

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. 12,981
)
APPLICATION OF THE NEW MEXICO OIL)
CONSERVATION DIVISION FOR AN ORDER)
REQUIRING JIMMY ROBERSON ENERGY)
CORPORATION TO PROPERLY PLUG 16 WELLS,)
IMPOSING CIVIL PENALTIES IN EVENT OF)
FAILURE TO COMPLY, AUTHORIZING THE)
DIVISION TO PLUG SAID WELLS IN DEFAULT)
OF COMPLIANCE BY OPERATOR AND ORDERING)
A FORFEITURE OF APPLICABLE SECURITY, IF)
ANY, LEA AND 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

03 JAN 23 AM 8:22
OIL CONSERVATION DIV

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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I N D E X

January 9th, 2003,
 Examiner Hearing
 CASE NO. 12,981

	PAGE
EXHIBITS	3
APPEARANCES	5
DIVISION WITNESSES:	
<u>DOROTHY L. PHILLIPS</u> (Plugging Bond Administrator, NMOCD, Santa Fe)	
Direct Examination by Mr. Brooks	7
Examination by Examiner Catanach	9
<u>JANE E. PROUTY</u> (Computer Operations Specialist, NMOCD, Santa Fe)	
Direct Examination by Mr. Brooks	9
<u>CHRIS J. WILLIAMS</u> (District Supervisor, Hobbs District Office, District 1, NMOCD) (Present by telephone)	
Direct Examination by Mr. Brooks	13
Examination by Examiner Catanach	19
Direct Examination by Mr. Brooks	21
REPORTER'S CERTIFICATE	23

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	10	12
Exhibit 2	15	19
Exhibit 3	—	19
Exhibit 4	—	19
Exhibit 5	—	19
Exhibit 6	15	19
Exhibit 7	—	19
Exhibit 8	—	19
Exhibit 9	15	19
Exhibit 10	—	19
Exhibit 11	—	19
Exhibit 12	—	19
Exhibit 13	15	19
Exhibit 14	—	19
Exhibit 15	—	19
Exhibit 16	—	19
Exhibit 17	16	19
Exhibit 18	—	19
Exhibit 19	—	19
Exhibit 20	16	19
Exhibit 21	—	19
Exhibit 22	—	19
Exhibit 23	—	19
Exhibit 24	—	19
Exhibit 25	16	19
Exhibit 26	—	19
Exhibit 27	16	19
Exhibit 28	—	19
Exhibit 29	16	19
Exhibit 30	—	19
Exhibit 31	—	19
Exhibit 32	16	19
Exhibit 33	—	19

(Continued...)

E X H I B I T S (Continued)

Applicant's	Identified	Admitted
Exhibit 34	17	19
Exhibit 35		19
Exhibit 36	-	19
Exhibit 37	17	19
Exhibit 38		19
Exhibit 39	17	19
Exhibit 40		19
Exhibit 41		19
Exhibit 42	18	19
Exhibit 43		19
Exhibit 44	18	19
Exhibit 45	18	19
Exhibit 46	18	19
Exhibit 47	18	19
Exhibit 48	18	19
Exhibit 49	18	19
Exhibit 50	18	19
Exhibit 51	18	19
Exhibit 52	18	19
Exhibit 53	18	19
Exhibit 54	18	19
Exhibit 55	18	19
Exhibit 56	18	19
Exhibit 57	-	19
Exhibit 58	8	8

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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

* * *

1 WHEREUPON, the following proceedings were had at
2 12:18 p.m.:

3 EXAMINER CATANACH: Okay, at this time we'll call
4 Case 12,981, the Application of the New Mexico Oil
5 Conservation Division for an order requiring Jimmy Roberson
6 Energy Corporation to properly plug 16 wells, imposing
7 civil penalties in event of failure to comply, authorizing
8 the Division to plug said wells in default of compliance by
9 operator and ordering a forfeiture of applicable security,
10 if any, Lea and Roosevelt Counties, New Mexico.

