

CASE 5344 PLUGGING CASE
American Fuel Corporation and
Aetna Casualty & Surety Co.

CASE No.

5344

Application,

Transcripts,

Small Exhibits

ETC.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 16, 1974

EXAMINER HEARING

IN THE MATTER OF:)

The hearing called by the Oil Conservation)
Commission on its own motion to permit) CASE
American Fuels Corporation and Aetna Casualty) 5344
and Surety Company, and all other interested)
parties, to appear and show cause why the)
following American Fuels Wells on the W-S)
Ranch in Colfax County, New Mexico, should)
not be plugged and abandoned in accordance)
with a Commission-approved plugging program.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil William Carr, Esq.
Conservation Commission: and
 Tom Derryberry, Esq.
 Legal Counsels for the Commission
 State Land Office Building
 Santa Fe, New Mexico

THE NYE REPORTING SERVICE
STATE-WIDE DEPOSITION NOTARIES
225 JOHNSON STREET
SANTA FE, NEW MEXICO 87501
TEL. (505) 982-0386

I N D E X

Page

CARL ULVOG

Direct Examination by Mr. Derryberry

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MR. STAMETS: We will call the next Case, Number 5344.

MR. CARR: Case 5344 in the matter of the hearing called by the Oil Conservation Commission on its own motion to permit American Fuels Corporation and Aetna Casualty and Surety Company, and all other interested parties, to appear and show cause why the following American Fuels Wells on the W-S Ranch in Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program: NM-B Well No. 1, NM-B Well No. 2, NM-B Well No. 4, NM-B Well No. 5, NM-B Well No. 10.

MR. STAMETS: We will call for appearances in this Case.

MR. DERRYBERRY: Mr. Examiner, I'm Tom Derryberry representing the Commission and I have one witness who has previously been sworn and qualified.

MR. STAMETS: Let the record reflect that the witness is sworn, his qualifications and the acceptance thereof.

Are there any other appearances in this Case? You may proceed.

CARL ULVOG

called as a witness, having been previously sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. DERRYBERRY:

Q Will you please state your name and position for the record?

A Carl Ulvog, Senior Petroleum Geologist for the Oil Conservation Commission, Oil and Gas Inspector for District 4, and Geologist for the Geothermal Division.

Q Does District 4 include Colfax County?

A Yes, it does.

Q Do your duties as Oil and Gas Inspector for District 4 include making recommendations to the Commission on plugging and abandonment of various wells in District 4?

A Yes, sir, it does.

Q Are you familiar with the wells involved in this case?

A Yes, sir, I am.

Q For the record would you recite the names and locations of the wells?

A Yes, I will. The wells are identified as the American Fuels Corporation NM-B Well No. 1, located 1783 feet

from the north line, and 1764 feet from the east line of Section 6, Township 30 North, Range 19 East, Colfax County; and American Fuels Corporation NM-B Well No. 2 located 938 feet from the south line and 514 feet from the east line of Section 16, Township 30 North, Range 18 East, Colfax County; and American Fuels Corporation NM-B Well No. 4 located 1973 feet from the north line and 982 feet from the east line of Section 18, Township 30 North, Range 18 East, Colfax County; and American Fuels Corporation NM-B Well No. 5 located 785 feet from the south line and 787 feet from the east line of Section 30, Township 30 North, Range 19 East, Colfax County; and the American Fuels Corporation NM-B Well No. 10 located 3,040.4 feet from the east line and 709.38 feet from the south line of Section 24, Township 31 North, Range 19 East, Colfax County.

Q Have you reviewed the well files and the official record for these subject wells?

A Yes, sir, I have.

Q Have you made a field inspection of each of the locations involved?

A I have.

Q Based upon the well files and records and inspection would you please give the Examiner a brief history of

of each well?

A Yes, I will. In the case of Well No. 1, according to the operator's reports in our files, this well was spudded May 19, 1973, and was plugged on June 12, 1973. An inspection was made on June 27th of this year and found the well site trashy; it was not leveled; the pits were not filled; there is a barbed wire fence around the pit that was sagging; the required marker was in place, cemented into the surface casing, but otherwise the abandonment was totally unsatisfactory. Approval by this office of the operator's application for the permit to drill was conditioned upon a set of representative samples or drill cuttings being furnished to the State Bureau of Mines. As of this date, this has not been done, and as of today, we have not received copies of the bore-hole survey of this well.

In the case of Well No. 2 --

MR. STAMETS: Mr. Ulvog, do you mean we have not received a Form C-105 or the electric logs?

MR. ULVOG: That is correct.

MR. STAMETS: No 105?

MR. ULVOG: Pardon me, we have the 105, but we have no logs, and, of course, we do not have the final C-103.

MR. STAMETS: All you have is a notice of Intention

to Plug and Abandon?

MR. ULVOG: I beg your pardon, we do actually have the final report. I'm sorry, I just simply haven't approved it.

