

N CASE 5796: PLUGGING CASE  
HIXON DEVELOPMENT COMPANY AND NATIONAL  
SURETY CORPORATION ny

Continued to December 15

CASE NO.

5796

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,

ETC.

OIL CONSERVATION COMMISSION  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

January 17, 1977

C  
O  
P  
Y  
  
Fireman's Fund Insurance Co.  
1385 S. Colorado Blvd.  
Denver, Colorado 80222

Attention: Mr. George F. Biller  
Claims Representative

Re: Case 5796, Hixon  
Development Co.

Dear Mr. Biller:

On January 4, 1977, the Oil Conservation Commission entered its Order R-5345 concerning certain wells owned by Hixon Development Co. and bonded by National Surety Corporation. The wells were ordered to be plugged with alternative measures set forth. I've enclosed a copy of this Order if you have not already received one, since National Surety is jointly responsible with the principal for the plugging of these wells. I've also enclosed a copy of the bond, since you have indicated your files don't contain one.

If you have further questions, please contact me.

Very truly yours,

LYNN TESCHENDORF  
General Counsel

LT/dr  
encs.



## OIL CONSERVATION COMMISSION

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



DIRECTOR  
JOE D. RAMEY

LAND COMMISSIONER  
PHIL R. LUCERO  
January 5, 1977

STATE GEOLOGIST  
EMERY C. ARNOLD

Mr. Tom Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: CASE NO. 5796  
ORDER NO. R-5345


Applicant:

OCC (Hixon Development Company)

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,

  
JOE D. RAMEY  
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X  
Artesia OCC X  
Aztec OCC X

Other \_\_\_\_\_  
\_\_\_\_\_

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT HIXON DEVELOPMENT COMPANY, NATIONAL SURETY CORPORATION, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE CENTRAL BISTI UNIT WELLS NOS. 41, 46, 47, 49 AND 50 LOCATED IN UNITS D, I, K, M, AND O, RESPECTIVELY, OF SECTION 16, TOWNSHIP 25 NORTH, RANGE 12 WEST, BISTI-LOWER GALLUP POOL, SAN JUAN COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

CASE NO. 5796  
Order No. R-5345

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 10, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 4th day of January, 1977, 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 Hixon Development Company is the owner and operator of the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50, located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, NMPM, Bisti-Lower Gallup Oil Pool, San Juan County, New Mexico.
- (3) That National Surety Corporation is the surety on the Oil Conservation Commission plugging bond on which Hixon Development Company is principal.
- (4) That said bond is to assure the state that the subject wells will be properly plugged when abandoned.
- (5) That said five Central Bisti Unit Wells have not been produced for at least ten years.

(6) That said wells are located in a geographic area characterized by well casing failures.

(7) That said Central Bisti Unit Well No. 41 has experienced a casing failure and is currently scheduled for repair.

(8) That there is a high probability that the remainder of the said wells have also experienced casing failures.

(9) That there are substantial hydrocarbon reserves remaining in the Bisti-Lower Gallup Oil Pool in the area of said wells.

(10) That in their current state said wells may present the opportunity for hydrocarbons or waters to escape from the strata in which they are found into other strata or to be commingled with fluids from other strata.

(11) That such escape or commingling can result in waste of oil and gas and/or the contamination of water resources.

(12) That to prevent the waste of oil and gas and/or the contamination of water resources said Central Bisti Unit Wells Nos. 41, 46, 47, 49, and 50 should be plugged and abandoned in accordance with a Commission approved plugging program, returned to active production, or tested for casing failure and repaired where necessary on or before July 15, 1977.

IT IS THEREFORE ORDERED:

(1) That Hixon Development Company and National Surety Corporation are hereby ordered to plug and abandon the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50, located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico, on or before July 15, 1977.

PROVIDED HOWEVER, that as an alternative to plugging and abandonment, Hixon Development Company may on or before July 15, 1977, return any or all of said wells to active production;

PROVIDED FURTHER, that as a second alternative to plugging and abandonment, Hixon Development Company may on or before July 15, 1977, test any or all of said wells for casing leaks and continue any sound or properly repaired well in temporarily abandoned status in accordance with appropriate Commission Rules and Regulations.

-3-

Case No. 5796  
Order No. R-5345

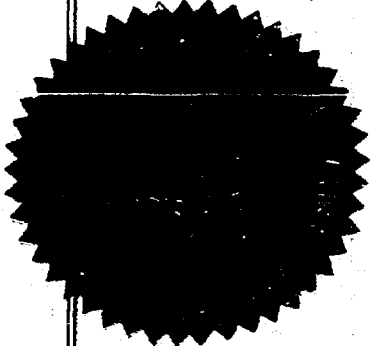
(2) That Hixon Development Company and National Surety Corporation, prior to plugging and abandoning the above-described wells, shall obtain from the Aztec office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Aztec office of the date and hour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

(3) That Hixon Development Company shall notify the Aztec district office of the Commission before returning to production or performing casing tests on any of the above described wells in order that the Commission may, at its option, witness such work.

(4) 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



*Phil R. Lucero*  
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

*Joe D. Ramey*  
JOE D. RAMEY, Member & Secretary

S E A L

dr/

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Page 1

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
December 15, 1976

EXAMJNER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its  
own motion to permit Hixon Development  
Company, National Surety Corp. and all  
other interested parties to appear and  
show cause why wells in the Bisti-  
Lower Gallup Pool, San Juan County,  
New Mexico, should not be plugged and  
abandoned.

CASE  
5796  
(Cont'd.)

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:	Lynn Teschendorf, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
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I N D E X

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EXHIBIT INDEX

	<u>Offered</u>	<u>Admitted</u>
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1 MR. STAMETS: We will call next Case 5796.

2 MS. TESCHENDORF: Case 5796, in the matter of the  
3 hearing called by the Oil Conservation Commission on its own  
4 motion to permit Hixon Development Company, National Surety  
5 Corporation and all other interested parties to appear and show  
6 cause why the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and  
7 50 located in Units D, I, K, M and O, respectively, of  
8 Section 16, Township 25 North, Range 12 West, Bisti-Lower  
9 Gallup Pool, San Juan County, New Mexico, should not be  
10 plugged and abandoned in accordance with a Commission-approved  
11 plugging program.

12 MR. STAMETS: For purposes of the record, this case  
13 was initially opened on November 10, 1976 and the testimony  
14 of the Commission witness was heard at that time. The case  
15 was then continued until this date and it is now reopened.

16 MR. KELLAHIN: I'm Tom Kellahin of Kellahin and Fox,  
17 Santa Fe, New Mexico, appearing on behalf of Hixon Development  
18 Company. I have one witness to be sworn.

19 (THEREUPON, the witness was duly sworn.)

20  
21 ALDRICH L. KUCHERA

22 called as a witness, having been first duly sworn, was  
23 examined and testified as follows:

24 DIRECT EXAMINATION

25 BY MR. KELLAHIN:

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1 Q Would you please state your name, by whom employed  
2 and in what capacity?

3 A My name is Aldrich L. Kuchera. Since the first of  
4 June I have been employed by Hixon Development Company to  
5 manage and provide technical support for the Farmington area  
6 office which operates the Central Bisti Unit Lower Gallup  
7 Reservoir located in San Juan County, New Mexico.

8 Q Mr. Kuchera, have you previously testified before  
9 this Commission and had your qualifications as an expert  
10 witness accepted? You have not previously testified here,  
11 have you?

12 A No, I haven't.

13 Q Would you please state your educational background  
14 and previous work experience?

15 A I graduated with a petroleum engineering degree from  
16 the University of Wyoming. During the past eight years, prior  
17 to my present employment, I have been a practicing engineer  
18 with Amoco and Continental Oil Company. I have specialized  
19 in secondary and tertiary oil recovery. I have also appeared  
20 as an expert witness before oil and gas commissions in the  
21 states of Wyoming and North Dakota.

22 MR. KELLAHIN: If the Examiner please, are the  
23 witness' qualifications acceptable?

24 MR. STAMETS: They are.

25 Q (Mr. Kellahin continuing.) Mr. Kuchera, would you

1 please refer to what has been marked as Applicant Exhibit  
2 Number One, identify it and give us a general history for this  
3 particular Bisti Unit.

4 A Exhibit One shows the outline and the location of  
5 the Central Bisti Unit. The Unit is located in a large trend  
6 of Lower Gallup producing wells. It is interesting to note  
7 that to the northwest Gulf Oil operates the West Bisti Unit  
8 and to the southeast of the Central Bisti Unit Shell Oil  
9 operates the Carson Unit.

10 The five wells in question at this hearing are  
11 circled in red on the exhibit.

12 The Central Bisti Unit-Lower Gallup Oil Pool was  
13 discovered in 1955. It was unitized in 1959 with Sunray DX  
14 Oil Company as unit operator. The pool underwent a complex  
15 LPG natural gas waterflood which was considered unsuccessful  
16 in recovering secondary oil. Sunray DX Oil Company abandoned  
17 the field in 1970 as being uneconomical to operate.

18 During 1970 the Central Bisti Unit Field was sold  
19 for abandonment. During 1971 Hixon Development Company  
20 purchased the Central Bisti-Lower Gallup rights thirdhand  
21 on the basis of a March 9th, 1970 engineering study which  
22 pointed out that the field was not depleted and that six, point,  
23 two million barrels of oil remained to be recovered.

24 Since that time other engineering studies have also  
25 indicated that significant oil reserves remain to be recovered

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1 in the the Central Bisti Unit Lower Gallup.

2 During 1971 through June of 1976 Hixon Development  
3 Company contracted out the operation of the Central Bisti Unit.  
4 In order to accelerate the development of the field Hixon  
5 Development Company took over operation of the Central Bisti  
6 Unit in June of this year. I was hired on the basis of my  
7 strong background in secondary and tertiary recovery by Hixon  
8 Development Company.

9 Q Since being hired by Hixon what studies have you  
10 made concerning the Central Bisti Unit?

11 A To date my own preliminary reserves evaluation  
12 work confirms that significant reserves of oil remain to  
13 be recovered. Now, my work over the past five months shows  
14 that to date only nineteen percent of the original oil in  
15 place has been recovered from the Central Bisti Unit-Lower  
16 Gallup Pool. I am convinced that with proper waterflooding  
17 the seven, point, six million barrels of oil recovered from  
18 this reservoir to date can be eventually more than doubled.

19 Since 1971 Hixon Development Company has carried  
20 out a program of repairing and returning shut in Central  
21 Bisti Unit wells to pump. To date our company has produced  
22 in excess of a quarter of a million barrels of oil that would  
23 have been lost had the field been plugged and abandoned back  
24 in 1970.

