

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

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; MCKINLEY COUNTY, NEW MEXICO

CASE NO. 15379
ORDER NO. R-14132-A

ORDER OF THE DIVISION

This matter came before the Division Director on the Motion To Stay Order No. R-14132 filed March 22, 2016 on behalf of Dominion Production Company, LLC pursuant to Division Rule 19.15.4.23 (B).

NOW, on this 1st day of April, 2016, the Division Director, on consideration of the Motion and the materials submitted therewith and otherwise being duly advised,

FINDS THAT:

(1) The Division Director has jurisdiction of the matter pursuant to *inter alia* Rule 19.15.4.23 and is authorized to grant a stay if necessary to prevent waste, protect correlative rights, protect public health or the environment or prevent gross negative consequences to an affected party.

(2) On February 25, 2016 after hearing, the Division entered Order No. R-14132 in Case No. 15379.

(3) Dominion Production Company, LLC ("Dominion" or "Operator") is the operator of 74 wells identified in Exhibit "A" to Order No. R-14132, and as such is an "affected party" within the meaning of Rule 19.15.4.23(B).

(4) Order No. R-14132 required Dominion to complete the following remaining requirements of Agreed Compliance Order ("ACO") 285 within the specified period:

- (a) complete the repairs (including testing and either returning to injection or securing approval of temporary abandonment) for the South Hospah Unit Well No. 39 (API 30-031-20152) a Federal well, or plug and abandon that well within sixty (60) days of the issuance date of that order;
- (b) conduct mechanical integrity tests on the three remaining wells: (i) Hospah Sand Unit Well No. 58 (API 30-031-20115); (ii) Hospah Sand Unit Well No. 51 (API 30-031-20242) a Federal well; and, (iii) Lone Pine Dakota D Unit Well No. 14 (API 30-031-20174), within sixty (60) days of the issuance date of that order; and,
- (c) plug and abandon the five remaining wells; (i) South Hospah Unit Well No. 52 (API 30-031-20243); (ii) South Hospah Unit Well No. 60 (API 30-031-20411) a Federal well; (iii) Santa Fe Railroad A Well No. 87 (API 30-031-20413); (iv) South Hospah Unit Well No. 100 (API 30-031-20831); and, (v) Santa Fe Railroad A Well No. 97 (API 30-031-20855) within ninety (90) days of the issuance date of that order.

(5) Order No. R-14132 further required Dominion to provide, within sixty (60) days of the issuance date of that order, adequate financial assurance under Division Rule 19.15.8.9 NMAC for the forty (40) wells identified as requiring additional bonds and listed in the last column of Exhibit "A" to Order No. R-14132.

(6) Order No. R-14132 further required Dominion to bring into compliance with Division Rule 19.15.25.8 NMAC, within two hundred and seventy (270) days of the issuance date of that order, the seventy-four (74) inactive wells identified in Exhibit "A" to Order No. R-14132 (the "subject wells") by accomplishing one of the following with respect to each well:

- (a) causing the well to be plugged and abandoned in accordance with Division Rule 19.15.25.8 NMAC and in accordance with a Division-approved plugging program;
- (b) restoring the well to production if the well is an oil and gas well;
- (c) restoring the well to injection if the well is an injection well in accordance with Division Rule 19.15.26 NMAC; or

(d) causing the well to be temporarily abandoned with Division approval in accordance with Division Rule 19.15.25.13 NMAC.

The order also stated: It is further stipulated that the operator shall be required to resolve the compliance status of the subject wells at a minimum rate of six (6) wells for each thirty (30)-day period within 270-day allotted time.

(7) On March 11, 2016, Dominion filed an Application for Hearing De Novo and the matter is scheduled to be heard before the New Mexico Oil Conservation Commission on May 19, 2016.

(8) Due to the time constraints contained within Order No. R-14132, it is necessary to stay that order until such time as the Hearing De Novo is conducted and the matter ultimately resolved.

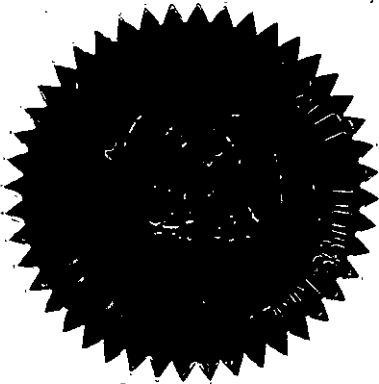
(9) A stay of Order No. R-14132 will serve to prevent gross negative consequences to an affected party, will prevent waste, protect correlative rights, and will protect public health and the environment.

IT IS THEREFORE ORDERED THAT:

(1) The time periods for performance of corrective actions specified in Order No. R-14132, Order ¶¶ (1) – (3) are stayed pending the issuance by the Oil Conservation Commission of its order following hearing *de novo*.

(2) Dominion shall continue to make its best efforts to obtain full regulatory compliance for its wells.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

DAVID R. CATANACH
Director