A (Continuing) In the case of Well No. 2, again by the operator's reports submitted to the Commission, this was a re-entry of an abandoned well, which re-entry was made on June 22nd, 1973. The well was perforated and the formation fractured on June 26th, 1973; it was tested from June 26th to July 14th. The last measured gas flow that was reported for this well was on July 10th, 1973. After the well had been shut in for 141 hours, at that time the gas flow rate decreased from 266,000 cubic feet per day to 124,000 cubic feet per day over a period of six hours. Following this test another formation stimulation treatment was used, it was fracturing again, and the reports for July 13th and 14th show only that water and gas was alternately swabbed and flowed, but no gauge reported. On June 28th I made an inspection of the well and decided it was in very poor condition. The cellar was almost full of oily water, rags, and so on, which reached way up on the wellhead. The pits had cans, pails, rags, paper, and miscellaneous other trash, plus oily water standing. There was a barbed wire

fence around the pits that was sagging, and, of course, there was no identification of the well site. In this instance, of course, we would not require a set of sample cuttings or bore-hole surveys since it was the re-entry of an old formerly abandoned well.

Now, Well No. 4. Operation began September 10th, 1973, total depth reportedly reached on October 9th, 1973. There was an attempted completion by perforating, I don't know if it was acidizing, but they did report perforating on January 22nd, 1974. Then a notice of an Intent to Plug and Abandon was filed August 2nd, 1974; this is the last report we have. An inspection was made on June 28th; I found the location clean and level, but no identification. It appeared to be a gas-well hookup of sorts, there were no gauges or flow lines installed. To date we have neither samples filed with the Bureau of Mines, nor copies of the bore-hole surveys supplied to us.

MR. STAMETS: Mr. Ulvog, now, we have a notice of Intention to Plug and Abandon on this well; the wellhead had been installed as if the well could be produced?

MR. ULVOG: That is correct.

MR. STAMETS: Is there any indication in the file — that this well was capable of production, aside from the

perforation?

MR. ULVOG: No, sir, we have no reports of gas recovery.

MR. STAMETS: Just the fact that the wellhead was installed would seem to indicate that they thought they had something, at least they wished to test it?

MR. ULVOG: That is correct. We have no reports; we do have after repeated -- well I had called and I had written letters, and so on, and on August 2nd, 1974, they did file a notice of Intent to Plug and Abandon, and that is all. I approved the Plugging and Abandonment program, but I have heard nothing further.

MR. STAMETS: Okay.

A (Continuing) Okay, Well No. 5. Again from the official reports filed with this office, the well was spudded December 11th, 1973; total depth reached January 2nd, 1974, and on March 15th of this year a report of a test which recovered only water was received and the well was shut in, reportedly just shut in. On July 16th there was a report that they were moving in for additional testing; we have had no other reports since that. An inspection on June 28th revealed that the location is in very bad condition. The cellar is full of oily water, there is junk and trash; water

in the pits, there are timbers, cans, mud additives and so on, on the location, and no identification of the operator or the geographic location; no bore-hole surveys have been filed; no sample cuttings have been filed with the Bureau of Mines.

And, Well No. 10. This well was reportedly started on December 8, 1973. No additional reports had been filed by June 27th, 1974 when I made the inspection. Several telephone calls had been made previously concerning this well, and one report was that the well was plugged and abandoned; another one was that it was temporarily shut in; another one was that they were going to do some additional testing. When I made the inspection the well was actually being tested. There was a rig on the well site, and I didn't learn much in talking to the operator there, except that some formation stimulation -- I'm not sure, I think it was fracturing, but he didn't know -- had been done, there had been some swabbing, there was a very small gas flare burning at the end of the flow line. The location, of course, was very messy because the operation had not been terminated.

Now, the only test results reported on July 17th was the recovery of 343 barrels of water. There was no gas reported at that time. There has not been any reports of gas recovered since; I merely observed a small flare.

Now, the operator has been contacted concerning all of these wells, by telephone and by letter. The last two letters dated September 26th and October 3rd were not answered at all. The letter of September 2nd outlined essentially what was faulty in the case of each of these well locations.

Q Mr. Ulvog, on the Well No. 1 there was a notice of Intent to Plug and when you inspected it the well was plugged; was any opportunity afforded to the Commission to witness the plugging?

A Let's see, that's Well No. 1; we were not notified in the case of any of these wells of either testing or plugging. We merely received a notice that the well had been plugged and abandoned. I believe there was not even a notice of Intent to Plug and Abandon.

MR. STAMETS: It was my understanding from your testimony that there was none on the No. 1 Well?

MR. ULVOG: That's right, but it was --

MR. STAMETS: (Interrupting) No. 4 was the well that had the Intent to be in the file?

MR. ULVOG: That is right.

MR. STAMETS: And that is the only one that I show, based on your testimony, as having an Intent being in the file?

MR. ULVOG: Yes.

BY MR. DERRYBERRY:

Q The well was in some fashion plugged when you visited it though?

A Yes, that's right.

Q But there was no way of determining whether the plugging would comply with the Commission-approved program?

A No, then, of course, the location was definitely not acceptable.

