

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

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:) CASE NO. 12,976
)
APPLICATION OF THE NEW MEXICO OIL)
CONSERVATION DIVISION FOR AN ORDER)
REQUIRING PAUL D. BLISS TO PROPERLY PLUG)
ONE WELL, IMPOSING CIVIL PENALTIES IN)
EVENT OF FAILURE TO COMPLY, AUTHORIZING)
THE DIVISION TO PLUG SAID WELL IN)
DEFAULT OF COMPLIANCE BY OPERATOR AND)
ORDERING A FORFEITURE OF APPLICABLE)
SECURITY, IF ANY, ROOSEVELT COUNTY,)
NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

January 9th, 2003

Santa Fe, New Mexico

OIL CONSERVATION DIV
03 JAN 23 AM 8:22

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, January 9th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

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 Examiner Hearing
 CASE NO. 12,976

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A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS
 Attorney at Law
 Energy, Minerals and Natural Resources Department
 Assistant General Counsel
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505

* * *

ALSO PRESENT:

PAUL D. BLISS

* * *

1 WHEREUPON, the following proceedings were had at
2 11:38 a.m.:

3 EXAMINER CATANACH: Okay, call the hearing back
4 to order and at this time I'll call Case 12,976, which is
5 the Application of the New Mexico Oil Conservation Division
6 for an order requiring Paul D. Bliss to properly plug one
7 well, imposing civil penalties in event of failure to
8 comply, authorizing the Division to plug said well in
9 default of compliance by operator and ordering a forfeiture
10 of applicable security, if any, Roosevelt County, New
11 Mexico.

12 Call for appearances in this case.

13 MR. BROOKS: Mr. Examiner, I'm David Brooks,
14 Energy, Minerals and Natural Resources Department of the
15 State of New Mexico, appearing for the New Mexico Oil
16 Conservation Division.

17 EXAMINER CATANACH: Let me call for additional
18 appearances in this case.

19 Let the record show that Mr. Paul Bliss is in
20 attendance at this hearing.

21 MR. BLISS: That's correct, yes.

22 EXAMINER CATANACH: Okay.

23 MR. BLISS: When you're referring to the plugging
24 of it by Paul Bliss, have you read your last letter that
25 requires Mayfield [*sic*] to plug it, and their plugging bond

1 to plug it, not Paul Bliss?

2 EXAMINER CATANACH: Let's get started on the case
3 and we can address that --

4 MR. BLISS: Okay, yes --

5 EXAMINER CATANACH: -- at that time.

6 MR. BLISS: It's the first one?

7 MR. BROOKS: Yes, sir. I believe the Division's
8 position is that either one or both should be required to
9 plug it, and of course the decision will be the Examiner's
10 to make.

11 EXAMINER CATANACH: Okay. If you want, Mr.
12 Bliss, you can make a statement at the end of the case, or
13 you can ask questions any time during the presentation.

14 MR. BLISS: Okay, I'll just wait till you get
15 through the hearing.

16 EXAMINER CATANACH: Okay. Will the witnesses in
17 this case please stand to be sworn in?

18 MR. BROOKS: Okay, we've got one, and one on the
19 telephone, and the other one we're going to have to bring
20 down. Dorothy Phillips had to stay up to cover the phones
21 while Ms. Davidson is here.

22 EXAMINER CATANACH: Okay, we'll swear her in upon
23 her arrival.

24 (Thereupon, the witnesses were sworn.)

25 MR. BROOKS: Okay, we'd like to Call Dorothy

1 Phillips first, so we can get her back to her -- I mean
2 Florene Davidson first, so we can get her back to her
3 duties.

4 EXAMINER CATANACH: Do we have a set of exhibits
5 for Mr. Bliss?

6 MR. BROOKS: Yeah, I handed it to you -- No, I
7 don't have another set for Mr. Bliss, unfortunately. I
8 didn't anticipate his coming, so I didn't make a set. I'll
9 give him -- Yeah, I'll give him this set, and I will work
10 from the witness set.