25 We are at this time operating twenty-eight active

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1 wells producing about two hundred barrels of oil per day. By  
2 next fall we anticipate increasing our active well count to  
3 about forty wells and we should be producing in the range of  
4 three hundred to three hundred and fifty barrels of oil per  
5 day.

6 Q How many wells are involved in this unit?

7 A All total there have been a total of seventy-eight  
8 wells drilled in the Lower Gallup Pool and of these seventy-  
9 eight wells, twelve of them have been abandoned to date.

10 Q Okay. I direct your attention to what has been  
11 marked as Exhibit Number Two which contains five separate  
12 pages of exhibits. Would you please refer to the first page  
13 of Exhibit Number Two and identify it?

14 A The first page, the decline curve on the Central  
15 Bisti Unit Well No. 41, it shows a decline curve extrapolation.  
16 It shows that this well has a total of twenty-eight thousand,  
17 nine hundred and thirty barrels of oil remaining to be  
18 recovered with waterflooding. It should also be noted that  
19 this well was shut in originally in November of 1964 and it  
20 was officially temporarily abandoned in November of 1965.

21 Q Let me take a moment here and direct your attention  
22 to Exhibit Number Three, that's the C-101 that was filed  
23 concerning this particular well. If you will direct the  
24 Examiner's attention to what Hixon did with regards to the  
25 repair of Well 41 in the submission of that C-101.

1 A. Okay.

2 Q. Do you have a copy of that C-101?

3 A. Yes, I do. What it is, this particular well  
4 developed a casing leak, per Mr. Kendrick's testimony, in  
5 November of 1964. We are at this time in the process of  
6 repairing this casing leak. We are also in the process of  
7 testing the Point Lookout in this well with the idea of  
8 evaluating of the Point Lookout for additional reserves.

9 Q. Mr. Kendrick testified earlier with regards to  
10 casing leaks and repairs on certain other Central Bisti Unit  
11 wells. The specific call of this case refers to four other  
12 wells. Would you go back now to page two of Exhibit Number  
13 two and run through those wells?

14 A. Okay, Well No. 46, again I have a decline curve  
15 which shows that it has in the range of ten thousand, thirty-  
16 four barrels of remaining recoverable oil. This well was  
17 temporarily abandoned in September of 1965.

18 Well No. 47, again the decline curve extrapolation  
19 shows it to have remaining reserves of twenty-three thousand,  
20 seven hundred and sixty barrels of oil. It too was temporarily  
21 abandoned in August of 1966.

22 Well 49 was temporarily abandoned in November of  
23 1966. A decline curve analyses shows it to have in the range  
24 of thirty-one thousand, two hundred and ninety-four barrels  
25 of remaining recoverable oil.

1 The last well, Well No. 50, was shut in October of  
2 1964. It was officially temporarily abandoned in March of  
3 1966. I estimate that it has in the range of twenty-two  
4 thousand, two hundred and ninety-four barrels of remaining  
5 recoverable oil.

6 Q Okay. Would you explain for the benefit of the  
7 Examiner what Hixon has done, first of all to arrest casing  
8 corrosion, what kind of preventative measures have you taken  
9 with regards to this particular unit?

10 A As far as the casing corrosion -- first of all, it  
11 should be noted that the exhibit that Mr. Kendrick used, I  
12 believe for eight wells, the eight wells had casing leaks  
13 which occurred before June of 1965. Now, in June of 1965  
14 Sunray DX installed a field line casing cathartic system for  
15 the purpose of arresting casing corrosion.

16 Considering that there has been a total of seventy-  
17 eight Lower Gallup wells drilled in the Central Bisti Unit,  
18 in my opinion we have not had a runaway casing leak frequency.

19 Q What does Hixon plan to do with regards to this  
20 particular unit, what are your plans with regards to putting  
21 these wells back into production?

22 A Right now we are in the process of designing a  
23 major waterflood expansion. It is my firm belief that we  
24 have not waterflooded or adequately waterflooded this reservoir.  
25 All of the data we have points to the fact that we have



1 recovered only primary oil to date, that we are in the process  
2 of designing a waterflood, we are scheduling this design to  
3 be completed by July the first.

4 Q Of what year?

5 A Of next year, 1977, and hopefully we will be putting  
6 in a waterflood in the fall of 1977.

7 It should also be noted that we have put twenty-eight  
8 wells back on injection or production since the field was  
9 abandoned in 1970.

10 Q Okay. Referring back to this specific well that  
11 you repaired, this Well No. 41 I believe, what were the costs  
12 of making those repairs?

13 A We haven't repaired 41 as of today. We are in the  
14 process of repairing Well 41. In fact, this work is now in  
15 the process.

16 Q What monies have been expended on that well?

17 A I would rather use another example. We have repaired  
18 Well No. 16 and Well No. 24 in the past month and a half,  
19 these are casing repairs. Well No. 16 cost us in the range  
20 of nineteen thousand dollars to repair. Well No. 24 will be  
21 about twenty-four thousand dollars, all of the costs in that.

22 Q If I understand you correctly, it is Hixon's plan  
23 to systematically examine all of the wells in this particular  
24 unit and develop a general plan for going back and putting  
25 these wells back into production or making the necessary

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1 adaptations of other wells to convert them to waterflood?

2 A. This is correct. As I mentioned before, we have  
3 twenty-eight wells, either on injection or production at this  
4 time. We are planning a peripheral waterflood. Any shut-in  
5 well that is shut in today will be in all probability eventually  
6 used in our planned waterflood expansion. I'm estimating and  
7 this is strictly an estimate, that within a period of three  
8 years we should have the majority or all wells shut in back  
9 on pump or back on injection.

10 Q Is it your request to the Commission that you be  
11 granted a period of one year from the date of this hearing,  
12 at which time to come back in and again show cause why these  
13 five wells should not be plugged and abandoned, is that  
14 correct?

15 A. This is correct.

16 Q You would prefer not to have to plug and abandon  
17 these wells at this time?

18 A. No, we certainly don't want to plug any wells because  
19 we consider this would essentially deprive Hixon Development  
20 of their investment and it wouldn't benefit the State of  
21 New Mexico as far as potential recovery is concerned.

22 Q If these wells are required to be plugged and  
23 abandoned, in your opinion will we lose those reserves  
24 recoverable underneath those wells?

25 A. In my opinion, yes, because I seriously doubt if

1 somebody else will go in and re-drill these wells.

2 Q These produce from the Gallup Pool?

3 A Yes, the Lower Gallup Pool.

4 Q In your opinion will there be any damage to the  
5 Gallup formation if these particular wells are allowed to remain  
6 in their temporarily abandoned status for an additional one-  
7 year period?

8 A It is my opinion that in all probability we will not  
9 damage the Gallup formation and this is based on two things.  
10 First of all, when a casing leak does occur, the first thing  
11 that happens is that you have a very strong influx of mud,  
12 drilling mud. Now, the drilling mud tends to seal the Lower  
13 Gallup perforations. Secondly, based on my review of data, it  
14 is my opinion that the same water that shows up in a casing  
15 leak is also the same water which has been used to waterflood  
16 the reservoir in the past twenty years.

17 Q Is there any risk to fresh water sources in this  
18 area if these temporarily abandoned wells are not plugged and  
19 abandoned at this date?

20 A I don't believe so because the fresh water sands are  
21 protected by surface casing.

22 Q Were Exhibits One through Three either compiled by  
23 you directly or under your direction and supervision?

24 A Yes, sir, they were.

25 Q In your opinion will the continuation of these five

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1 wells in a temporary abandoned status be in the best interests  
2 of conservation, the prevention of waste and the protection of  
3 correlative rights?

4 A Yes, it will be.

5 MR. KELLAHIN: If the Examiner please, we move the  
6 introduction of Exhibits One, Two and Three.

7 MR. STAMETS: These exhibits will be admitted.

8 (THEREUPON, Hixon's Exhibits One through  
9 Three were admitted into evidence.)

10 MR. KELLAHIN: That concludes our direct examination.

11 MR. STAMETS: Are there questions of the witness?

12 Mr. Kendrick?

13

14

CROSS EXAMINATION

15 BY MR. KENDRICK:

16 Q Mr. Kuchera, why would it take a year to repair  
17 five wells? What is the time element of repairing each well?

18 A The problem is not the repairing of five wells,  
19 Mr. Kendrick, the problem is that we have a total of thirty-  
20 eight wells that are shut in. Now, the State land pertains to  
21 only one section, Section 16. Now, we have five shut-in wells  
22 in Section 16 but we have a total of thirty-three shut-in wells  
23 on USGS land and if we show preference to putting these wells  
24 back on pump first, I'm sure that Mr. McGrath will have  
25 objections.

1 Q That's his problem.

2 A It's our problem, however, I'm in the middle.

3 Q Is it your testimony that only one of these wells has  
4 suffered casing failure?

5 A To my knowledge, of the five wells that are the subject  
6 of this hearing, yes.

7 Q Have you conducted a casing test on the other four  
8 holes?

9 A No, I haven't because these shut-in wells have tubing  
10 and rods in the hole. To conduct any sort of testing would  
11 involve pulling the rods and tubing and if we are going to do  
12 this, what we prefer to do is pull the rods and tubing and put  
13 the wells back on pump at that time.

14 Before we put the wells back on pump, Mr. Kendrick,  
15 we do test the casing to two thousand pounds of pressure and  
16 if any casing leaks are encountered then it will be repaired  
17 at that time. That would be my preference.

18 A Do you think you could expedite the time a little  
19 better than a year for repairing these five holes?

20 A I believe that I made the statement that it would take  
21 us up to three years to put all shut-in wells back on pump in  
22 the Bisti, on pump or back on injection and this is a total of  
23 thirty-eight wells, shut-in wells. To put a well back on  
24 pump requires an investment in the range of twenty-five to  
25 thirty thousand dollars. I'm not sure that any company could

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1 put thirty-eight wells back on pump in a period of one year.  
2 I believe a three-year period is probably a good estimate.  
3 That is probably as fast as we can do it. The problem I have,  
4 of course, is not just the five wells, it's the thirty-eight  
5 wells that are shut in.

6 Q The only problem we have is five wells at the  
7 present time?

8 A Yes.

9 Q Are the seven wells listed on the exhibit I presented  
10 the other day and this one well all of the casing failures  
11 that have been experienced on the Central Bisti Unit?

12 A No, in addition to the wells you presented we have  
13 had a casing leak at Well No. 16. We have had a casing leak  
14 at Well No. 24 and these two wells I have had repaired in the  
15 past two months and you should have C-101's on them. Actually  
16 they are USGS wells.