Q Now, on the Well No. 2 some production of gas was reported, now in view of the location of this well and the volume reported, do you regard this as commercial production?

A No, I do not.

Q Now do you have any, based on your field inspection, was there evidence of any water wells in the areas occupied by these wells?

A There are many water wells on this ranch, windmills and so on, and there are also stock ponds, of course, and I am not prepared to say just how far from any one of these wells there would be a windmill. In some cases -- I could see a windmill from the well location, but I don't remember now which wells those would be.

Q All right. Based upon your examination of the

well records and your inspection of the sites, do you have recommendations concerning the subject wells?

A I believe all of these wells should be properly plugged and abandoned in accordance with our regulations.

Q Do you have anything further?

A That's all I have.

MR. DERRYBERRY: I have no further questions.

MR. STAMETS: I may have missed it relative to No. 10, Mr. Ulvog; what forms do we have in the file on that well?

MR. ULVOG: Okay, to begin with we had a Form C-101, a Permit to Drill, filed December 5th, 1973; we have a report filed January 10th that the well was spudded; we have a report, Form C-103, filed July 17th which reported the perforating and testing, and so on. The last entry on that report was July 7th, 1974 at which time they reported: Swabbing operation has recovered 343 barrels of water. This is where that ends.

MR. STAMETS: We have no C-105?

MR. ULVOG: No, no C-105 at all, and that C-103 filed on the 7th of July was the last report we received on that well.

MR. STAMETS: Mr. Ulvog, properly plugging these

wells would protect the gas that apparently exists in the area, as well as protecting ground water?

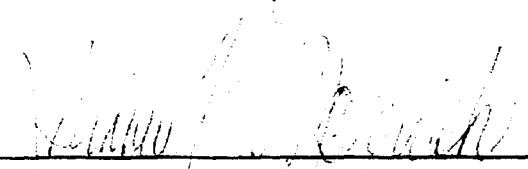
MR. ULVOG: That's right.

MR. STAMETS: Any further questions of this witness? You may be excused.

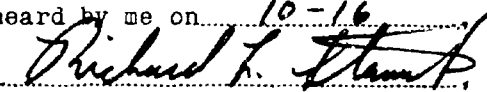
Is there anything further in this Case? We will take the Case under advisement.

STATE OF NEW MEXICO)
) SS.
COUNTY OF SANTA FE)

I, SIDNEY F. MORRISH, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.



SIDNEY F. MORRISH, Court Reporter

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 5344, heard by me on 10-16, 19 97.


Richard L. Stank, Examiner
New Mexico Oil Conservation Commission

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

March 31, 1978

Mr. Michael McCullough
Pennzoil Company
P. O. Drawer 1139
Denver, Colorado 80201

Re: Case No. 5344
Order No. R-4898

Dear Mr. McCullough:

In view of Pennzoil's wishes to take over the NM-B Well No. 2 located in Unit P of Section 16, Township 30 North, Range 18 East, Colfax County, I have enclosed the following:

1. Forms C-104 to be filed in quintuplicate, showing change of ownership from American Fuels Corporation to Pennzoil Company.
2. Forms C-103 to be filed in triplicate requesting a permit for temporary abandonment.
3. A copy of Rule 202(B) specifying how to request a permit for temporary abandonment.

In addition, please contact Mr. Carl Ulvog, District Supervisor, at 505-827-2533, as soon as possible concerning the filing of any additional forms. Please file all forms immediately so that we can expedite the awarding of our plugging contract.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/fd
enc.

cc: Carl Ulvog

C
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P
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BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 5344
Order No. R-4898

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION ON ITS
OWN MOTION TO PERMIT AMERICAN FUELS
CORPORATION AND AETNA CASUALTY AND SURETY
COMPANY, AND ALL OTHER INTERESTED PARTIES
TO APPEAR AND SHOW CAUSE WHY CERTAIN AMERICAN
FUELS WELLS ON THE W-S RANCH IN COLFAX COUNTY,
NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED
IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING
PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 16,
1974, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of November, 1974, the Commission,
a quorum being present, having considered the testimony, the
record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That American Fuels Corporation is the owner and
operator of the following described wells in Colfax County:

NM-B Well No. 1, located in Unit G of Section 6,
Township 30 North, Range 19 East;

NM-B Well No. 2, located in Unit P of Section 16,
Township 30 North, Range 18 East;

NM-B Well No. 4, located in Unit H of Section 18,
Township 30 North, Range 18 East;

NM-B Well No. 5, located in Unit P of Section 30,
Township 30 North, Range 19 East; and

NM-B Well No. 10, located in Unit N of Section 24,
Township 31 North, Range 19 East.

(3) That the surface locations of said Wells Nos. 1, 2,
5, and 10 have not been cleaned and levelled as required by
Commission Rules and Regulations.

(4) That Commission Form C-105 "Well Log" has not been filed with the Commission for said Wells Nos. 4, 5, and 10 as required by Commission Rules and Regulations.

(5) That said Wells Nos. 2, 4, 5, and 10 are not capable of production in commercial quantities.