11 I'm going to take these because I believe you
12 only need the case file.

13 May it please the Examiner?

14 EXAMINER CATANACH: Please.

15 FLORENE DAVIDSON,
16 the witness herein, after having been first duly sworn upon
17 her oath, was examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MR. BROOKS:

20 Q. Would you state your name for the record, please?

21 A. Florene Davidson.

22 Q. And by whom are you employed?

23 A. Oil Conservation Division in Santa Fe.

24 Q. And in what capacity?

25 A. I'm the Staff Specialist.

1 Q. And in that capacity is one of your duties to
2 send out notices of Division Hearings to the respondents in
3 those cases where the Division is the Applicant?

4 A. Yes.

5 Q. I have placed the case -- Well, let me ask also,
6 is another one of your responsibilities to maintain the
7 case files in Division Hearing cases?

8 A. Yes, it is.

9 Q. Okay, I've placed in front of you the case file
10 for Case Number 12,976, the Application of the New Mexico
11 Oil Conservation Division to require Mayfair Minerals,
12 Inc., and/or Paul D. Bliss to plug and abandon one well in
13 Roosevelt County, New Mexico, and I ask you, is that one of
14 the files that you maintain in the ordinary course of your
15 activities with the Division?

16 A. Yes.

17 Q. To whom was notice given of the amended
18 Application which was filed in this case on or about
19 December -- I think it was about December the 6th or
20 something like that. I don't remember the exact date.

21 A. Right.

22 Q. The amended Application, to whom was notice
23 given?

24 A. Mayfair Minerals, Inc.; Paul D. Bliss and
25 Commercial Union Insurance Company.

1 Q. And did you cause those notices to be prepared
2 for mailing?

3 A. I did.

4 Q. And were they prepared to be mailed by certified
5 mail, return receipt requested?

6 A. Yes, they were.

7 Q. And do we have two return receipts --

8 A. We have two --

9 Q. -- from those three notices?

10 A. Right.

11 Q. And from whom do we have return receipts?

12 A. Commercial Union Insurance Company and Paul D.
13 Bliss.

14 Q. And do we have a return receipt from Mayfair
15 Minerals, Inc.?

16 A. No, we do not.

17 Q. Now, in the ordinary course of business do you
18 deliver those notices to another employee of the Department
19 who takes them to the post office?

20 A. That is correct.

21 Q. And are those notices ordinarily returned -- Or
22 when the mail is sent by certified mail, there are two
23 pieces of paper that you prepare, correct?

24 A. Correct.

25 Q. One is the receipt for certified mail, which is

1 stamped by the United States Postal Service?

2 A. Right.

3 Q. And the other one is commonly called the green
4 card or return receipt --

5 A. Right.

6 Q. -- which is signed by the purchaser and then
7 returned to the Division, correct?

8 A. That's correct.

9 Q. Now, normally, in the ordinary course of
10 business, what happens to the receipt for certified mail
11 after it is stamped by the postal service?

12 A. It is given back to the employee with the special
13 services here that does the mailing, and then I get the
14 copy for the case file.

15 Q. Okay. In this case did that happen?

16 A. No, I did not get the return receipt.

17 Q. You did not get the receipt for certified
18 mailing, correct?

19 A. Exactly.

20 Q. And that's the card that is white and it has some
21 green ink on it, but it's basically white?

22 A. True.

23 Q. And it's the smaller of the two --

24 A. Yes, that's correct.

25 Q. Okay. And there is not -- Well, non-leading

1 question. Are there any receipts for certified mailing
2 from any of the three notices that you sent out in this
3 case file?

4 A. No, there are not.

5 Q. But there are return receipts from two of the
6 three, correct?

7 A. Yes.

8 Q. Now, did you specifically prepare and give to the
9 employee who in the ordinary course of business mails these
10 notices a notice to Mayfair Minerals, Inc., as well as a
11 notice to Paul D. Bliss and to Commercial Insurance
12 Company?