17 Q Are those the only wells in the unit that have  
18 experienced casing failure?

19 A Mr. Kendrick, these are the only wells to my knowledge  
20 that have had confirmed casing leaks, yes.

21 Q In your production records of these other four wells  
22 in which you had not experienced casing failure or have not  
23 tested for casing failure, do any of the production records  
24 indicate that that the casing may have failed back in '65 and  
25 '66 at the time they were abandoned, temporarily abandoned?

1 A To my knowledge, no. The reason the wells were  
2 shut in by Sunray DX back in 1964 and '65, the reason was that  
3 they were low volume producers and they were shut in because  
4 they were not economical to produce.

5 MR. KENDRICK: I believe that's all of my questions.

6  
7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Mr. Kuchera, what would it cost to take a casing  
10 leak test on the four remaining wells?

11 A It depends on what approach you use. One approach is  
12 you can run a casing inspection log. A casing inspection log  
13 roughly fourteen hundred feet would cost us about sixteen  
14 hundred dollars. Of course, the problem is that you need to  
15 pull the rods and tubing and this requires the service of  
16 rig time. I would say to get either a packer test or else  
17 a casing inspection log test would require in the range of  
18 three thousand dollars per well. We would prefer to do this  
19 in conjunction with putting those back on pump or back on  
20 injection.

21 MR. STAMETS: Mr. Kendrick, you are still under  
22 oath in this case and I would like to ask you right from your  
23 seat there. Mr. Kuchera indicated in his testimony that even  
24 if he had a casing failure in the area there was no danger of  
25 waste or contamination of waters resulting from that. I wonder

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1 if you have a response to that statement?

2 MR. KENDRICK: I haven't tested his wells, I don't  
3 know whether the wells pressure up after a casing failure  
4 to put gas and/or oil in the water sands and I don't know that  
5 the water from the Mesaverde formation does not penetrate and go  
6 into the Gallup formation. These wells have been shut in some  
7 ten years and I don't know of any way that he would know that  
8 that water had not penetrated the Gallup formation and performed  
9 the waterflood that he is planning to design. With ten years  
10 of these wells being shut in we have no evidence in either  
11 direction as to whether or not contamination has occurred.

12 MR. STAMETS: Is what you are saying is that with a  
13 casing failure you do have the potential for waste of oil  
14 and gas or the potential for the drowning of the oil formation  
15 unless you have a test that shows there is no casing failure?

16 MR. KENDRICK: Yes, plus the fact that we need a  
17 production test to prove whether or not there has been  
18 contamination in either direction.

19 MR. STAMETS: Thank you.

20 Q (Mr. Stamets continuing.) Mr. Kuchera, if you were  
21 required to conduct a casing leak survey on the remaining  
22 four wells, how long would that take?

23 A. If I was asked to do this I would be tempted to  
24 put the wells on pump first because I see no sense in spending  
25 money for the sake of science and I would rather put the wells



1 back on pump.

2 Q That wouldn't relieve you, though, from the obliga-  
3 tion to take a casing leak survey?

4 A If the wells are put back on pump and produced oil  
5 my opinion would be that they would test themselves.

6 MR. STAMETS: Mr. Kendrick, do you concur with that?

7 MR. KENDRICK: Yes, I think if they produced oil with  
8 very little water or water that would be commensurate with the  
9 other water produced in the field that would indicate that  
10 the oil zone has not been drowned. Casing pressure tests  
11 could provide information as to whether or not there was  
12 enough pressure to cause gas contamination of the shallower  
13 sands.

14 Q (Mr. Stamets continuing.) Mr. Kuchera, it would  
15 seem to me that this would be a much less expensive process  
16 than what you were talking about awhile ago when you gave the  
17 figure of three thousand dollars per well?

18 A The three thousand dollars, yes, this is correct.

19 Q Mr. Kuchera, would Hixon be willing to take a  
20 production test on these wells and have these witnessed by  
21 the Commission to confirm whether or not there is a casing  
22 leak?

23 A Hixon Development Company wants to put these wells  
24 back on pump and wants to use these wells in an injection  
25 program but we need the time. We can't do this tomorrow, we

1 can't do this in the next month or so. We estimate that it  
2 will take us a total of three years to develop this field  
3 completely and we are looking at a total of thirty-eight  
4 shut-in wells and we can't put a total of thirty-eight shut-in  
5 wells back on pump or injection in a short period of time.

6 Q Now, again, as Mr. Kendrick said, we are not talking  
7 about thirty-eight wells, we are talking about these four and  
8 what is your problem, has all of the pumping equipment been  
9 removed from the well site?

10 A Yes, it has. Essentially what we have is a well  
11 with tubing and rods sticking up from the ground and what we  
12 have to do is we have to purchase pumping units and generally  
13 this is a fifteen to twenty thousand dollar investment  
14 in itself. What we have to do, we have to pull rods and  
15 tubing, a round trip in the tubing with bit and scraper to  
16 clean the wellbore up. We generally run a packer in the hole  
17 to pressure test the casing to a thousand pounds and then we  
18 put it back on pump. That's how we do it but it takes time  
19 and it takes a lot of investment and we are requesting an  
20 extension of time here to do this.

21 Q Okay, I think we've sort of come full circle. What  
22 I'm suggesting is that if you were required to determine  
23 whether or not there were casing failures in these four wells  
24 by the most economical means that you could come up with in  
25 the shortest period of time that would be reasonable, how long

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1 do you feel that would take?

2 A I would have to sit back and think on it but my  
3 opinion -- I think the odds are that we do not have casing  
4 leaks. I think the odds that we do not have a casing leak are  
5 better than the odds of having a casing leak because the  
6 majority of the wells that have had casing leaks had casing  
7 leaks before a cathartic pressure system was installed.  
8 Now, we are paying a very large monthly electric bill to  
9 Jemez Mountain Electric for the purpose of protecting these  
10 casing strings so I don't see why we should have to prove that  
11 we have casing leaks.

12 MR. KENDRICK: Excuse me, do you agree that these  
13 other wells failed and that the cement tops on all of those  
14 other four wells are below the Menefee formation?

15 A These wells failed but they all failed or the  
16 majority of them failed before we put in the casing protection  
17 system.

18 MR. KENDRICK: Have you had any failures since the  
19 cathartic protection system went in?

20 A Yes, we have, we had a failure at Well 16 and Well  
21 24, but these occurred after we put in bigger pipes and drew  
22 the wells down and obtained a positive collapse pressure in  
23 the casing.

24 MR. KENDRICK: Well, in the absence of field tests  
25 I submit that these wells are subject to experiencing casing

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1 leaks like the wells listed on the exhibits I presented in my  
2 case the other day.

3 MR. STAMETS: Mr. Kendrick, has anything that you  
4 have heard here today changed your opinion expressed in your  
5 testimony of November 10th?

6 MR. KENDRICK: No, sir.

7 MR. STAMETS: And you would still recommend that  
8 the wells be checked for casing leaks or plugged and abandoned?

9 MR. KENDRICK: Yes, sir, either made to be useful  
10 wells or plugged and abandoned.

11 MR. STAMETS: Would you agree that if the wells were  
12 tested and found to not be leaking that they could be  
13 continued in a temporarily abandoned status until the secondary  
14 recovery project should be initiated, assuming that's within  
15 a reasonable period of time?

16 MR. KENDRICK: Yes, sir.

17 MR. STAMETS: Are there any other questions of  
18 either of the witnesses?

19 MR. KELLAHIN: No, sir.

20 MR. STAMETS: They may be excused.

21 (THEREUPON, the witnesses were excused.)

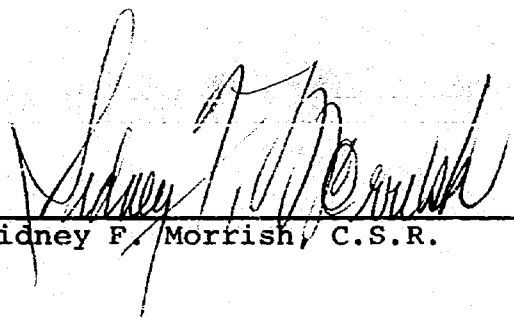
22 MR. STAMETS: Anything further in this case? The  
23 case will be taken under advisement.

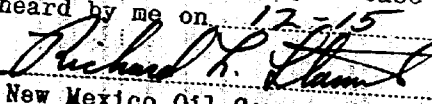
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REPORTER'S CERTIFICATE

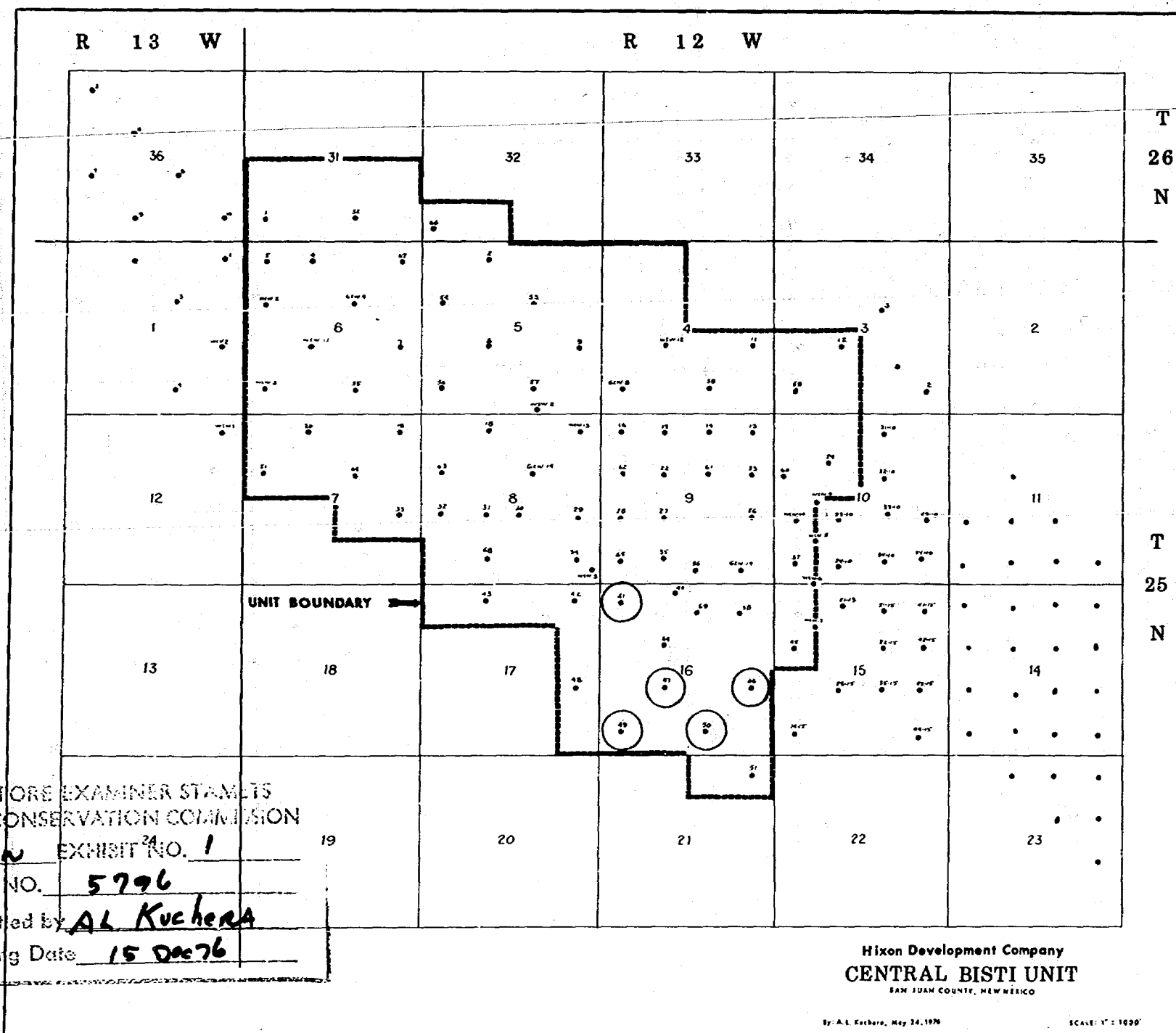
I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,  
do hereby certify that the foregoing and attached Transcript  
of Hearing before the New Mexico Oil Conservation Commission  
was reported by me, and the same is a true and correct record  
of the said proceedings to the best of my knowledge, skill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