(6) That in order to confine all oil, gas, and water to the strata in which they are found, said Wells 2, 4, 5, and 10 should be plugged and abandoned in accordance with a Commission-approved plugging program on or before February 1, 1975.

(7) That the surface locations of said Wells Nos. 1, 2, 5, and 10 should be cleaned and levelled in accordance with Commission Rules and Regulations.

(8) That Commission's Form C-105 "Well Log" should be filed with reference to said Wells Nos. 4, 5, and 10.

IT IS THEREFORE ORDERED:

(1) That American Fuels Corporation and Aetna Casualty and Surety Company are hereby ordered to plug and abandon the following wells in Colfax County, New Mexico, on or before February 1, 1975:

NM-B Well No. 2, located in Unit P of Section 16, Township 30 North, Range 18 East;

NM-B Well No. 4, located in Unit H of Section 18, Township 30 North, Range 18 East;

NM-B Well No. 5, located in Unit P of Section 30, Township 30 North, Range 19 East; and

NM-B Well No. 10, located in Unit N of Section 24, Township 31 North, Range 19 East.

(2) That American Fuels Corporation and Aetna Casualty and Surety Company, prior to plugging and abandoning the above-described wells, shall obtain from the Santa Fe Office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Santa Fe office of the date and hour said work is to be commenced whereupon the Commission may, at its option, witness such work.

(3) That American Fuels Corporation and Aetna Casualty and Surety Company are hereby ordered to clean and level the surface location of Wells Nos. 2, 5, and 10, as described in Order No. (1) above, and the NM-B Well No. 1, located in Unit G of Section 6, Township 30 North, Range 19 East, NMPM, Colfax County, New Mexico, in accordance with Commission Rules and Regulations on or before February 1, 1975.

-3-
Case No. 5344
Order No. R-4898

(4) That American Fuels Corporation is hereby ordered to complete and submit to the Commission on or before January 1, 1975, Commission Form C-105, "Well Log" for the NM-B Wells Nos. 4, 5, and 10 as described above.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

I. R. TRUJILLO, Chairman



ALEX J. ARMIJO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

S E A L

dr/

Docket No. 29-74

Dockets Nos. 30-74 and 31-74 are tentatively set for hearing on October 30 and November 13, 1974. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 16, 1974

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas from seventeen prorated pools in Lea, Eddy, Roosevelt, and Chaves Counties, New Mexico, for November, 1974;
- (2) Consideration of the allowable production of gas from five prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico, for November, 1974.

CASE 5304: (Continued from the September 4, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Mercury Production Company, American Employers' Insurance Company and all other interested parties to appear and show cause why the Mercury State Well No. 1 located in Unit E of Section 27, Township 10 South, Range 26 East, Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5292: (Continued from the September 18, 1974, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit El Paso Natural Gas Company, United States Fidelity and Guaranty Co., and all other interested parties to appear and show cause why each of the following wells should not be plugged and abandoned in accordance with a Commission-approved plugging program:

EPNG Ludwick Well No. 11, located in Unit B, Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico;

EPNG Rincon Unit Well No. 127, located in Unit A, Section 28, Township 27 North, Range 6 West, Rio Arriba County, New Mexico; and

EPNG Warren A Well No. 2, located in Unit A, Section 23, Township 28 North, Range 9 West, San Juan County, New Mexico.

CASE 4976: (Reopened) (Continued from the October 2, 1974, Examiner Hearing)

In the matter of Case No. 4976 being reopened pursuant to the provisions of Order No. R-4638 to permit all operations in the West Parkway-Strawn

(Case 4976 continued from Page 1)

and West Parkway-Atoka Gas Pools in Section 28, Township 19 South, Range 29 East, Eddy County, New Mexico, to appear and present evidence to clearly establish the nature of the reservoirs, proper rates of production for wells therein, and special rules therefor.

CASE 5313: (Continued and Readvertised)

Application of El Paso Natural Gas Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Aztec-Pictured Cliffs and Blanco-Mesaverde production in the wellbore of its Ludwick Well No. 11 located in Unit B of Section 19, Township 30 North, Range 10 West, San Juan County, New Mexico.

CASE 5338: Application of Amerada Hess Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced water into the Devonian formation through the open-hole interval from 10,980 feet to 11,180 feet in its State BTC Well No. 1, located in Unit N of Section 35, Township 11 South, Range 33 East, Bagley Siluro-Devonian Pool, Lea County, New Mexico.

CASE 5339: Application of John L. Cox for salt water disposal, Lea County, New Mexico. Applicant in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the open-hole interval from approximately 4989 feet to 5017 feet in his U.S.M. Well No. 2, located in Unit H of Section 27, Township 9 South, Range 37 East, West Sawyer-San Andres Pool, Lea County, New Mexico.

CASE 5340: Application of Atlantic Richfield Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its State BR Well No. 1, located in Unit K of Section 16, Township 21 South, Range 26 East, Eddy County, New Mexico, in such a manner as to produce gas from an undesignated Atoka gas pool through the tubing and gas from an undesignated Morrow gas pool through the casing-tubing annulus by means of a cross-over assembly.