13 A. Yes, I did.

14 Q. Okay. But no return receipt has been received
15 from Mayfair Minerals, Inc.?

16 A. That's correct.

17 Q. Nor has the mailing to Mayfair been returned to
18 the Division?

19 A. No, it has not.

20 MR. BROOKS: Thank you very much. I have nothing
21 further from this witness.

22 EXAMINER CATANACH: Okay, Mr. Brooks, so what we
23 can be sure of in this case is, Paul Bliss and Commercial
24 Union Insurance Company did, in fact, receive notice of
25 this hearing?

1 MR. BROOKS: They have both filed a receipt. It
2 is my position that a fair inference can be drawn that
3 Mayfair Minerals, Inc., has also been notified, however for
4 the reasons disclosed by the testimony we have no
5 documentary proof of that.

6 EXAMINER CATANACH: Okay, very good. I have no
7 questions of this witness.

8 MR. BROOKS: All right, this witness is not
9 involved in any of my other cases, so --

10 EXAMINER CATANACH: She may be excused.

11 (Off the record)

12 CHRIS J. WILLIAMS (Present by telephone),
13 the witness herein, after having been first duly sworn upon
14 his oath, was examined and testified as follows:

15 DIRECT EXAMINATION

16 BY MR. BROOKS:

17 Q. State your name for the record, please.

18 A. Chris Williams.

19 Q. And by whom are you employed?

20 A. New Mexico Oil Conservation Division.

21 Q. At what location?

22 A. Hobbs, New Mexico.

23 Q. In what capacity?

24 A. District Supervisor.

25 Q. And what are your responsibilities as District

1 Supervisor?

2 A. To oversee the regulation of oil and gas wells
3 and environmental problems within Lea County, part of
4 Chaves County, Curry County and Roosevelt County.

5 Q. And you have a staff of deputy inspectors, do you
6 not?

7 A. Correct.

8 Q. And they work under your direction in inspecting
9 wells?

10 A. Correct.

11 Q. Are you acquainted with a well called the Rhonda
12 PG State Number 1?

13 A. Yes, I am.

14 Q. And where is that well located?

15 A. In Roosevelt County, Todd Lower San Andres field.

16 Q. And that would be in Unit letter L, Section 35,
17 Township 7 South, Range 35 East, correct?

18 A. That's correct.

19 Q. I will ask you to look at what has been
20 identified in this case as Exhibits Numbers 2, 3, 4, 5, 6,
21 7 -- Well, 2 through 7.

22 But before I ask you about them let me ask you,
23 is one of your responsibilities as District Supervisor to
24 maintain, or was it until January 1st of 2003, one of your
25 responsibilities to maintain well files with the documents

1 that have been filed pertinent to each particular well
2 located within your District?

3 A. Yes, it is.

4 Q. And are Exhibits 2 through 7 true copies of
5 documents contained in the well file for the Rhonda PG
6 State Well Number 1?

7 A. Yes, they are.

8 Q. Okay, I will now call your attention, then,
9 specifically to -- let's see if I can find it here --
10 Exhibit Number 6. Call your attention to Exhibit Number 6
11 and ask you to identify that document.

12 A. Exhibit Number 6 is a change of -- I think it's
13 change of operator from H.W. Pace to Mayfair Minerals,
14 Incorporated, in July of 1982.

15 Q. And who does that document identify as being the
16 operator of this well from and after its approval on July
17 12, 1982?

18 A. Mayfair Minerals, Incorporated.

19 Q. Okay. I will then call your attention
20 specifically to what has been marked as OCD Exhibit Number
21 5 and ask you -- I'm sorry, 7, and ask you to identify
22 that.

23 A. Exhibit Number 7 is a Sundry Notice and Reports
24 on Wells. It's an intent to P-and-A the Rhonda PG State
25 Number 1.