  
Sidney F. Morrish, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5796,  
heard by me on 12-15, 1976.  
, Examiner  
New Mexico Oil Conservation Commission

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# EXHIBIT I



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BEFORE EXAMINER STAMPS  
 OIL CONSERVATION COMMISSION  
 NEW MEXICO OIL CONSERVATION COMMISSION  
 Hixon EXHIBIT NO. 3  
 CASE NO. 5796  
 Submitted by AL Kuchera  
 Hearing Date 15 Dec 76

Form C-101  
 Revised 1-1-65

5A. Indicate Type of Lease STATE <input checked="" type="checkbox"/> REC <input type="checkbox"/>
5. State Oil & Gas Lease No. E-6597-2
7. Unit Agreement Name Central Bisti Unit
8. Farm or Lease Name
9. Well No. 41
10. Wild and Pool, or Wildcat Bisti Lower Gallup
21. Elevations (Show whether DE, RI, etc.) 6252' KB
21A. Kind & Status Plug. Bond
21B. Drilling Contractor
22. Approx. Date Work will start 12-8-76

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work  
 DRILL ☐ DEEPEN ☐ PLUG BACK ☒

b. Type of Well  
 OIL WELL ☒ GAS WELL ☐ OTHER ☐

2. Name of Operator  
 Hixon Development Company

3. Address of Operator  
 P. O. Box 2810, Farmington, New Mexico

4. Location of Well  
 UNIT LETTER D LOCATED 660 FEET FROM THE North LINE  
 AND 660 FEET FROM THE West LINE OF SEC. 16 TWP. 25N RSE. 12W N10W  
 County San Juan

11. Proposed Depth  
 19A. Formation  
 20. Rotary or C.I.

PROPOSED CASING AND CEMENT PROGRAM					
SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
13 3/4"	9 5/8"	25.4	175'	120	Surface
8 3/4"	5 1/2"	15.5	4900'	300	3785'

It is proposed to plug back the Lower Gallup Zone in this well and to test the Lower Point Lookout Sand interval 3716'-36' for production.

The subject well has been shut in with a casing leak @ 2445'-54' since June 1965. Cement top by temperature survey is 3785'. The well's Lower Gallup perforations 4758'-4857' are isolated at this time by a packer set @ 4740'. Last known production test at this well was 2 BOPD and 22 BWPD on 6-17-65. The Lower Gallup will be plugged back by spotting a 150' cement plug inside the cemented casing and across the interval 4590'-4740'. The casing across the Lower Point Lookout and across the interval 2445'-54' will be cement squeezed with a total of 200 sacks. The Lower Point Lookout Sand will then be perforated and tested for productivity. If the Lower Point Lookout proves non-commercial, the test perforations will be cement squeezed, the well drilled out and returned to production from the Lower Gallup perforations 4758'-4857'.

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTER PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

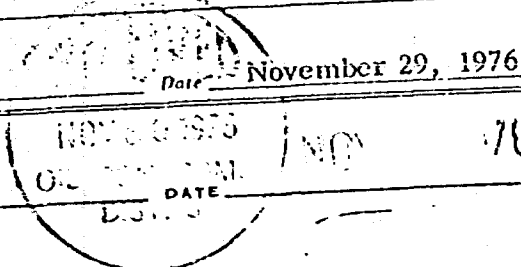
Signed Alfred L. Kuchera Petroleum Engineer

Date November 29, 1976

(This space for State Use)

APPROVED BY R. Kendrick TITLE SUPERVISOR DIST. #2

CONDITIONS OF APPROVAL, IF ANY:



BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
November 10, 1976  
EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its  
own motion to permit Hixon Development  
Company, National Surety Corp. and all  
other interested parties to appear and  
show cause why wells in the Bisti-  
Lower Gallup Pool, San Juan County,  
New Mexico, should not be plugged and  
abandoned.

CASE  
5796

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission: Lynn Teschendorf, Esq.  
Legal Counsel for the Commission  
State Land Office Building  
Santa Fe, New Mexico

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I N D E X

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A. R. KENDRICK

4

Direct Examination by Ms. Teschendorf

4

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EXHIBIT INDEX

9

Offered

Admitted

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OCC Exhibit One, List

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OCC Exhibit Two, Information Sheet

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1 MR. STAMETS: We will call next Case 5796.

2 MS. TESCHENDORF: Case 5796, in the matter of the  
3 hearing called by the Oil Conservation Commission on its own  
4 motion to permit Hixon Development Company, National Surety  
5 Corporation and all other interested parties to appear and  
6 show cause why the Central Bisti Unit Wells Nos. 41, 46, 47,  
7 49 and 50 located in Units D, I, K, M and O, respectively,  
8 of Section 16, Township 25 North, Range 12 West, Bisti-Lower  
9 Gallup Pool, San Juan County, New Mexico, should not be  
10 plugged and abandoned in accordance with a Commission-approved  
11 plugging program.

12 MR. STAMETS: Call for appearances in this case.

13 MS. TESCHENDORF: Lynn Teschendorf appearing on  
14 behalf of the Commission. I have one witness.

15 MR. STAMETS: Any other appearances?

16 MR. KUCHERA: Yes, Aldridge L. Kuchera for Hixon  
17 Development Company.

18 MR. STAMETS: Will you be putting on testimony,  
19 Mr. Kuchera?

20 MR. KUCHERA: Yes, I will.

21 MR. STAMETS: If both witnesses will stand and be  
22 sworn, please?

23 (THEREUPON, the witnesses were duly sworn.)

24 MR. STAMETS: You may proceed.  
25

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Page 4

A. R. KENDRICK

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

DIRECT EXAMINATION

BY MS. TESCHENDORF:

Q Would you state your name, position and place of  
residence, please?

A A. R. Kendrick, District Supervisor, Oil Conservation  
Commission at Aztec, New Mexico.

Q Does District Three include the part of San Juan  
County involved in this case?

A Yes, Ma'am.

Q Do your duties as District Supervisor include making  
recommendations to the Commission as to when wells should be  
plugged and abandoned?

A They do.

Q Are you familiar with the subject matter of Case  
5796?

A I am.

Q What is the purpose of this case?

A The purpose of this case is an attempt to cause  
the named wells in this case to either be completed as  
producible wells and put back to good use or to cause the  
wells to be plugged and abandoned.

1 Q Have you reviewed all of the reports filed with  
2 the Commission concerning these wells?

3 A I have.

4 Q Do you have those records with you?

5 A I do.

6 Q Please refer to these records and give us the history  
7 of each well as reflected by the official records?

8 A The well files for each of these wells are very  
9 similar. The wells were drilled in 1956 by El Paso Natural  
10 Gas Company and with the exception of Well No. 41. the files  
11 are essentially identical except for dates and the exact  
12 footage of perforations, minor changes.

13 Well No. 41, the five-and-a-half inch casing was  
14 set at forty-nine hundred feet with three hundred sacks of  
15 cement. The top of the cement by temperature survey was at  
16 thirty-seven hundred, eighty-five feet. The top of the  
17 Point Lookout formation in that well was at thirty-five  
18 hundred, seventy-six feet.

19 In 1959 when the Central Bisti Unit was formed the  
20 wells were transferred to the Sunray Mid-Continent Oil Company  
21 at that time and in 1965 on Well No. 41 we received a  
22 Form C-103 which stated that the well had a casing leak and  
23 that a bridge plug had been set at forty-seven hundred, forty  
24 feet and the casing had been logged and shown to be in bad  
25 shape. The well was temporarily abandoned.

1 In June of 1965 another Form C-103 was received  
2 stating that the well was temporarily abandoned and the  
3 operator proposed to pump test the well to evaluate it for  
4 casing repair.

5 We have received no further reference to the pump  
6 test which was proposed in 1965. We assume that the pump test  
7 was insufficient to cause casing repair.

8 With the exceptions of the admittance of a casing  
9 leak as identified for their 1965 reports to that well, the  
10 other well's files are essentially identical.

11 The last two reports in each of the files was a  
12 C-110 filed in March, 1964 for a change of transporter of  
13 liquids, upon which were superimposed three rubber stamps  
14 changing the name of the operator and the name of liquids  
15 transporters for the entire Central Bisti Unit.

16 The latest form in each file is a Form C-104 dated  
17 August 23rd, 1971, a change of ownership from the Sun Oil  
18 Company to Hixon Development Company.

19 Q Do you have a copy of what has been marked Exhibit  
20 One?

21 A Yes.

22 Q Would you explain that, please?

23 A Exhibit One is a list of other wells in this same  
24 Township 25 North, Range 12 West that have had reports filed  
25 with our office identifying casing failures. It lists the

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1 lease names of the wells, the unit letter and section  
2 and the operator's report of depth of failure by footage and  
3 by formation. And there are, I believe, seven wells in the  
4 Central Bisti Unit that have had casing failures, all of which  
5 were reported as either Mesaverde or Menefee failures. And  
6 in the Carson Unit there were six failures, one which was  
7 marked as an unknown depth of failure. One was a failure in  
8 the Mancos formation, the other four in the Menefee formation.