CASE 5341: Application of Texas Oil & Gas Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Williamson Fed. Well No. 3, located 660 feet from the North line and 1980 feet from the East line of Section 9, Township 20 South, Range 29 East, NMPM, Burton Flats-Morrow Gas Pool, Eddy County, New Mexico, the E/2 of said Section 9 to be dedicated to the well.

CASE 5342: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Leon Davis, Fidelity and Deposit Company of Maryland, and all other interested parties to appear and show cause why the New Mexico State "Heart" Well No. 1, located in Unit J of Section 16, Township 14 North, Range 32 East, NMPM, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5343: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Paul Haskins, Trustee and Continental Casualty Company, and all other interested parties to appear and show cause why the Arthur Cain Well No. 1, located in Unit N of Section 4, Township 15 North, Range 33 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5344: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit American Fuels Corporation and Aetna Casualty and Surety Company, and all other interested parties, to appear and show cause why the following American Fuels Wells on the W-S Ranch in Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

NM-B Well No. 1, located in Unit G of Section 6, Township 30 North, Range 19 East;

NM-B Well No. 2, located in Unit P of Section 16, Township 30 North, Range 18 East;

NM-B Well No. 4, located in Unit H of Section 18, Township 30 North, Range 18 East;

NM-B Well No. 5, located in Unit P of Section 30, Township 30 North, Range 19 East; and

NM-B Well No. 10, located in Unit N of Section 24, Township 31 North, Range 19 East.

CASE 5345: Application of Texaco, Inc. for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Fusselman, Montoya, and Ellenburger formations, North Justis Field, in the wellbore of its G. L. Erwin "B" Fed. (NCT-2) Well No. 5, located in Unit P of Section 35, Township 24 South, Range 37 East, Lea County, New Mexico.

CASE 5346: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry formation and the East Warren-Drinkard Pool in the wellbore of its Warren Unit Well No. 11, located in Unit A of Section 35, Township 20 South, Range 38 East, Lea County, New Mexico.

CASE 5347: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the West Warren-Blinebry and East Skaggs-Drinkard Pools in the wellbore of its SEMU Berger Well No. 21, located in Unit O of Section 19, Township 20 South, Range 38 East, Lea County, New Mexico.

Examiner Hearing - Wednesday - October 16, 1974

Docket No. 29-74

-4-

CASE 5348: Application of Continental Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of production from the Blinebry and Drinkard Pools in the wellbores of its Elliott B Well No. 6, located in Unit J of Section 6, Township 22 South, Range 37 East, and its Lockhart B-1 Well No. 9, located in Unit 1 of Section 1, Township 22 South, Range 36 East, both in Lea County, New Mexico.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

October 3, 1974

C
O
P
Y

American Fuels Corporation
2921 Carlisle, N.E.
Suite 200
Albuquerque, New Mexico 87110

CERTIFIED - RETURN
RECEIPT REQUESTED

Aetna Casualty & Surety Company
1418 First National Bank Building East
Albuquerque, New Mexico 87108

Re: NM-B Well No. 1, Unit G, Section
6, Township 30 North, Range 19
East; NM-B Well No. 2, Unit P,
Section 16, Township 30 North,
Range 18 East; NM-B Well No. 4,
Unit H, Section 18, Township 30
North, Range 18 East; NM-B Well
No. 5, Unit P, Section 30, Town-
ship 30 North, Range 19 East; and
NM-B Well No. 10, Unit N, Section
24, Township 31 North, Range 19
East, all in Colfax County
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner Hearing
to be held on Wednesday, October 16, 1974, at 9:00 a.m. in the
Oil Conservation Commission Conference Room, State Land Office
Building, Santa Fe, New Mexico. Case 5344 concerns the sub-
ject matter.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/jr

Enc.

8-1-74

Memo

From

CARL ULVOG
SENIOR

PETROLEUM GEOLOGIST

To

Bill:

~~Hold~~

Am. Fuels secretary called today. Appears as if letter of July 29th woke 'em up.

Claimed they had sent a lot of stuff I wanted (such as well logs) and had a different interpretation (ignorance of ??) OCC Rules I referred to.

Anyway they say all of data I asked for will be forthcoming "muy Pronto" but some may be later than Aug. 5th.

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMJO
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

July 29, 1974

*Boyer
August 5*

5344

Mr. C. R. Robinson
American Fuels Corporation
2921 Carlisle, N. E.
Albuquerque, New Mexico 87110

Dear Mr. Robinson:

This will acknowledge receipt of the C-103 forms submitted by a cover letter dated July 24, 1974.

Attached is a copy of the C-103 for your Well No. 2-NMB, (re-entry of the Universal Resources & Odessa Natural Well No. 1-16 Vermejo) and a copy of results of testing this well. Please review this report and submit either a corrected Form C-103 or a corrected summary of test results. There is reason to believe you have used incorrect dates on the C-103. If the summary of testing is correct it will not be necessary to re-submit that data.