1 Q. And when was that notice filed?

2 A. On November the 19th, 2001.

3 Q. And has any action been taken on that?

4 A. No.

5 Q. So the well has not been plugged?

6 A. Correct.

7 Q. Now, who does Exhibit Number 7 identify as being
8 the operator of that well?

9 A. Paul Bliss.

10 Q. Is there any Form C-104-A, Change of Operator
11 Notice, that has ever been approved by the Division to
12 change the operation from Mayfair Minerals, Inc., to Paul
13 Bliss?

14 A. No.

15 Q. However, there is this approved C-103 in the file
16 in which Paul Bliss has signed, or what appears to be Mr.
17 Bliss's signature, in which he's filled in the name of Paul
18 Bliss as operator, correct? That's Exhibit Number 7.

19 A. Correct.

20 Q. Okay. Is there anything you know about the
21 question of who is the operator of this well that might
22 help shed any light on this subject?

23 A. I've contacted Mayfair Minerals, and they say
24 they don't own the well and that the well was turned over
25 to Mr. Bliss. But we have no records showing -- I don't

1 know for sure if we even have a bond in place for Paul
2 Bliss.

3 Q. Well, we'll present testimony on that subject in
4 a minute. But there is no approved C-104-A --

5 A. Correct.

6 Q. -- showing Mr. Bliss as operator?

7 A. Correct.

8 Q. Very good. Mr. Williams, are you familiar,
9 either from your own examination or from inspection reports
10 that have been filed with you by persons acting under your
11 direction, with the physical condition of the Rhonda PG
12 State Well Number 1?

13 A. Yeah, the well is shut in, it's not temporarily
14 abandoned by our Rules, it's just shut in.

15 Q. And in your opinion, does this particular well
16 need to be plugged and abandoned in order to prevent waste,
17 protect correlative rights and protect the public health
18 and the environment?

19 A. Correct.

20 Q. I'll call your attention to what has been marked
21 as OCD Exhibit Number 9.

22 A. Yes.

23 Q. Would you identify that exhibit, please?

24 A. It's a plugging procedure, I believe written by
25 Billy Prichard, one of my deputy inspectors here, to plug

1 the Rhonda PG State Number 1.

2 Q. And in writing that plugging procedure, was Mr.
3 Prichard acting under your direction in the ordinary course
4 of business for the Oil Conservation Division?

5 A. Correct.

6 Q. And is Mr. Prichard one of the inspectors who is
7 part of your staff in the Hobbs District Office of the
8 Division?

9 A. Correct.

10 Q. If the Rhonda PG State Well Number 1 were plugged
11 and abandoned in accordance with OCD Exhibit Number 9, in
12 your opinion would it be properly plugged in accordance
13 with the Rules and Regulations -- the Statutes of the State
14 of New Mexico and the Rules and Regulations of the Oil
15 Conservation Division now in effect?

16 A. Correct.

17 Q. We'll ask you to look at what's been marked as
18 OCD Exhibit Number 8. Now, that document was actually
19 prepared by me, but would you look at it and advise the
20 Examiner if the information on that exhibit appears to be
21 correct?

22 A. Yeah, the information appears to be correct about
23 the Rhonda PG State Well Number 1.

24 MR. BROOKS: Very good. We'll tender in evidence
25 Exhibits 2 through 9 inclusive.

1 EXAMINER CATANACH: Exhibits 2 through 9 will be
2 admitted as evidence.

3 MR. BROOKS: Pass the witness.

4 EXAMINATION

5 BY EXAMINER CATANACH:

6 Q. Mr. Williams, who does the Division consider to
7 be the operator of this well?

8 A. According to the Rules, it would be -- well, it
9 would be Mayfair Minerals, because we don't have a change
10 of operator showing where it went from Mayfair to Paul
11 Bliss. And the last reported operator that we have a --
12 you know, an executed operator change on was from Pace to
13 Mayfair.

14 Q. Okay. The C-103 that was filed by Mr. Bliss,
15 that was the first documentation that he has filed
16 regarding this well; is that your understanding?