9 The wells in question in this case all had cement  
10 tops below the top of the Point Lookout formation which is  
11 immediately below the Menefee formation.

12 So it is my contention that with thirteen failures  
13 adjacent to Section 16 and one failure admitted within Section  
14 16 more than ten years ago, that all five of these wells have  
15 had casing failures and the failures should be repaired or  
16 the wells properly plugged and abandoned.

17 Q Do you have any other communications relative to  
18 this case which should be called to the Examiner's attention?

19 A No.

20 Q Would failure to plug these wells cause waste?

21 A It could.

22 Q Could you elaborate on that?

23 A With the casing identified in bad shape in 1965 in  
24 Well No. 41, the possibility of bad water and good water  
25 being commingled, either causing waste of good water and also

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1 the possibility of oil or gas or both contaminating water  
2 zones and water contaminating petroleum zones.

3 Q Are you prepared to recommend a plugging program at  
4 this time or would you prefer to describe the program at the  
5 actual time of plugging?

6 A We prefer to define the plugging program at the  
7 time the plugging program is to take place.

8 Q Was Exhibit One prepared by you or under your  
9 supervision?

10 A It was.

11 MS. TESCHENDORF: At this time I offer Exhibit One  
12 into evidence.

13 MR. STAMETS: Exhibit One will be admitted.

14 (THEREUPON, OCC Exhibit One was admitted  
15 into evidence.)

16 MR. STAMETS: I wonder if you have a second sheet  
17 that contains much of the information relative to the individual  
18 wells. I wonder if perhaps that should not be marked as an  
19 exhibit as well in this case, just for purposes of identifica-  
20 tion.

21 MS. TESCHENDORF: All right, that will be fine.

22 MR. STAMETS: Let's call this Exhibit Two and  
23 Exhibit Two will be admitted.

24 (THEREUPON, OCC Exhibit Two was admitted  
25 into evidence.)

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1 MR. STAMETS: Are there any questions of this  
2 witness?

3 MR. KUCHERA: No.

4 MR. STAMETS: He may be excused.

5 (THEREUPON, the witness was excused.)

6 MR. STAMETS: Now, sir, do you wish to testify?

7 MR. KUCHERA: Yes, I sure do.

8 MR. STAMETS: Okay, you can testify from your seat  
9 there.

10 MR. KUCHERA: My name is Aldridge L. Kuchera, I'm  
11 a petroleum engineer and Manager of Hixon Development Company  
12 which is a San Antonio, Texas, based firm.

13 I've obtained experience in the oil fields by  
14 working each year for Amoco and also Continental Oil Company.  
15 I have been employed by Hixon Development Company since May  
16 of this year and I reside in Farmington.

17 I have testified before oil and gas commissions  
18 in North Dakota.

19 First I would like to give you or augment Mr.  
20 Kendrick's history on the Bisti Field. Essentially the  
21 Bisti Lower-Gallup Pool was discovered in 1955, like he  
22 said, by El Paso Gas Company and since that time a total of  
23 seventy-eight wells have been drilled in the Central Bisti  
24 Unit.

25 I have a map here to show the unit. I think it is



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1 necessary to discuss the unit and this is a map showing it.

2 MR. STAMETS: I think we've got a problem. Let's go  
3 off the record a minute.

4 (THEREUPON, a discussion was held off  
5 the record.)

6 MR. STAMETS: Let's go back on the record.

7 Mr. Kuchera, appearing that we have a problem here  
8 with the fact that you don't have legal counsel, we would  
9 entertain a request by the Commission staff for a continuation  
10 of this hearing until December 15th.

11 Ms. Teschendorf, do you make that request?

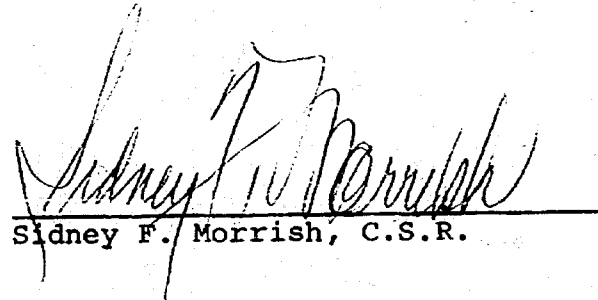
12 MS. TESCHENDORF: I would make that request.

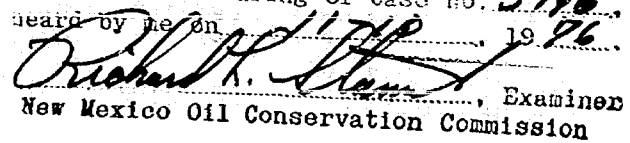
13 MR. STAMETS: Then this case, Case Number 5796, will  
14 be continued to the December 15th Examiner Hearing.

15 (THEREUPON, the case was continued.)  
16  
17  
18  
19  
20  
21  
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25

REPORTER'S CERTIFICATE

I, SIDNEY F. MORRISH, a Certified Shorthand 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, C.S.R.

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5796  
heard by me on 1976  
  
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Dockets Nos. 1-77 and 2-77 are tentatively set for hearing on January 5 and 19, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 15, 1976

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 for January, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for January, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5796: (Continued from November 10, 1976, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Hixon Development Company, National Surety Corporation, and all other interested parties to appear and show cause why the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50 located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, Bisti-Lower Gallup Pool, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5815: Application of Mark Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SE/4 of Section 1, Township 18 South, Range 26 East, Red Lake-San Andres Pool, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5816: Application of Texas Oil & Gas Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its Huber Federal Well No. 1 to be drilled 1,087 feet from the North line and 2280 feet from the East line of Section 27, Township 23 South, Range 22 East, Eddy County, New Mexico, the N/2 of said Section 27 to be dedicated to the well.

CASE 5820: Application of Texas Oil & Gas Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 4, Township 22 South, Range 22 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 5817: Application of Read & Stevens, Inc., for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its W. R. State Comm. Well No. 1 to be drilled 660 feet from the South line and 990 feet from the East line of Section 6, Township 21 South, Range 27 East, Burton Flat-Morrow Gas Pool, Eddy County, New Mexico, Lots 9, 10, 15, and 16, and the SE/4 of said Section 6 to be dedicated to the well.

CASE 5818: Application of Union Oil Company of California for the reinstatement of allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks reinstatement of oil allowable for its Tracy Well No. 1 located in Unit C of Section 10, Township 22 South, Range 27 East, Esperanza-Delaware Pool, Eddy County, New Mexico.

CASE 5819: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Scurlock Oil Company to appear and show cause why it should not be found in violation of Rule 801, Commission Rules and Regulations, for purchasing, acquiring, transporting or handling of crude petroleum oil produced in excess of the allowable by Union Oil Company from its California Tracy Lease, Esperanza-Delaware Pool, Eddy County, New Mexico.

CASE 5823: Application of Thornton Hopper for salt water disposal, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Delaware formation through the open-hole interval from 1937 feet to 2000 feet of his Bradley Federal Well No. 6, located in Unit D of Section 11, Township 24 South, Range 26 East, Black River-Delaware Pool, Eddy County, New Mexico.

CASE 5822: Southeastern New Mexico nomenclature case calling for the creation, extension, and contraction of certain pools in Lea and Chaves Counties, New Mexico.

a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production and designated as the Antelope Ridge-Bone Springs Pool. The discovery well is the Superior Oil Company State "R" Well No. 1 located in Unit N of Section 25, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 25: SW/4

b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Devonian production and designated as the North Teague-Devonian Gas Pool. A geological study found the northeast portion of the North Teague Devonian Pool to be a separate reservoir due to faulting. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM  
Section 22: SW/4  
Section 27: N/2 and N/2 S/2

c) CONTRACT the Teague-Devonian Pool by the deletion of the following described area:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM  
Section 22: SW/4  
Section 26: All  
Section 27: N/2 and N/2 S/2

d) EXTEND the Blinebry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 37 EAST, NMPM  
Section 18: NE/4

e) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 33 EAST, NMPM  
Section 17: SW/4

f) EXTEND the Flying "M"-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 33 EAST, NMPM  
Section 20: SW/4

g) EXTEND the South Leonard-Queen Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 37 EAST, NMPM  
Section 13: SE/4

h) EXTEND the East Lusk-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 15: SW/4

i) EXTEND the Maljamar-Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM  
Section 14: NE/4

j) EXTEND the Sawyer-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 38 EAST, NMPM  
Section 6: W/2

k) EXTEND the Tom Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 2: NE/4

l) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM  
Section 7: NE/4

CASE 5821: Northwestern New Mexico nomenclature case calling for the creation and extension of certain pools in San Juan, Rio Arriba, McKinley and Sandoval Counties, New Mexico.

a) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production and designated as the Potwin-Pictured Cliffs Gas Pool. The discovery well is the Dugan Production Corporation Mountain Well No. 1 located in Unit J of Section 15, Township 24 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM  
Section 14: SW/4  
Section 15: All  
Section 16: E/2

b) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Pictured Cliffs production and designated as the Albino-Pictured Cliffs Gas Pool. The discovery well is the Coastline Petroleum Company, Inc. #3 Schalk Well No. 94 located in Unit M of Section 26, Township 32 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM  
Section 26: SW/4

c) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Dakota production and designated as the Straight Canyon-Dakota Gas Pool. The discovery well is the Robert C. Anderson Ute Mountain Ute Well No. 1 located in Unit L of Section 14, Township 31 North, Range 16 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 16 WEST, NMPM  
Section 14: SW/4

d) CREATE a new pool in McKinley County, New Mexico, classified as an oil pool for Dakota production and designated as the Marcelina-Dakota Oil Pool. The discovery well is the Fairfax Exploration Corporation Bullseye Well No. 3 located in Unit N of Section 18, Township 16 North, Range 9 West, NMPM. The top of the perforations is at 1797 feet. Said pool would comprise:

TOWNSHIP 16 NORTH, RANGE 9 WEST, NMPM  
Section 18: S/2 SW/4  
Section 19: N/2 NW/4