Please note the conditions of approval of your report for Well No. 4-NMB. A recent inspection of that location indicates non-compliance with Rules 202 (a) and 202 (b). Since your report implies a temporary abandonment, it is also apparent that Rule 202 (c) has not been observed in this instance.

In referring to Oil Conservation Commission regulations you will note Rule 1105 provides that certain data will be filed "within 20 days following completion or recompletion of any well..." To date, we have received bore-hole surveys on only the upper one-half of your W. S. Ranch Well No. 10. The required C-105 forms have been received only for your W. S. Ranch Wells No. 1 and No. 3. All of the other data is now overdue.

Please give the foregoing your immediate attention as further

-2-

delays cannot be tolerated. The Legal Department has been notified of the August 5th deadline.

Very truly yours,

CARL ULVOG, Sr. Geologist
Supervisor, District IV.

CU/og
Attachments

cc: Aetna Casualty and Surety Co.
1418 First National Bank Building, East
Albuquerque, New Mexico

Mr. William F. Carr, Esq. ✓
General Counsel
Oil Conservation Commission
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

July 22, 1974

I. R. TRUJILLO
CHAIRMAN
LAND COMMISSIONER
ALEX J. ARMijo
MEMBER
STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

American Fuels Corporation
2921 Carlisle, N. E., Suite 200
Albuquerque, New Mexico 87110

Attention: Mr. Harold M. Morgan

Gentlemen:

By means of a letter from this office, dated July 9, 1974, your attention was directed to certain deficiencies in reporting activities by American Fuels Corporation. Attached hereto is a copy of that letter for your convenience.

Since none of the requested data have as yet been received in this office, and since some of the delinquencies are of long standing, you are hereby requested to have complete and correct reports on all of your New Mexico oil and gas operations in this office no later than August 5, 1974. In the event of non-compliance with this request, the entire matter will be referred to our Legal Department for appropriate action.

Yours truly,

CARL ULVOG, Sr. Geologist
Supervisor - District IV

CU/og

cc: Aetna Casualty and Surety Co.
1418 First National Bank Bldg., East
Albuquerque, New Mexico 87103

Mr. William F. Carr, Esq. ✓
General Counsel
Oil Conservation Commission
Santa Fe, New Mexico

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

September 26, 1974

C
American Fuels Corporation
2921 Carlisle, N. E.
Albuquerque, New Mexico 87401

Attention: Mr. C. R. Robinson

Dear Mr. Robinson:

O
As of this date considerable data pertaining to certain
of your wells on the W.S. Ranch, Colfax County, is lacking
from Commission files. The individual operations and
deficiencies in reporting for each are as follows:

P
W. S. Ranch Well No. 1, Unit G, Section 6, T-30-N,
R-19-E. Notification that location is cleared and
leveled.

W. S. Ranch Well No. 2, Unit P, Section 16, T-30-N,
R-13-E. Evidence of commercial gas well completion
or plugging and abandonment. Notification that
location is properly identified, cleared and leveled.

W. S. Ranch Well No. 4, Unit H, Section 18, T-30-N,
R-18-E. Notification that well has been plugged
and abandoned, with proper identification as required
therefor.

W. S. Ranch Well No. 5, Unit P, Section 30, T-30-N,
R-19-E. Evidence of commercial gas well completion
or plugging and abandonment. Notification that
location is properly identified, cleared and leveled.

W. S. Ranch Well No. 10, Unit N, Section 24, T-31-N,
R-19-E. Evidence of commercial gas well completion
or plugging and abandonment. Notification that
location is properly identified, cleared and leveled.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE NEW MEXICO 87501

-2-

Mr. Robinson
September 26, 1974

In addition, bore-hole surveys are lacking for all
of your wells except No. 10.

Kindly remedy the above deficiencies prior to October
10, 1974.

Yours truly,

CARL ULVOG
Senior Petroleum Geologist

CU/og

CC: Aetna Casualty & Surety
1418 First National Bank Bldg.
Albuquerque, New Mexico 87108 ✓

Mr. William F. Carr, General Counsel
Oil Conservation Commission
Santa Fe, New Mexico 87501

C
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DRAFT

- jr/

(Handwritten initials)

EXPEDITE

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

(Handwritten signatures and initials)

CASE NO. 5344

Order No. R- 4898

(Handwritten initials)

(Handwritten signature)

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION COMMISSION ON ITS
OWN MOTION TO PERMIT AMERICAN FUELS
CORPORATION AND AETNA CASUALTY AND
SURETY COMPANY, AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY CERTAIN AMERICAN FUELS
WELLS ON THE W-S RANCH IN COLFAX COUNTY, NEW MEXICO, SHOULD NOT
BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED
PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 16, 1974
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this November day of November, 1974, the Commission,
a quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That American Fuels Corporation is the owner and
operator of the following described wells in Colfax County:

NM-B Well No. 1, located in Unit G of Section 6,
Township 30 North, Range 19 East;

NM-B Well No. 2, located in Unit P of Section 16,
Township 30 North, Range 18 East;

NM-B Well No. 4, located in Unit H of Section 18,
Township 30 North, Range 18 East;

NM-B Well No. 5, located in Unit P of Section 30,
Township 30 North, Range 19 East; and

NM-B Well No. 10, located in Unit N of Section 24,
Township 31 North, Range 19 East.