17 A. Yes.

18 EXAMINER CATANACH: Okay. I have nothing further
19 of Mr. Williams.

20 MR. BROOKS: Very good, we'll call Dorothy
21 Phillips.

22 We have Ms. Prouty also as a witness, if you'll
23 swear them both.

24 (Thereupon, Ms. Phillips and Ms. Prouty were
25 sworn.)

1 DOROTHY L. PHILLIPS,

2 the witness herein, after having been first duly sworn upon
3 her oath, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. BROOKS:

6 Q. State your name, please, for the record.

7 A. Dorothy Phillips.

8 Q. And by whom are you employed?

9 A. By the New Mexico Oil Conservation Division.

10 Q. In what capacity?

11 A. I am the Plugging Bond Administrator.

12 Q. And in what location?

13 A. At 1220 South St. Francis Drive, here in Santa
14 Fe.

15 Q. Ms. Phillips, as Plugging Bond Administrator is
16 one of your responsibilities to maintain files which
17 contain the original plugging bonds or other security that
18 is filed by operators to secure their obligation to
19 properly plug and abandon their wells?

20 A. That's correct.

21 Q. Call your attention to what has been marked as
22 Exhibit Number 10 in this case. Ask you to identify it.

23 A. It is a copy of the plugging bond -- a \$50,000
24 blanket plugging bond for Mayfair Minerals, Inc.

25 Q. And who is the surety on that bond?

1 A. Commercial Union Insurance Company.

2 Q. And what is the bond number?

3 A. Bond Number CR72006-49.

4 Q. Do you have in front of you the original plugging
5 bond file for Mayfair Minerals, Inc. --

6 A. I do.

7 Q. -- that you maintain?

8 A. I do.

9 Q. Would you inspect that Exhibit 10 and tell us
10 whether or not it's a true copy of the original document
11 executed by Commercial Union Insurance Company

12 A. They are one and the same.

13 MR. BROOKS: Tender Exhibit Number 10.

14 EXAMINER CATANACH: Exhibit Number 10 will be
15 admitted as evidence.

16 MR. BROOKS: Pass the witness.

17 EXAMINATION

18 BY EXAMINER CATANACH:

19 Q. Miss Phillips, being that this is a \$50,000
20 blanket plugging bond, we don't know how many wells are
21 covered by this, do we?

22 A. That's correct.

23 EXAMINER CATANACH: Nothing further of this
24 witness.

25 MR. BROOKS: Very good. The witness may step

1 down. She will be needed for the next case, however.

2 Call Jane Prouty.

3 JANE E. PROUTY,

4 the witness herein, after having been first duly sworn upon
5 her oath, was examined and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. BROOKS:

8 Q. Would you state your name for the record, please?

9 A. Jane Prouty.

10 Q. By who are you employed?

11 A. The Oil Conservation Division.

12 Q. In what capacity?

13 A. I manage the group that processes the monthly
14 production reports.

15 Q. And in what office?

16 A. Here in Santa Fe.

17 Q. Ms. Prouty, does your group also keep the -- Is
18 it the data-processing group that keeps the ONGARD data?

19 A. Yes.

20 Q. And that is the production data --

21 A. Right.

22 Q. -- in these reports?

23 Now, we've had some discussion here of who is the
24 operator of the Rhonda PG State Well Number 1. Who does
25 the computer show, does the OCD's computer system show to

1 be the operator of the Rhonda PG State Well Number 1?

2 A. Well, it shows Mayfair, because I didn't enter
3 Mayfair into the system, I entered the API into the
4 system --

5 Q. Right.

6 A. -- and it came back with Mayfair.

7 Q. Okay. So so far as the OCD's computer data-
8 processing facility is concerned, Mayfair Minerals is the
9 operator?

10 A. Right.

11 Q. Did I request you to generate a report of the
12 production that has been reported by the operator on the
13 Rhonda PG State Well Number 1 for the last five years, for
14 the purposes of this hearing, as that reported production
15 is shown by the ONGARD system?

