

**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 LANEXCO, INC. FOR WELLS OPERATED IN CHAVES, EDDY, AND
LEA COUNTIES, NEW MEXICO.**

CASE NO. 15446

PRE-HEARING STATEMENT

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

1. That operator, Lanexco, Inc., ("Lanexco" or "Operator") is out of compliance with OCD Rules 19.15.5.9, 19.15.7.24, 19.15.8.9, and 19.15.25.8.
2. Pursuant to 19.15.7.24 NMAC, Operator had authority to transport from/inject to all wells it operates on October 29, 2014, for failing to report production for May 2014, and again on January 26, 2016 for failing to file any reports since June, 2014.
3. If Operator has transporting since October 29, 2014, it has been out of compliance with an OCD directive since October 29, 2014.
4. That Operator immediately shut-it all violating wells until the division reinstates authority to transport and inject.
5. The OCD will consider reinstatement of operator's transportation and injection authority once outstanding compliance issues are resolved.
6. 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. Fifty (50) 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.
3. Operator currently has fifty (50) wells out of a total of fifty-one (51) 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.
4. Operator's remaining well, the El Paso Smith No. 1 has been plugged, but not released as required by 19.15.25.10 NMAC.
5. Operator currently has 3 wells out of a total of 51 wells out of compliance with 19.15.8.9 C. NMAC.

6. Operator has not filed monthly production reports since June 2014. Pursuant to 19.15.7.24 NMAC, Operator had authorization to transport from or inject into all wells it operates revoked on October 29, 2014.

PETITIONERS'S PROPOSED EVIDENCE

WITNESS:

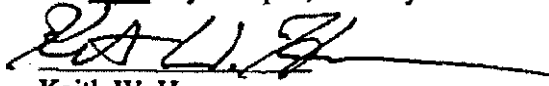
ESTIMATED TIME: 15 minutes

Daniel Sanchez, NMOCD Compliance & Enforcement Manager
Testimony on compliance with OCD Rules.

PROCEDURAL MATTERS

None.

Respectfully submitted
this 7 day of April, 2016 by



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Attorney for the Oil Conservation Division
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 April 7, 2016:

Rae Ham, President of Lanexco, Inc., at raeham@verizon.net;

I hereby certify that a copy of the foregoing pleading was sent via ordinary first class mail to the following party on April 7, 2016:

Lanexco, Inc.
P.O. Box 2730
Midland, TX 79702


Keith W. Herrmann