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-2-
CASE NO. 5344
Order No. R-

(3) That the surface location, of said Wells Nos. 1, ^{2, 5, and 10 have} ~~has~~ not been cleaned and levelled as required by Commission Rules and Regulations.

(4) That Commission Form C-105 "Well Log" has not been filed with the Commission for said Wells Nos. 4, 5, and 10 as required by Commission Rules and Regulations.

(5) That said Wells Nos. 2, 4, 5, and 10 are not capable of production in commercial quantities.

(6) That in order to confine all oil, gas, and water to the strata in which they are found, said Wells 2, 4, 5, and 10 should be plugged and abandoned in accordance with a Commission-approved plugging program on or before February 1, 1975.

(7) That the surface locations of said Wells Nos. 1, 2, 5, and 10 should be cleaned and levelled in accordance with Commission Rules and Regulations.

(8) That Commission's Form C-105 "Well Log" should be filed with reference to said Wells Nos. 4, 5, and 10.

IT IS THEREFORE ORDERED:

(1) That American Fuels Corporation and Aetna Casualty and Surety Company are hereby ordered to plug and abandon the following wells in Colfax County, New Mexico, on or before February 1, 1975:

NM-B Well No. 2, located in Unit P of Section 16, Township 30 North, Range 18 East;

NM-B Well No. 4, located in Unit H of Section 18, Township 30 North, Range 18 East;

NM-B Well No. 5, located in Unit P of Section 30, Township 30 North, Range 19 East; and

NM-B Well No. 10, located in Unit N of Section 24, Township 31 North, Range 19 East.

(2) That American Fuels Corporation and Aetna Casualty and Surety Company, prior to plugging and abandoning the above-described wells, shall obtain from the Santa Fe Office of the

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-3-
CASE NO. 5344
Order No. R-

Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Santa Fe office of the date and hour said work is to be commenced whereupon the Commission may, at its option, witness such work.

(3) That American Fuels Corporation and Aetna Casualty and Surety Company are hereby order to clean and level the surface location of ~~the four~~ Wells ^{Nos. 2, 5, and 10, as} described in Order No. (1) above, and the NM-B Well No. 1, located in Unit G of Section 6, Township 30 North, Range 19 East, NMPM, Colfax County, New Mexico, in accordance with Commission Rules and Regulations on or before February 1, 1975.

(4) That American Fuels Corporation is hereby ordered to complete and submit to the Commission on or before January 1, 1975, Commission Form C-105, "Well Log" for the NM-B Wells Nos. 4, 5, and 10 as described above.

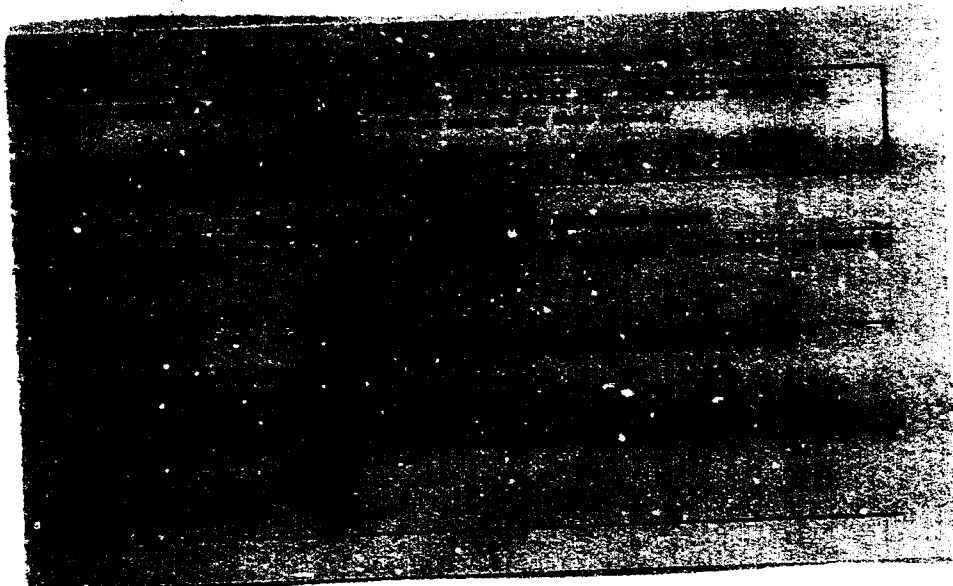
(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

No. 003560

SENT TO American Fuels Corporation		POSTMARK OR DATE
STREET AND NO. 2921 Carlisle, NE		
P.O., STATE AND ZIP CODE Albuquerque, New Mexico		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form Apr. 1971	3800	NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL (See other side) GPO: 1972 O-460-743