11 Call for appearances in this case.

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

16 EXAMINER CATANACH: Any other appearances?

17 There being none --

18 MR. BROOKS: I have three witnesses, all of whom
19 were sworn in connection with the previous case.

20 EXAMINER CATANACH: Okay, the record shall
21 reflect that the witnesses have been previously sworn, and
22 you may proceed, Mr. Brooks.

23 MR. BROOKS: Okay, Ms. Prouty is out of the room
24 at the moment, so I shall go ahead and call Dorothy
25 Phillips.

1 EXAMINER CATANACH: Still there, Chris?

2 MR. WILLIAMS: Uh-huh.

3 EXAMINER CATANACH: Okay.

4 DOROTHY L. PHILLIPS,

5 the witness herein, having been previously duly sworn upon

6 her oath, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. BROOKS:

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

10 A. Dorothy Phillips.

11 Q. And by whom are you employed?

12 A. By the New Mexico Oil Conservation Division.

13 Q. In what office?

14 A. I am the Plugging Bond Administrator.

15 Q. Yeah, and in which of the offices of the Division
16 are you employed?

17 A. Oil Conservation.

18 Q. And in the Santa Fe Office?

19 A. That's correct.

20 Q. And you are the plugging bond administrator, you
21 said?

22 A. That's correct.

23 Q. And do your duties as Plugging Bond Administrator
24 include maintaining files of the surety bonds and other
25 security that is furnished by operators to secure their

1 obligation to plug and abandon wells?

2 A. That's correct.

3 Q. Call your attention to the Exhibit stack beside
4 you and ask you to look at OCD Number 58, which is the last
5 document in that stack, and can you tell us what OCD
6 Exhibit Number 58 appears to be?

7 A. It's a copy of a \$50,000 blanket plugging bond
8 for Jimmy Roberson Energy Corporation.

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

10 A. Underwriters Indemnity Company.

11 Q. And what is the bond number?

12 A. B7121.

13 Q. Do you have with you at this hearing the plugging
14 bond file that you maintain for Jimmy Roberson Energy
15 Corporation?

16 A. Yes, sir, I do.

17 Q. And would you examine OCD Exhibit Number 58 and
18 tell us, if you can, whether that is a true copy of the
19 plugging bond, the original plugging bond, maintained in
20 the files of the Division?

21 A. Yes, sir, they are one and the same.

22 MR. BROOKS: Thank you. Tender Exhibit Number
23 58.

24 EXAMINER CATANACH: Exhibit 58 will be admitted.

25 MR. BROOKS: Pass the witness.

EXAMINATION

1
2 BY EXAMINER CATANACH:

3 Q. Miss Phillips, as far as you know, this bond is
4 still in effect; is that correct?

5 A. That's correct.

6 EXAMINER CATANACH: Okay, no further questions.

7 MR. BROOKS: Very good. This witness will not be
8 needed in Case Number 12,982, so I ask that she be excused.

9 EXAMINER CATANACH: Ms. Phillips may be excused.

10 THE WITNESS: Thank you.

11 MR. BROOKS: Call Jane Prouty.

12 JANE E. PROUTY,

13 the witness herein, having been previously duly sworn upon
14 her oath, was examined and testified as follows:

DIRECT EXAMINATION

15
16 BY MR. BROOKS:

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

18 A. Jane Prouty.

19 Q. By whom are you employed?

20 A. The Oil Conservation Division.

21 Q. In what office?

22 A. Santa Fe.

23 Q. And in what capacity.

24 EXAMINER CATANACH: This is not a race.

25 THE WITNESS: Really? He switched the order, and

1 I have trouble.

2 As the manager of the group that processes the
3 production of the -- the monthly production reports.

4 Q. And in that capacity did I ask you to prepare a
5 report which would show the production that had been
6 reported from certain wells of which Jimmy Roberson Energy
7 Corp. was the operator?