16 A. Yes.

17 Q. And did you do so?

18 A. Yes, that's what this exhibit is.

19 Q. Is that what Exhibit Number 1 is?

20 A. Yes.

21 Q. And does Exhibit Number 1 reflect that any
22 production reports have been filed on this well in the
23 period of time 1997 through 2002?

24 A. No, it doesn't.

25 Q. If affirmatively reflects that no reports have

1 been filed?

2 A. Correct.

3 MR. BROOKS: Tender Exhibit 1.

4 EXAMINER CATANACH: Exhibit 1 is admitted.

5 MR. BROOKS: Pass the witness.

6 EXAMINER CATANACH: No questions.

7 MR. BROOKS: That concludes my evidentiary
8 presentation, Mr. Examiner. I'd like to make a very brief
9 statement.

10 EXAMINER CATANACH: Okay, Mr. Brooks.

11 MR. BROOKS: Mr. Examiner, this is an unusual
12 case in that there's some lack of certainty about who is
13 the operator. We try to avoid that. The Division's
14 position is that the operator is defined -- I can't recite
15 the definition precisely, but it's something about the
16 person who is responsible pursuant to authority of the
17 owner. The operator, obviously, is not necessarily the
18 owner.

19 It is the position of the Division, and one we
20 would be very reluctant to part from, that a person
21 situated as Mayfair is, who has filed a bond and has been
22 the operator remains the operator until such time as
23 someone else assumes operation and files a bond. It's
24 necessary for us to make that interpretation because
25 otherwise we have no way of being sure that wells are

1 bonded.

2 However, it would also be my position as counsel
3 for the Division that a person such as Mr. Bliss who files
4 a report required to be filed by an operator and signs it
5 as operator should not be allowed to deny his
6 responsibility for plugging in the event that he's the last
7 person that has been involved with operation of the well.

8 And therefore it is my position that -- the
9 Division's position that the order that should be entered
10 in this case should require Mayfair Minerals and/or Paul
11 Bliss or Mayfair's surety to plug this well. And in the
12 event that none of them does and the Division is required
13 to plug this well, then we should be authorized to pursue
14 any one of those three for reimbursement.

15 Of course, first we would pursue the surety, but
16 if the -- and in this case it seems most probable that
17 unless Commercial Union were to establish a defense of some
18 kind, that their bond would be entirely sufficient to plug
19 this well. However, we would want the order drawn to
20 permit us to pursue either one of the people who have
21 identified themselves and forms filed with the OCD as the
22 operator for such reimbursement as we might be entitled to.

23 Thank you.

24 EXAMINER CATANACH: Mr. Brooks, have you examined
25 our bond records to determine whether Paul Bliss has a

1 plugging bond on file with the Division?

2 MR. BROOKS: I have, and I did not locate one for
3 Mr. Bliss.

4 EXAMINER CATANACH: Thank you.

5 Okay, Mr. Bliss is present. Would you like to
6 make a statement in this case, Mr. Bliss?

7 MR. BLISS: I'd like just to call your attention
8 to the letter that Mr. Holloman wrote to you sometime ago,
9 Mr. Brooks.

10 MR. BROOKS: Yes.

11 MR. BLISS: This is a fax transmittal here that I
12 have, and it states pretty well my position in that the
13 well was never mine. I never owned the well and never had
14 it at -- for this date, and that's one reason why the
15 assignment was never recorded, there was no plugging bond
16 on it, and I never received any production from it.

17 But I'd like for you to read his letter where --
18 that we do not believe this well ever belonged to Paul
19 Bliss.

20 MR. BROOKS: I was thinking there was a copy of
21 Mr. Holloman's letter in the case file. However, I'm not
22 seeing it here, if it's here. Therefore I will -- I just
23 pulled a copy out.

