator must comply with the conditions with OCD Rules within 30 days of the issuance of a division order.
3. 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. On December 3, 2014 Operator failed a mechanical integrity test ("MIT") on its Gregory El Paso Federal No. 4 well and has not proceeded with diligence to eliminate the hazard as required by 19.15.16.11 NMAC and 19.15.26.10 NMAC.
3. On December 15, 2015, the OCD inspected operator's well sites and discovered unreported releases of oil, produced water, condensate or oil field waste, other oil field related contaminants or mixtures of the chemicals or contaminants on the Mexico and El Paso Federal batteries.
4. The OCD will present evidence that the unreported releases could endanger public health or the environment. 19.15.29.11 NMAC requires the responsible person to address releases in accordance with a remediation plan submitted to and approved by the division or with an abatement plan submitted in accordance with 19.15.30 NMAC.
5. Four (4) 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.
6. Operator currently has four (4) wells out of a total of six (6) 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.

### **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  
Mark Whitaker, NMOCD District 1 Compliance Officer  
Testimony on condition of subject well sites and compliance with OCD rules.

WITNESS: ESTIMATED TIME: 15 minutes  
Tomas Oberding, NMOCD District 1 Environmental Specialist  
Testimony on condition of subject well sites and compliance with OCD rules.

### **PROCEDURAL MATTERS**

None.

Respectfully submitted  
this 14<sup>th</sup> day of January, 2016 by

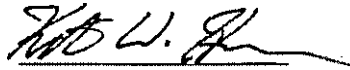


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*Compliance and Enforcement Bureau*

### **CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing pleading was electronically mailed to the following party on January 14<sup>th</sup>, 2016:

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