8 A. Yes.

9 Q. Would you look at what has been marked as OCD
10 Exhibit Number 1 in this case?

11 A. Uh-huh.

12 Q. Is that a report that you prepared pursuant to my
13 request?

14 A. Yes.

15 Q. Now, I want to call your attention to -- first of
16 all, to two particular wells on this report, the first of
17 which is the Hardin B Number 4, which appears on page
18 number 12 of this report, pages 12 and 13. Does this
19 report indicate that Jimmy Roberson Energy Corporation
20 reported production in 2001 from the Hardin B Number 4?

21 A. Yes, it does.

22 Q. And what was the last month for which there were
23 reports?

24 A. December of 2001.

25 Q. Now, I will then call your attention to the Rice

1 Well Number 3, which appears on pages 17 and 18 of this
2 report. Does it likewise appear that production was
3 reported from the Rice Well Number 3 as recently as
4 December of 2001?

5 A. Yes.

6 Q. Now, does this report overall indicate that no
7 reports have been received from Jimmy Roberson Energy
8 Corporation on any wells since December, 2001?

9 A. Yes.

10 MR. BROOKS: Mr. Examiner, based on the testimony
11 we have just heard and the fact that OCD Rules require a
12 well to be plugged if it has been inactive for a period of
13 one year plus 90 days, the Division hereby requests to
14 dismiss as to the Hardin B Well Number 1 and the Rice Well
15 Number 3.

16 EXAMINER CATANACH: Hardin B Number 1?

17 MR. BROOKS: I'm sorry, the Hardin B Number 4.

18 EXAMINER CATANACH: Hardin B Number 4, and the
19 Rice Number 3?

20 MR. BROOKS: Correct.

21 EXAMINER CATANACH: Okay.

22 Q. (By Mr. Brooks) Very good. Looking at the rest
23 of this report, does this report indicate any production
24 for any month more recent than June of 2001 for any of the
25 other wells included on this report? I know you'll have to

1 take a few minutes to go through it.

2 A. Okay. I don't believe we discussed the
3 Hutcherson Number 1, or did we? On page 14 it has July,
4 2001, production.

5 Q. Okay, is that the last month that it shows?

6 A. Yes, yes.

7 Q. Okay, then I made a mistake. I was thinking
8 June, but I think that is not a material mistake since it's
9 still more than 15 months ago. With that exception, can
10 you tell us that the wells in this report, other than the
11 Hardin Number 4 and the Rice Number 3, have not produced
12 since July of 2001, insofar as had been reported to OCD?

13 A. Right. Correct, yes.

14 Q. Now, in your professional opinion as a data
15 analyst, is this a true report of what the ONGARD system
16 shows in terms of production that has been reported from
17 these wells?

18 A. Yes.

19 Q. Very good. Offer Exhibit 1.

20 EXAMINER CATANACH: Exhibit 1 will be admitted.

21 MR. BROOKS: Pass the witness.

22 EXAMINER CATANACH: No questions.

23 MR. BROOKS: This witness also will not be needed
24 in Case Number 12,982, and I ask that she be excused.

25 EXAMINER CATANACH: Ms. Prouty, is excused.

1 THE WITNESS: Thank you.

2 MR. BROOKS: Call Chris Williams.

3 CHRIS J. WILLIAMS (Present by telephone),
4 the witness herein, having been previously duly sworn upon
5 his oath, was examined and testified as follows:

6 DIRECT EXAMINATION

7 BY MR. BROOKS:

8 Q. State your name for the record.

9 A. Chris Williams.

10 Q. And by whom are you employed?

11 A. New Mexico Oil Conservation Division.

12 Q. In what office?

13 A. Hobbs.

14 Q. In what capacity?

15 A. District Supervisor.

16 Q. Now, I forgot to do this in the last case, but I
17 need to qualify you as an expert, Mr. Williams.

18 Have your credentials as an expert well inspector
19 been testified to and made a matter of record before the
20 New Mexico Oil Conservation Division in previous cases?