TOWNSHIP 16 NORTH, RANGE 10 WEST, NMPM  
Section 24: NE/4 NE/4

e) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Jasis Canyon-Fruitland Gas Pool. The discovery well is the Mesa Petroleum Corporation State Com Well No. 39 located in Unit C of Section 36, Township 29 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 8 WEST, NMPM  
Section 36: NW/4

f) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Crouch Mesa-Fruitland Gas Pool. The discovery well is the Riggs Oil & Gas Corporation Federal Well No. 1 located in Unit F of Section 4, Township 29 North, Range 12 West, NMPM. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 12 WEST, NMPM  
Section 4: NW/4

g) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland production and designated as the Sedro Canyon-Fruitland Gas Pool. The discovery well is the Southern Union Production Company Seymour Well No. 9 located in Unit F of Section 23, Township 31 North, Range 9 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 9 WEST, NMPM  
Section 23: NW/4

h) CREATE a new pool in Sandoval County, New Mexico, classified as a gas pool for Chacra production and designated as the Rusty-Chacra Gas Pool. The discovery well is the Chace Oil Company Rusty Navajo Well No. 1Y located in Unit A of Section 23, Township 22 North, Range 7 West, NMPM. Said pool would comprise:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM

Section 13: E/2  
Section 23: All  
Section 24: N/2  
Section 26: N/2

i) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production and designated as the Navajo City-Chacra Gas Pool. The discovery well is the Lively Exploration Company Lively Well No. 7Y located in Unit E of Section 35, Township 30 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 8 WEST, NMPM

Section 24: S/2  
Section 25: All  
Section 35: N/2  
Section 36: N/2

j) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Chacra production and designated as the Animas-Chacra Gas Pool. The discovery well is the Mesa Petroleum Corporation Primo Well No. 1A located in Unit D of Section 6, Township 31 North, Range 10 West, NMPM. Said pool would comprise:

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM

Section 6: NW/4

k) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Mississippian production and designated as the Beautiful Mountain-Mississippian Oil Pool. The discovery well is the Petroleum Energy Corporation Navajo Well No. 1-5 located in Unit F of Section 5, Township 26 North, Range 19 West, NMPM. The top of the perforations is at 5960 feet. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 19 WEST, NMPM

Section 5: NW/4

l) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Mississippian production and designated as the North Tocito Dome-Mississippian Gas Pool. The discovery well is the Saguaro Oil Company Staver Navajo Well No. 1 located in Unit M of Section 34, Township 27 North, Range 18 West, NMPM. Said pool would comprise:

TOWNSHIP 27 NORTH, RANGE 18 WEST, NMPM

Section 34: S/2

m) CREATE a new pool in McKinley County, New Mexico, classified as an oil pool for Mesaverde production and designated as the Francisco Lake-Mesaverde Oil Pool. The discovery well is the Basin Fuels Inc. Star Well No. 1 located in Unit M of Section 7, Township 20 North, Range 5 West, NMPM. The top of the perforations is at 1980 feet. Said pool would comprise:

TOWNSHIP 20 NORTH, RANGE 5 WEST, NMPM

Section 7: All  
Section 18: N/2

TOWNSHIP 20 NORTH, RANGE 6 WEST, NMPM

Section 12: E/2

n) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Gallup production and designated as the Albino-Gallup Gas Pool. The discovery well is the Coastline Petroleum Co., Inc. Schalk 94 Well No. 1 located in Unit A of Section 26, Township 32 North, Range 8 West, NMPM. Said pool would comprise:

TOWNSHIP 32 NORTH, RANGE 8 WEST, NMPM

Section 26: NE/4

o) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Knickerbocker Buttes-Gallup Oil Pool. The discovery well is the El Paso Natural Gas Company Schumacher Well No. 13 located in Unit N of Section 17, Township 30 North, Range 10 West, NMPM. The top of the perforations is at 6440 feet. Said pool would comprise:

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

Section 17: SW/4

p) CREATE a new pool in Sandoval County, New Mexico, classified as a gas pool for Gallup production and designated as the Rusty-Gallup Gas Pool. The discovery well is the Engineering & Production Services, Inc. Dana State Well No. 1 located in Unit II of Section 16, Township 22 North, Range 7 West, NMPM. Said pool would comprise:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM  
Section 16: NW/4

q) CREATE a new pool in Sandoval County, New Mexico, classified as an oil pool for Gallup production and designated as the Alamito-Gallup Oil Pool. The discovery well is the BCO, Inc. Federal C Well No. 1 located in Unit P of Section 31, Township 23 North, Range 7 West, NMPM. The top of the perforations is at 4706 feet. Said pool would comprise:

TOWNSHIP 23 NORTH, RANGE 7 WEST, NMPM  
Section 31: SW/4

r) CREATE a new pool in San Juan County, New Mexico, classified as an oil pool for Gallup production and designated as the Nageezi-Gallup Oil Pool. The discovery well is the BCO, Inc. Federal D Well No. 1 located in Unit G of Section 1, Township 23 North, Range 9 West, NMPM. The top of the perforations is at 5079 feet. Said pool would comprise:

TOWNSHIP 23 NORTH, RANGE 8 WEST, NMPM  
Section 6: S/2  
Section 7: N/2  
Section 8: NW/4 & SE/4

TOWNSHIP 23 NORTH, RANGE 9 WEST, NMPM  
Section 1: W/2

s) CREATE a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Gallup production and designated as the Ojito-Gallup Oil Pool. The discovery well is the Skelly Oil Company C. W. Roberts Well No. 4 located in Unit M of Section 17, Township 25 North, Range 3 West, NMPM. The top of the perforations is at 6960 feet. Said pool would comprise:

TOWNSHIP 25 NORTH, RANGE 3 WEST, NMPM  
Section 17: SW/4

t) CREATE a new pool in Sandoval County, New Mexico, classified as an oil pool for Gallup production and designated as the Media-Gallup Oil Pool. The discovery well is the Petro Lewis Corporation Federal Media Well No. 7 located in Unit G of Section 22, Township 19 North, Range 3 West, NMPM. The top of the perforations is at 2793 feet. Said pool would comprise:

TOWNSHIP 19 NORTH, RANGE 3 WEST, NMPM  
Section 22: SW/4 NE/4

u) CREATE a new pool in San Juan County, New Mexico, classified as a gas pool for Farmington production and designated as the South Callegos-Farmington Gas Pool. The discovery well is the Dugan Production Corporation Benjamin Franklin Well No. 1 located in Unit O of Section 2, Township 26 North, Range 12 West, NMPM. Said pool would comprise:

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM  
Section 2: S/2  
Section 10: NE/4  
Section 11: NW/4

v) EXTEND the Angels Peak Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM  
Section 36: All

w) EXTEND the Aztec Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM  
Section 4: W/2

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM  
Section 33: SW/4

x) EXTEND the Aztec Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM  
Section 19: W/2

y) EXTEND the Ballard Pictured Cliffs Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 23 NORTH, RANGE 4 WEST, NMPM

Section 19: S/2  
Section 20: All  
Section 21: W/2  
Section 27: W/2 & SE/4  
Section 28: All  
Section 29: All  
Section 30: All  
Section 31: N/2  
Section 32: N/2  
Section 33: NW/4

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 33: N/2

TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM

Section 35: SW/4

z) EXTEND the Blanco Mesaverde Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM

Section 2: W/2  
Section 3: E/2  
Section 4: All  
Section 9: All  
Section 16: N/2

TOWNSHIP 30 NORTH, RANGE 5 WEST, NMPM

Section 4: All  
Section 5: All

TOWNSHIP 32 NORTH, RANGE 5 WEST, NMPM

Section 33: All

aa) EXTEND the Blanco Pictured Cliffs Pool in Rio Arriba and San Juan Counties, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 7 WEST, NMPM

Section 18: N/2

TOWNSHIP 31 NORTH, RANGE 10 WEST, NMPM

Section 3: All  
Section 4: All  
Section 9: All  
Section 10: All  
Section 13: All  
Section 14: E/2

TOWNSHIP 32 NORTH, RANGE 10 WEST, NMPM

Section 30: W/2  
Section 31: NW/4

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM

Section 15: W/2  
Section 18: S/2

TOWNSHIP 32 NORTH, RANGE 12 WEST, NMPM

Section 13: N/2 & SE/4

bb) EXTEND the South Blanco Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 4 WEST, NMPM

Section 9: S/2  
Section 13: S/2  
Section 16: All  
Section 21: N/2



- cc) EXTEND the Bloomfield Chacra Pool in San Juan County, New Mexico, to include therein:
- TOWNSHIP 29 NORTH, RANGE 10 WEST, NMPM  
Section 9: S/2  
Section 10: S/2  
Section 11: S/2  
Section 12: S/2
- TOWNSHIP 29 NORTH, RANGE 11 WEST, NMPM  
Section 35: NE/4
- dd) EXTEND the Campo Gallup Pool in Rio Arriba County, New Mexico, to include therein:
- TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM  
Section 12: NE/4
- ee) EXTEND the Devils Fork Gallup Pool in Rio Arriba County, New Mexico, to include therein:
- TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM  
Section 3: SW/4  
Section 9: E/2 NE/4  
Section 10: NW/4
- ff) EXTEND the Devils Fork Mesaverde Pool in Rio Arriba County, New Mexico, to include therein:
- TOWNSHIP 24 NORTH, RANGE 6 WEST, NMPM  
Section 7: E/2  
Section 8: S/2  
Section 17: N/2
- gg) EXTEND the Dufers Point Gallup-Dakota Pool in San Juan County, New Mexico, to include therein:
- TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM  
Section 7: E/2
- TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM  
Section 12: SE/4
- hh) EXTEND the Escrito Gallup Pool in San Juan and Rio Arriba Counties, New Mexico, to include therein:
- TOWNSHIP 24 NORTH, RANGE 7 WEST, NMPM  
Section 18: SW/4
- TOWNSHIP 24 NORTH, RANGE 8 WEST, NMPM  
Section 2: SW/4  
Section 11: NW/4  
Section 10: N/2
- TOWNSHIP 25 NORTH, RANGE 9 WEST, NMPM  
Section 12: E/2  
Section 13: E/2  
Section 24: E/2
- ii) EXTEND the Gallegos Gallup Pool in San Juan County, New Mexico, to include therein:
- TOWNSHIP 26 NORTH, RANGE 10 WEST, NMPM  
Section 17: W/2 & SE/4  
Section 18: S/2
- TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM  
Section 13: S/2  
Section 24: N/2
- TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM  
Section 26: S/2  
Section 27: E/2
- jj) EXTEND the South Gallegos Fruitland Pool in San Juan County, New Mexico, to include therein:
- TOWNSHIP 26 NORTH, RANGE 11 WEST, NMPM  
Section 7: All
- TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM  
Section 8: N/2  
Section 9: N/2

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM con'd

Section 10: N/2  
Section 13: E/2  
Section 24: E/2  
Section 25: E/2

- kk) EXTEND the Gobernador Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 29 NORTH, RANGE 4 WEST, NMPM