24 EXAMINER CATANACH: Mr. Bliss, who is Mr. --
25 Holloman, did you say?

1 MR. BLISS: Yes, Mr. Holloman. He's --

2 MR. BROOKS: He's an attorney --

3 MR. BLISS: -- an attorney with Maddox and
4 Holloman, P.C. in Hobbs.

5 MR. BROOKS: He wrote a letter to me as counsel
6 for Mr. Bliss. I was thinking that he --

7 MR. BLISS: And may I make this one statement,
8 kind of to clear things up?

9 EXAMINER CATANACH: Please.

10 MR. BLISS: Sometime ago Gary Wink, who I know --
11 and of course I know Mr. Williams too, I know both of those
12 guys -- came to me and said, well, that well needed to be
13 plugged. And if you'll look at the date and everything on
14 that thing, it was about 1991 when this first took place,
15 and I went out of business in 1993. I put all this stuff
16 away and forgot about it.

17 And then Gary came to me and asked me to plug
18 that well. And I said, well, what was required?

19 And he asked me to fill out the 103, and I did,
20 because I wanted to see what it was going to cost to plug
21 that well. So I filled it out in my name, because Mayfair
22 Minerals had sent a copy of an unrecorded transmittal, you
23 know, of the assignment, and Mayfair made the assignment to
24 me.

25 And after I got into it a little bit later,

1 Mayfair Minerals did not own 100 percent. And our
2 agreement with Mayfair Minerals was that they would give me
3 100-percent working interest in that well for me to proceed
4 on with the well. They never did this, and they turned me
5 over to Mr. Pace.

6 And I wrote Mr. Pace, I called Mr. Pace, and I've
7 got -- I don't remember what it is, but Mr. Holloman has
8 got some of the information on it. But Mayfair Minerals
9 owned something like 65 percent of it, and they did not
10 have any right giving me an assignment for 100 percent.

11 So whenever they gave me the assignment, and I
12 never could get 100 percent, I assumed that it was their
13 well. I just...

14 And then I went out of business. I was in the
15 plugging business, and I've helped plug a number of wells
16 in this state. So that was back in 1992 or somewhere along
17 in there. And I just quit business and put all the stuff
18 in a file.

19 And then when Gary Wink come and told me about it
20 I said, well, I thought maybe -- I hadn't -- I'd forgot all
21 about it. So I forgot about it.

22 Then after I made that -- filled that C-103 or,
23 you know, intention to plug it, then I finally found my
24 files. And in my files, I was never the owner of this
25 well. I never had a plugging bond, I never had a recorded

1 assignment, and I never had anything that -- and I had no
2 way of getting the money, if we could have made a well out
3 of it, for me to get the money out of it, because I've got
4 a copy of the breakdown of the -- I don't have it with me,
5 but I've got a copy of who all owned interest in the well.
6 Pace owned 35 percent of it, Mayfair owned 65 percent of
7 it. So I just stuck it all back in there and I forgot
8 about it.

9 But when Gary Wink came to me I said, well, I
10 know enough about plugging, so I sat down and I tried to
11 figure out how much it was going to cost to plug this well.
12 Well, Gary informed me, too, after he got this, that
13 they've changed some of the rules. But I haven't done
14 anything to this thing for 10 years.

15 So I inadvertently filled out that form because I
16 didn't know at that time, I didn't know. But right now,
17 from the letter that Mr. Holloman wrote, and I -- So I took
18 it to an attorney, because if it had been a clearcut deal I
19 would have handled it myself. But I didn't know what the
20 problems were, so I took it to Mr. Holloman to look at it
21 and gone through this with him. And it's his position and
22 my position that I don't own that well, I never did own
23 that well.

24 So you've got -- go ahead and put my name on
25 there, but I don't have a plugging bond to cover the cost

1 of plugging this well. That's my position on it, fellas, I
2 don't know. And I wasn't going to comment today, but I
3 think you guys should understand my position on the thing.
4 Good gracious, I haven't done hardly anything in the
5 oilfield for a long time.