RECEIPT FOR CERTIFIED MAIL—30¢ (plus postage)

No. 003561

SENT TO Aetna Casualty & Surety Co.		POSTMARK OR DATE
STREET AND NO. 1418 First National Bank Bd. East		
P.O., STATE AND ZIP CODE Albuquerque, New Mexico		
OPTIONAL SERVICES FOR ADDITIONAL FEES		
RETURN	1. Shows to whom and date delivered	15¢
RECEIPT	With delivery to addressee only	65¢
SERVICES	2. Shows to whom, date and where delivered	35¢
	With delivery to addressee only	85¢
DELIVER TO ADDRESSEE ONLY		50¢
SPECIAL DELIVERY (extra fee required)		
PS Form Apr. 1971	3800	NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL (See other side) GPO: 1972 O-460-743

SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

Show address where delivered Deliver ONLY to addressee

RECEIPT
Received the numbered article described below

REGISTERED NO.	SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 003561	SIGNATURE OF ADDRESSEE'S AGENT, IF ANY <i>N. Sandra Spurn</i>
ISSUED NO.	
DATE DELIVERED 10-5-74	SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

No. 003560

RECEIPT FOR CERTIFIED MAIL—30c (plus postage)

SENT TO
American Fuels Corporation
 STREET AND NO.
2921 Carlisle, NE
 P.O., STATE AND ZIP CODE
Albuquerque, New Mexico

POSTMARK OR DATE

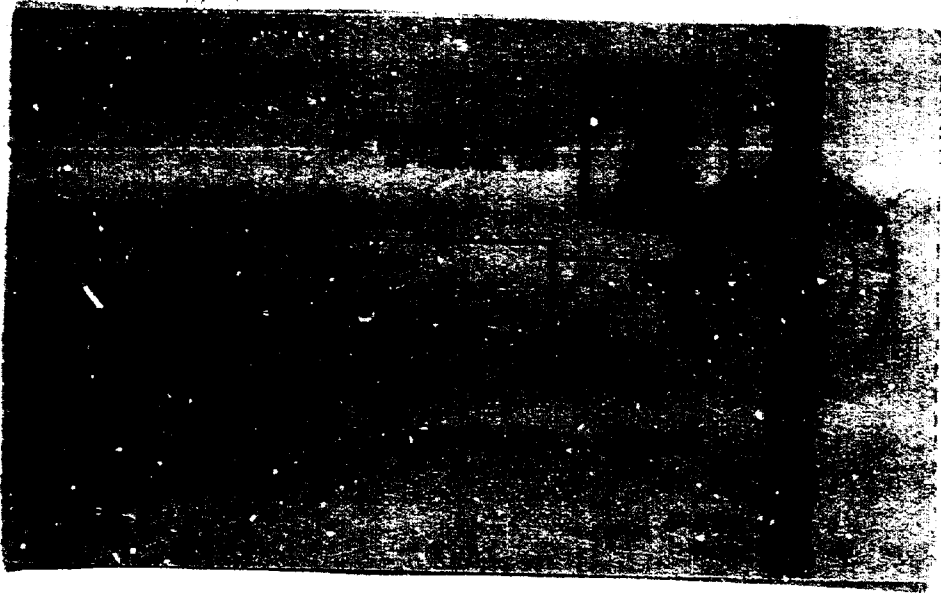
OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15c 65c
	2. Shows to whom, date and where delivered With delivery to addressee only	35c 85c
	DELIVER TO ADDRESSEE ONLY	50c
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800
 Apr. 1971

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL (See other side)

GPO : 1972 O - 460-743



No. 003561

RECEIPT FOR CERTIFIED MAIL—30c (plus postage)

SENT TO
Aetna Casualty & Surety Co.
 STREET AND NO.
1418 First National Bank Bd. East
 P.O., STATE AND ZIP CODE
Albuquerque, New Mexico

POSTMARK OR DATE

OPTIONAL SERVICES FOR ADDITIONAL FEES

RETURN RECEIPT SERVICES	1. Shows to whom and date delivered With delivery to addressee only	15c 65c
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	DELIVER TO ADDRESSEE ONLY	50c
	SPECIAL DELIVERY (extra fee required)	

PS Form 3800
 Apr. 1971

NO INSURANCE COVERAGE PROVIDED—
 NOT FOR INTERNATIONAL MAIL (See other side)

GPO : 1972 O - 460-743

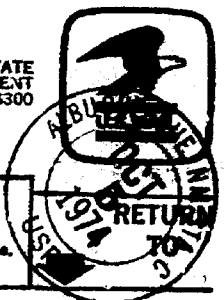
U.S. POSTAL SERVICE
OFFICIAL BUSINESS

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300

Postmark of Delivering Office

SENDER INSTRUCTIONS

- Print in the space below your name, address, including ZIP Code.
- If special services are desired, check block(s) on other side.
 - Machine prepared cards and attach to back of article.



Oil Conservation Commission
 P.O. Box 2088
 Santa Fe, New Mexico 87501

PS Form 3811
June 1971

Case 5344