Section 19: S/2  
Section 30: All  
Section 31: NE/4  
Section 32: N/2 & SE/4

TOWNSHIP 29 NORTH, RANGE 5 WEST, NMPM

Section 3: W/2  
Section 10: N/2  
Section 11: W/2  
Section 13: W/2  
Section 14: All

- ll) EXTEND the Kutz Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM

Section 30: S/2  
Section 31: N/2

- mm) EXTEND the Kutz Gallup Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 10 WEST, NMPM

Section 5: NW/4  
Section 6: N/2  
Section 32: SW/4

TOWNSHIP 27 NORTH, RANGE 11 WEST, NMPM

Section 1: N/2

- nn) EXTEND the Largo Chacra Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 27 NORTH, RANGE 8 WEST, NMPM

Section 3: S/2  
Section 4: SE/4  
Section 22: N/2

- oo) EXTEND the West Lindrith Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM

Section 17: S/2  
Section 18: S/2  
Section 20: W/2 & NE/4

- pp) EXTEND the NIPP Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 25 NORTH, RANGE 12 WEST, NMPM

Section 2: W/2  
Section 3: All  
Section 11: W/2

TOWNSHIP 26 NORTH, RANGE 12 WEST, NMPM

Section 20: NW/4  
Section 21: SE/4  
Section 22: S/2

- qq) EXTEND the Otero Chacra Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 6 WEST, NMPM

Section 4: W/2  
Section 5: S/2  
Section 7: All  
Section 8: NW/4  
Section 25: SW/4

TOWNSHIP 26 NORTH, RANGE 7 WEST, NMPM

Section 12: E/2

rr) EXTEND the Otero Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 5 WEST, NMPM  
Section 15: S/2

TOWNSHIP 25 NORTH, RANGE 5 WEST, NMPM  
Section 26: S/2

ss) EXTEND the East Puerto Chiquito Gallup Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 24 NORTH, RANGE 1 EAST, NMPM  
Section 5: All

tt) EXTEND the Pinon Fruitland Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 12 WEST, NMPM  
Section 22: N/2  
Section 23: N/2  
Section 24: N/2

uu) EXTEND the Rusty Menefee Pool in Sandoval County, New Mexico, to include therein:

TOWNSHIP 22 NORTH, RANGE 7 WEST, NMPM  
Section 13: SW/4  
Section 14: SE/4

vv) EXTEND the Tapacito Pictured Cliffs Pool in Rio Arriba County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 4 WEST, NMPM  
Section 22: W/2

TOWNSHIP 27 NORTH, RANGE 4 WEST, NMPM  
Section 8: W/2  
Section 17: W/2  
Section 19: NE/4  
Section 20: NW/4

ww) EXTEND the Ute Dome Dakota Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM  
Section 30: SW/4

xx) EXTEND the WAW Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 26 NORTH, RANGE 13 WEST, NMPM  
Section 4: NW/4

TOWNSHIP 27 NORTH, RANGE 13 WEST, NMPM  
Section 29: NW/2  
Section 30: NE/4  
Section 31: NW/4  
Section 33: All  
Section 34: SW/4 & N/2

Other wells in Township 25N, Range 12 West which were completed in the Gallup formation and had casing failures and zone of failure:

CENTRAL BISTI UNIT #54, E Sec. 5	2708' Mesaverde
# 6, E Sec. 6	2454-2510 Menefee
#18, C Sec. 8	1500-3400 Mesaverde
#14, G Sec. 9	2909-3109' Mesaverde
#23, H Sec. 9	2767' Mesaverde
#26, K-Sec. 9	1667 (Cliff House), 2688 & 3366 (Point Lookout)
#27, K Sec. 9	3462-3487' Mesaverde
CARSON UNIT	
#14-11, M-11	3518-3527' Menefee
#11-13, D-13	Unknown
#42-14, H-14	3660-3691 Menefee
#44-14, P-14	3120-3122 Menefee
#41-21, A-21	3900 Mancos
#1, A-24	3411 Menefee

All these were reported by the operators of the wells.

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
OCC	EXHIBIT NO. 1
CASE NO.	5796
Submitted by	
Hearing Date 11-10-76	

CENTRAL BISTI UNIT # 41 , D-16-25N-12W

Drilled in 1956 by El Paso Natural Gas Co.

Set 5½ " Casing @ 4900' w/300 sx.

Top Cement by temperature survey 3785'

Top of Point Lookout formation 3576' - Mancos formation 3747'

Transferred to Sunray Mid-Continent Oil Co. - 1959 - when Central Bisti Unit was formed.

C-103 dated 2-2-65

Well has casing leak. Set BP at 4740'

Log showed casing in bad shape. TA well

C-103 dated 6-10-75 *65*

Well TA. Propose to pump test to evaluate for casing repair

C-104 dated 8-19-71

Transfer well to Hixon Development Co.

No report of pump test, but apparently it did not justify casing repair.

CENTRAL BISTI UNIT WELLS #46, 47, 49 and 50 have similar files with the exception that they do not admit casing failures.

All casing strings had similar cement jobs:

#46, I-16, Cement top @ 3500', Point Lookout top @ 3524'

#47, K-16, Cement top @ 3560', Point Lookout top @ 3550'

#49, M-16, Cement top @ 3850', Point Lookout top @ 3523'

#50, O-16, Cement top @ 3445', Point Lookout top @ 3554'

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
<u>OCC</u>	EXHIBIT NO. <u>2</u>
CASE NO. <u>5796</u>	
Submitted by _____	
Hearing Date <u>11-10-76</u>	

Docket No. 31-76

Dockets Nos. 32-76 and 33-76 are tentatively set for hearing on November 23 and December 15, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - NOVEMBER 10, 1976

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. Mutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for December, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for December, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5796: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Hixon Development Company, National Surety Corporation, and all other interested parties to appear and show cause why the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50 located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, Bisti-Lower Gallup Pool, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5798: Application of Exxon Corporation for a unit agreement, Sierra and Dona Ana Counties, New Mexico. Applicant, in the above-styled cause, seeks approval for the Prisor Unit Area comprising 24,910 acres, more or less, of State, Federal, and fee lands in Townships 16 and 17 South, Ranges 1 East and 1 West, Sierra and Dona Ana Counties, New Mexico.

CASE 5799: Application of Gulf Oil Corporation for an unorthodox gas well location and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard proration unit comprising the NE/4 SW/4 and W/2 SE/4 of Section 28 and the NW/4 NE/4 of Section 33, Township 21 South, Range 37 East, Tubb Gas Pool, Lea County, New Mexico, to be dedicated to applicant's J. N. Carson Well No. 9 located at an unorthodox location 1874 feet from the South line and 2086 feet from the West line of said Section 28.

CASE 5809: Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Drinkard, Tubb, and Blinbry production in the wellbore of its Manda "B" Well No. 1, located in Unit C of Section 28, Township 22 South, Range 37 East, Lea County, New Mexico.

CASE 5800: Application of Yates Petroleum Corporation for salt water disposal well, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Morrow formation through the perforated interval from 8983 feet to 9129 feet in its Bob Gushwa Well No. 1 located in Unit J of Section 21, Township 18 South, Range 26 East, Atoka-Pennsylvanian Gas Pool, Eddy County, New Mexico.

CASE 5801: Application of Atlantic Richfield Company for a non-standard proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 275-acre non-standard gas proration unit comprising the W/2 E/2, N/2 NW/4, and SE/4 NW/4 of Section 19, Township 21 South, Range 36 East,umont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's State 176 Wells Nos. 3 and 6 located, at unorthodox locations in Units J and C, respectively, of said Section 19.

CASE 5802: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle South Blanco-Pictured Cliffs and Blanco Mesaverde production in the wellbore of its San Juan 28-7 Unit Well No. 75 located in Unit L of Section 15, Township 28 North, Range 7 West, Rio Arriba County, New Mexico.

CASE 5803: Application of El Paso Co., Inc., for downhole commingling and simultaneous dedication, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Fruitland and Pictured Cliffs gas production in the wellbore of its Valdez "A" Well No. 1, located in Unit P of Section 24, Township 29 North, Range 11 West, San Juan County, New Mexico. Applicant further seeks approval for the simultaneous dedication of the SE/4 of said Section 24 to said well and its Valdez Well No. 1 located in Unit I of said Section 24.

CASE 5804: Application of Stevens Oil Company for a dual completion, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its O'Brien "C" Well No. 2 located in Unit D of Section 1, Township 9 South, Range 28 East, Chaves County, New Mexico, to produce oil from the San Andres and Devonian formations through parallel strings of tubing.

- CASE 5805: Application of Morris R. Antweil for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Morrow formations underlying the N/2 of Section 3, Township 22 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location in Unit G of said Section 3. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5806: Application of Anadarko Production Company for two unorthodox well locations, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox locations of its Artesia State Unit Well No. 9-5 to be drilled 1270 feet from the North line and 50 feet from the East line of Section 23 and its Artesia State Unit Well No. 2-3 to be drilled 50 feet from the South line and 1270 feet from the West line of Section 13, both in Township 18 South, Range 27 East, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.
- CASE 5797: Application of C&K Petroleum, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Dallas Ranch Unit Area comprising 5746 acres, more or less, of State, Federal, and fee lands in Township 9 South, Range 26 East, Chaves County, New Mexico.
- CASE 5807: Application of C&K Petroleum, Inc., for compulsory pooling and a non-standard unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the N/2 of Section 13, Township 22 South, Range 26 East, South Carlsbad Field, Eddy County, New Mexico, to form a non-standard 336.6-acre unit to be dedicated to a well located 1680 feet from the North line and 1980 feet from the East line of said Section 13. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 5808: Application of C&K Petroleum, Inc., for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface down to and including the Pennsylvanian formation underlying the SE/4 SE/4, NE/4 SE/4, NW/4 SE/4, and SW/4 SE/4 of Section 21, Township 16 South, Range 37 East, Lea County, New Mexico, to form four 40-acre oil proration units, the first to be dedicated to a well to be drilled at a point 660 feet from the South and East line of said Section 21 to test the Strawn formation and each of the others to a well subsequently drilled thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 5785: (Continued from October 27, 1976 Examiner Hearing)
- Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Seven Rivers-Queen formation underlying the NE/4 NE/4, NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4 of Section 19, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to form four 40-acre proration units to be dedicated to four oil wells to be drilled at standard locations on said tracts. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.
- CASE 5790: Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production and the assignment of approximately 58,770 barrels of oil discovery allowable to the discovery well, being the Federal 21 Well No. 1 located in Unit K of Section 21, Township 20 North, Range 5 West, McKinley County, New Mexico.
- CASE 5776: (Continued from October 27, 1976, Examiner Hearing)
- Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 8 to be drilled at a point 1980 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.