6 EXAMINER CATANACH: So your position was, at one
7 time you were going to obtain this well from Mayfair?

8 MR. BLISS: Yes, when I first offered them and
9 when I first made a deal with them -- and I've got a letter
10 where I wrote to them and told them that I would do this
11 and I would plug this well, contingent upon getting 100
12 percent of the working interest in the well.

13 I never, ever got 100-percent working interest in
14 the well. And the assignment that Mayfair made to me does
15 not cover 100 percent of the well. He doesn't have the
16 authority to give Pace Petroleum -- their percentage to me.

17 And of course I'm recalling back 10 years ago,
18 you know, 10 or 11 years ago. And I called those people on
19 several occasions, and they even gave me an address and a
20 telephone number to contact these -- and get an assignment
21 from them to me. This would have given me 100 percent. I
22 never, ever heard from them. I sent them a copy of the
23 assignment to me, to Pace. They never, ever sent it.

24 And then later on I contacted Mayfield [sic] --
25 and I'm recalling this now, this may not be -- but I said,

1 Man, I don't have a hundred percent of this thing.

2 Well, they said, Don't worry about it. If
3 there's any income coming from it, we'll furnish you the
4 income for Pace.

5 And I said, Well -- And then they gave me the
6 telephone number to call this Mr. Pace. I don't even know
7 where he lived.

8 And so I never could get ahold of them. I sent
9 them a copy of an assignment I made out myself to me for
10 Pace to sign it, and they would have given me the hundred-
11 percent working interest. But to be right about it, I
12 didn't have a hundred percent of the well, and I didn't
13 really have a legal right to plug that well and sell that
14 equipment, because that doesn't belong to me, that doesn't
15 belong to me.

16 EXAMINER CATANACH: Okay, so you never executed
17 anything in writing with Mayfair?

18 MR. BLISS: No. Well, I sent a letter to
19 Mayfield when we first started this thing, and I've got a
20 copy of the letter, and it states in there specifically --
21 and that's when I started with the deal -- that they would
22 turn over 100 percent working interest in the well to me.
23 And they never did.

24 EXAMINER CATANACH: Okay.

25 MR. BLISS: So that's kind of where we stand.

1 But this letter that Mr. Holloman wrote, I think you should
2 look at it, because that pretty well states my position on
3 it.

4 EXAMINER CATANACH: Okay, I'll take a look at
5 that. Did we find a copy of that, Mr. Brooks?

6 MR. BROOKS: Yes, Mr. Examiner, I marked that as
7 OCD Exhibit Number 11, and I will offer it to be made part
8 of the record.

9 We're not offering it into evidence because it
10 really is a statement of counsel rather than evidence, but
11 I have no objection to it being made a part of the record
12 for purposes of stating the position that Mr. Holloman has
13 taken on Mr. Bliss's behalf.

14 EXAMINER CATANACH: Okay, Exhibit 11 will be
15 admitted into the record.

16 Anything further?

17 MR. BROOKS: Nothing further for the Division.

18 EXAMINER CATANACH: Okay, there being nothing
19 further, Case 12,976 will be taken under advisement.

20 Thank you, Mr. Bliss.

21 (Thereupon, these proceedings were concluded at
22 12:15 p.m.)

23 * * * do hereby certify that the foregoing is
24 a complete record of the proceedings in
the Examiner hearing of Case No. 12976
heard by me on January 9, 19 2000.

25

David R. Catanach, Examiner
Oil Conservation Division

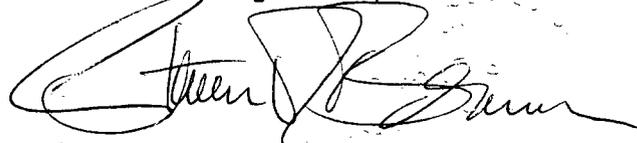
CERTIFICATE OF REPORTER

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

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL January 12th, 2003.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 16th, 2006