

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

APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION, THROUGH THE ENFORCEMENT AND COMPLIANCE MANAGER, FOR A COMPLIANCE ORDER AGAINST SALADO OPERATING, LLC FINDING THAT THE OPERATOR IS IN VIOLATION OF 19.15.4.201 NMAC AS TO SIX WELLS, REQUIRING OPERATOR TO BRING SAID WELLS INTO COMPLIANCE WITH 19.15.4.201 NMAC BY A DATE CERTAIN AND, IN THE EVENT OF NON-COMPLIANCE, DECLARING THE WELLS ABANDONED AND AUTHORIZING THE DIVISION TO PLUG THE WELLS LOCATED IN EDDY COUNTY, NEW MEXICO

CASE NO. 13887

2007 MAR

PRE-HEARING STATEMENT

This pre-hearing statement is submitted by the Applicant, the Oil Conservation Division, pursuant to OCD Rule 1211. [19.15.14.1211 NMAC].

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APPEARANCES

APPLICANT

Oil Conservation Division

APPLICANT'S ATTORNEY

Cheryl O'Connor
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3480

OPPONENTS

Salado Operating, LLC

OPPONENTS' ATTORNEY

No appearance has been entered

STATEMENT OF THE CASE

APPLICANT

Pursuant to OCD records, Salado Operating, LLC ("Salado") is the operator of record for the:

- | | |
|--|--------|
| • East Henshaw Unit #001Y, 12-1-16S-30E, 30-015-05939 – last production/injection: | 9/1996 |
| • East Henshaw Unit #002, 15-1-16S-30E, 30-015-03813 | 9/1996 |
| • East Henshaw Unit #002K, 11-1-16S-30E, 30-015-03808 | 8/1996 |
| • East Henshaw Unit #004N, 14-1-16S-30E, 30-015-03815 | 4/1981 |
| • East Henshaw Unit #004S, K-1-16S-30E, 30-015-03810 | 2/1980 |
| • East Henshaw Unit #006M, M-1-16S-30E, 30-015-03816 | 9/1996 |

wells, located in Eddy County, New Mexico. The wells have been inactive for a minimum of ten years, and have not been plugged or put on temporary abandonment status.

The Division filed this application pursuant to 19.15.3.101.H NMAC, seeking an order requiring Salado Operating, LLC to bring the well into compliance with rule 201 by plugging the wells, placing them on

2/9/07 3/5/07

temporary abandonment status, or returning them to a Division-approved beneficial use by a date certain, and authorizing the Division to plug the wells in the event of noncompliance.

OPPONENTS

Salado Operating, LLC has not entered an appearance in this case.

APPLICANT'S PROPOSED EVIDENCE

APPLICANT'S WITNESSES:

Will Call:

Estimated Time:

Mike Bratcher, OCD District II Office Inspector

20 min.

Dorothy Phillips, OCD Financial Assurance Administrator

By affidavit

Jane Prouty, OCD Production and Permitting Supervisor

By affidavit

May Call:

Daniel Sanchez, OCD Enforcement and Compliance Manager

10 minutes

David Bradshaw, OCD Santa Fe Office

10 minutes

PROCEDURAL MATTERS

None.

Respectfully submitted,
This 8th day of March 2007 by



Cheryl O'Connor
Assistant General Counsel
Oil Conservation Division
Energy, Minerals and Natural
Resources Department
1220 S. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3451

Attorney for the Oil Conservation Division

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Applicant's Pre-Hearing Statement was served by first class mail, pre-paid, upon the following this 8th day of March 2007:

Salado Operating, LLC
1533 Cordova
Hobbs, New Mexico 88240

Salado Operating, LLC
P.O. Box 1925
Hobbs, New Mexico 88241-1925

Salado Operating, LLC
c/o Maddox and Hollowman P.C., Registered Agent
205 E Bender, Suite 150
Hobbs, New Mexico 88240


Cheryl O'Connor