**OIL CONSERVATION COMMISSION**  
P. O. BOX 2088  
SANTA FE, NEW MEXICO 87501

October 29, 1976

**CERTIFIED - RETURN  
RECEIPT REQUESTED**

**Hixon Development Company**  
P. O. Box 2810  
Farmington, New Mexico

**National Surety Corporation**  
3333 California Street  
San Francisco, California

Re: Central Bisti Unit Wells  
Nos. 41, 46, 47, 49 and 50,  
located in Units D, I, K,  
M, and O, respectively, of  
Section 16, Township 25  
North, Range 12 West, San  
Juan County  
plugging Bond

**Gentlemen:**

Enclosed is a copy of the docket of the Examiner  
Hearing to be held on Wednesday, November 10, 1976, at  
9 o'clock a.m. in the Oil Conservation Commission Con-  
ference Room, State Land Office Building, Santa Fe, New  
Mexico. Case 5796 concerns the above captioned subject  
matter.

Very truly yours,

**LYNN TESCHENDORF**  
General Counsel

LT/fd  
enc.

C  
O  
P  
Y





**DIRECTOR**  
**JOE D. RAMEY**

## **OIL CONSERVATION COMMISSION**

**STATE OF NEW MEXICO**  
**1000 RIO BRAZOS RD. - AZTEC**

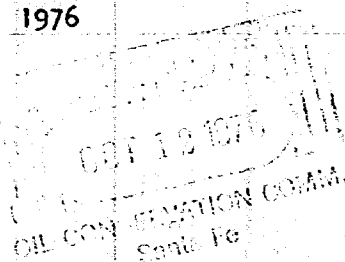
**87410**  
**LAND COMMISSIONER**  
**PHIL R. LUCERO**



**STATE GEOLOGIST**  
**EMERY C. ARNOLD**

October 8, 1976

Ms. Lynn Teschendorf  
Oil Conservation Commission  
P. O. Box 2088  
Santa Fe, New Mexico



Re: Hixon Development Company  
Central Bisti Unit #41, D-16-25N-12W  
Central Bisti Unit #46, I-16-25N-12W  
Central Bisti Unit #47, K-16-25N-12W  
Central Bisti Unit #49, M-16-25N-12W  
Central Bisti Unit #50, O-16-25N-12W

Dear Ms. Teschendorf:

The last report we have in our file on the captioned wells is a letter from Emery Arnold to William Carr dated January, 1974, wherein it was noted that the operator was intending to make an effort to return all wells to production. This was after several months of "good intentions".

Well # 41 was temporarily abandoned because of casing failure in 1964. No report of any attempt to repair has been submitted.

Please docket a case to allow Hixon Development Company and other interested parties to appear and show cause why these wells should not be properly plugged and abandoned.

If there are questions, please contact us.

Yours very truly,

*A. R. Kendrick*  
A. R. Kendrick  
Supervisor, District #3

ARK:mc

xc: Hixon Development Company  
P. O. Box 2810  
Farmington, New Mexico

*San Juan*  
*National Amos Corporation*

SENDERS: Be sure to follow instructions on other side.

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

☐ REGISTERED MAIL ONLY

☐ RETURN RECEIPT ONLY

☐ DELIVER TO ADDRESSEE ONLY

☐ DELIVER TO ADDRESSEE ONLY (See other side)

No. 481695

RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO <b>Hixon Development Company</b>		POSTMARK OR DATE
STREET AND NO. <b>P. O. Box 2810</b>		
P. O., STATE, AND ZIP CODE <b>Farmington, New Mexico</b>		
EXTRA SERVICES FOR ADDITIONAL FEES		
Return Receipt Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	Shows to whom, date, and where delivered <input type="checkbox"/> 35¢ fee	Deliver to Addressee Only <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1966 <b>NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL</b> (See other side)		

No. 481694

RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO <b>National Surety Corporation</b>		POSTMARK OR DATE
STREET AND NO. <b>3333 California Street</b>		
P. O., STATE, AND ZIP CODE <b>San Francisco, California</b>		
EXTRA SERVICES FOR ADDITIONAL FEES		
Return Receipt Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	Shows to whom, date, and where delivered <input type="checkbox"/> 35¢ fee	Deliver to Addressee Only <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1966 <b>NO INSURANCE COVERAGE PROVIDED— NOT FOR INTERNATIONAL MAIL</b> (See other side)		

U.S. POSTAL SERVICE  
OFFICIAL BUSINESS

PENALTY FOR PRIVATE  
USE TO AVOID PAYMENT



No. 481695

RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO <b>Hixon Development Company</b>		POSTMARK OR DATE
STREET AND NO. <b>P. O. Box 2810</b>		
P. O., STATE, AND ZIP CODE <b>Farmington, New Mexico</b>		
EXTRA SERVICES FOR ADDITIONAL FEES		
<small>Return Receipt</small> Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	<small>Shows to whom, date, and where delivered</small> <input type="checkbox"/> 35¢ fee	<small>Deliver to Addressee Only</small> <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1966		

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

No. 481694

RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO <b>National Surety Corporation</b>		POSTMARK OR DATE
STREET AND NO. <b>3333 California Street</b>		
P. O., STATE, AND ZIP CODE <b>San Francisco, California</b>		
EXTRA SERVICES FOR ADDITIONAL FEES		
<small>Return Receipt</small> Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	<small>Shows to whom, date, and where delivered</small> <input type="checkbox"/> 35¢ fee	<small>Deliver to Addressee Only</small> <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1966		

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

DRAFT

dr/

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:

CASE NO. 5796

Order No. R- 5345

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION  
COMMISSION ON ITS OWN MOTION TO PERMIT HIXON DEVELOPMENT COMPANY,  
NATIONAL SURETY CORPORATION, AND ALL OTHER INTERESTED PARTIES TO  
APPEAR AND SHOW CAUSE WHY THE CENTRAL BISTI UNIT WELLS NOS. 41, 46,  
47, 49 AND 50 LOCATED IN UNITS D, I, K, M, AND O, RESPECTIVELY, OF  
SECTION 16, TOWNSHIP 25 NORTH, RANGE 12 WEST, BISTI-LOWER GALLUP POOL,  
SAN JUAN COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN  
ACCORDANCE WITH A ORDER OF THE COMMISSION COMMISSION-APPROVED  
PLUGGING PROGRAM.  
BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 10,  
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this day of November, 19 76, 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 Hixon Development Company is the owner and  
operator of the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50,  
in Units D, I, K, M, and O, respectively,  
located in Unit of Section 16, Township 25 North,  
Range 12 West, Dist. Lower Gallup Pool, NMPMA San Juan County, New Mexico.

(3) That National Surety Corporation is the  
surety on the Oil Conservation Commission plugging bond on which  
Hixon Development Company is principal.

(4) That ~~the purpose of~~ said bond is to assure the state  
that the subject wells ~~will~~ <sup>when</sup> be properly plugged and abandoned  
when not capable of commercial production.

(5) That said five Central Bisti Unit Wells have not been produced for at least ten years.

(6) That said wells are located in a geographic area characterized by well casing failures.

(7) That said Central Bisti Unit Well No. 41 has experienced a casing failure and is currently scheduled for repair.

(8) That there is a high probability that the remainder of the said wells have also experienced casing failures.

(9) That there are substantial hydrocarbon reserves remaining in the Bisti-Lower Gallup Oil Pool in the area of said wells.

(10) That in their current state said wells may present the opportunity for hydrocarbons or waters to escape from the strata in which they are found into other strata or to be commingled with fluids from other strata.

(11) That such escape or commingling can result in waste of oil and gas and/or the contamination of water resources.

(12) That to prevent the waste of oil and gas and/or the contamination of water resources said Central Bisti Unit Wells Nos. 41, 46, 47, 49, and 50 should be plugged and abandoned in accordance with a Commission approved plugging program, returned to active production, or tested for casing failure and repaired where necessary on or before July 15, 1977.

IT IS THEREFORE ORDERED:

(1) That Hixon Development Company and National Surety Corporation are hereby ordered to plug and abandon the Central Bisti Unit Wells Nos. 41, 46, 47, 49 and 50, located in Units D, I, K, M, and O, respectively, of Section 16, Township 25 North, Range 12 West, NMPM, San Juan County, New Mexico, ~~on~~ on or before July 15, 1977.

Order No. R- \_\_\_\_\_

Provided However, that as an alternative to plugging and abandonment, Hixon Development Company may <sup>on or before July 15, 1977,</sup> return any or all of said wells to active production;

Provided Further, that as a second alternative to plugging and abandonment, Hixon Development Company may <sup>on or before July 15, 1977,</sup> test any or all of said wells for casing leaks and continue any sound or properly repaired well in temporarily abandoned status in accordance with appropriate Commission Rules and Regulations.

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

(3) That Hixon Development Company shall notify the Aztec district office of the Commission before returning to production or performing casing tests on any of the above described wells in order that the Commission may, at its option, witness such work.

(4) 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.

# Memo

3-20-78

Cas 5796

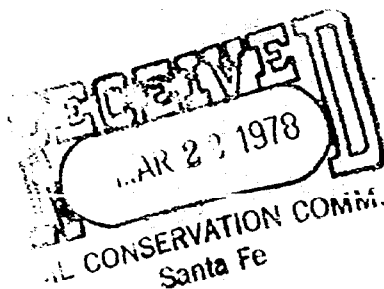
From

A. R. KENDRICK  
Supervisor

To Lynn Seachuck

Nixon Development has plugged Central  
Bisti Unit wells #41, #47, #49, #50, and  
has repaired the casing on #46 as per  
R-5345

Ernie



NEW MEXICO OIL CONSERVATION COMMISSION - AZTEC, NEW MEXICO

# Memo

From

LYNN  
TESCHENDORF

To Al

Does Hixon Development  
have all wells paid  
under R - 5345?

L

#41 - P&A - 11-26-77

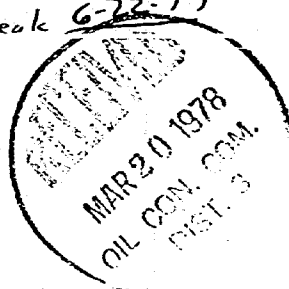
#47 - P&A 6-29-77

#49 P&A 7-2-77

#50 P&A 7-6-77

Central Dist Unit

#46 NOT Repair Ccyleak 6-22-77



OIL CONSERVATION COMMISSION-SANTA FE