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

2016 JAN 15 P 3: 21

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

CASE NO. 15432

AMENDED PRE-HEARING STATEMENT

This Amended Pre-Hearing Statement is submitted by Hector H. Balderas, New Mexico
Attorney General (James C. Jacobsen, Assistant Attorney General) on behalf of the New Mexico
Oil Conservation Division, as required by Oil Conservation Commission Rule.

APPEARANCES OF PARTIES

APPLICANT

Oil Conservation Division
Compliance and Enforcement Bureau

ATTORNEY

Keith W. Herrmann, Esq.
Assistant General Counsel
Energy, Minerals and Natural
Resources Department of the State
of New Mexico
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505
(505) 476-3463

OPPONENT

DC Energy, LLC
P.O. Box 328
Andrews, Texas 79714
and
483 Falcon View Circle
Palm Desert, CA 92211

ATTORNEY

INTERESTED PARTIES

Clarke C. Coll, Chapter 7 Trustee
for the Estate of DC Energy, LLC
P.O. Box 2288
Roswell, NM 88202-2288

ATTORNEY

Thomas D. Walker, Esq.
Stephanie L. Schaeffer, Esq.
WALKER & ASSOCIATES, P.C.
500 Marquette Ave NW, Suite 650
Albuquerque, NM 87102

Amended Pre-Hearing Statement
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Dan and Colleen Johnson
105 Oscar Lane
Dallas, Ga 30132-0396

Oil Conservation Division

Larry Borders
(Unknown)

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STATEMENT OF THE CASE

The Enforcement and Compliance Bureau of the Oil Conservation Division seeks the determination that DC Energy, LLC, the operator of six (6) wells identified in Exhibit 1 of the above-captioned Application is out of compliance with Oil Conservation Division Rules 19.15.26, 19.15.16, 19.15.29, 19.25.25, and 19.15.5.9 NMAC, an order requiring DC Energy, LLC to return to compliance, a finding, in the event of non-compliance, that DC Energy is in violation of that order, a declaration that the wells are abandoned, and authorizing the Division to plug the violating wells and restore and remediate the locations, and directing the Division to recover its costs and seek indemnification as permitted by law.

The New Mexico Attorney General will appear and will be ready to provide information and respond to questions regarding DC Energy LLC's bankruptcy proceedings, the interplay of automatic stay imposed by 11 U.S.C. §362(a) and the exception thereto set forth in 11 U.S.C. §362 (b)(4) for proceedings to enforce a governmental unit's police and regulatory power, the effect of 28 U.S.C. § 959, which requires trustees appointed in any cause pending in any court of the United States to manage and operate property in the trustee's possession according to the requirements of the valid laws of the State in which such property is situated, in the same manner that the owner or possessor thereof would be bound to do if in possession thereof, and the corporate structure of DC Energy, LLC as shown by pleadings and records of the New Mexico Secretary of State.

PROPOSED EVIDENCE

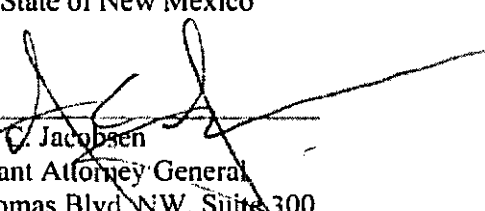
WITNESSES	ESTIMATED TIME	EXHIBITS
James C. Jacobsen, Esq. (Bankruptcy Law) (May Call)	Approx. 10 minutes	Approx. 3
Allison Marks (May call as rebuttal witness, with the exact nature of the testimony not determinable at this time)	Approx. 10 minutes	As necessary

PROCEDURAL MATTERS

Commencing the hearing after 8:35 AM would be appreciated.

Respectfully submitted,

HECTOR H. BALDERAS,
Attorney General
of the State of New Mexico

by: 
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Attorney for OCD

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CERTIFICATE OF SERVICE

I hereby certify that on this 15th day of January 2016, I served a copy of the foregoing Pre-Hearing Statement in the above-captioned case by 1st Class Mail, postage prepaid, addressed to the following counsel or unrepresented party in interest:

DC Energy, LLC
P.O. Box 328
Andrews, Texas 79714
and

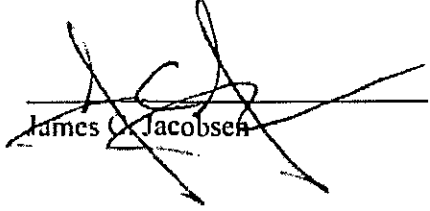
DC Energy, LLC
483 Falcon View Circle
Palm Desert, CA 92211

and by facsimile transmission to the number shown to the following counsel:

Thomas D. Walker, Esq.
Stephanie L. Schaeffer, Esq.
Attorneys for Clarke Coll, Trustee
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James M. Feuille, Esq.
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