21 A. Yes, they have.

22 MR. BROOKS: I tender Mr. Williams as an expert
23 well inspector.

24 EXAMINER CATANACH: Mr. Williams is so qualified.

25 Q. (By Mr. Brooks) Mr. Williams, are you familiar

1 with the wells, either from your own observation or from
2 inspection reports that have been filed by inspectors
3 working under your direction, with the wells in your
4 district that are operated by Jimmy Roberson Energy Corp.?

5 A. Yes, I am.

6 Q. Now, I want to call your attention to Exhibits 2
7 through 43 inclusive, and I know that's a big sheaf of
8 exhibits, but -- Well, I forgot to ask the predicate
9 question.

10 Is it one of your responsibilities, or was it,
11 that is, until January 1, 2003, to maintain files which
12 contain all of the documents that have been filed with the
13 Oil Conservation Division with regard to each of the wells
14 in your District?

15 A. Yes, it is.

16 Q. Now, would you look at Exhibits 2 through 43
17 inclusive and tell us if those are copies of documents that
18 have been filed with the Division with respect to the wells
19 that are the subject of this proceeding?

20 A. Yes, they are.

21 Q. Now, I believe I have furnished to the Examiner
22 and to you, Mr. Williams, a list which shows which wells
23 each particular set of exhibits pertains. I'm not going to
24 go through all 42 of these exhibits individually, however I
25 do want to go through those that identify the operator on

1 these wells, so I'll first call your attention to Exhibit
2 Number 2.

3 A. Okay.

4 Q. Is this a change of operator showing Jimmy
5 Roberson Energy Corporation to be the operator of the C.E.
6 Penny Federal Well Number 4?

7 A. C.E. Penny Well Number 2. It's the --

8 Q. Oh, C.E. Penny NCT-4 Well Number 2.

9 A. Yeah, it's a change of operators from Central
10 Resources to Jimmy Roberson.

11 Q. Okay, I will next call your attention to OCD
12 Exhibit Number 6 and ask you to tell us what that is.

13 A. Exhibit 6 is a change of operator from Central
14 Resources to Jimmy Roberson.

15 Q. For what well?

16 A. The C.E. Penny Federal NCT-4 Number 3.

17 Q. Next call your attention to what has been marked
18 as OCD Exhibit Number 9, ask you to identify it.

19 A. A change of operator from Central Resources to
20 Jimmy Roberson for the C.E. Penny Federal NCT-4 Number 5.

21 Q. Next call your attention to what has been marked
22 as OCD Exhibit Number 13, ask you to identify it.

23 A. It's a change of operator from Central Resources
24 to Jimmy Roberson for the G.D. Riggs A Number 3.

25 Q. Next call your attention to what has been marked

1 as OCD Exhibit Number 17 and ask you to identify it.

2 A. A change of operator from Central Resources to
3 Jimmy Roberson for the G.D. Riggs A Number 4.

4 Q. Next call your attention to what has been marked
5 as OCD Exhibit Number 20 and ask you to identify it.

6 A. A change of operator from Central Resources to
7 Jimmy Roberson for the G.D. Riggs B Number 7.

8 Q. Next call your attention to what has been marked
9 as Exhibit Number 25 and ask you to identify it.

10 A. It's a change of operator from Cross Timbers
11 Operating to Jimmy Roberson Energy for the Hardin B Number
12 1.

13 Q. Next call your attention to what has been marked
14 as OCD Exhibit Number 27 and ask you to identify it.

15 A. A change of operator from Cross Timbers Operating
16 to Jimmy Roberson Energy for the Hardin B Number 2.

17 Q. Next call your attention to what has been marked
18 as OCD Exhibit Number 29 and ask you to identify it.

19 A. A change of operator from Cross Timbers Operating
20 to Jimmy Roberson Energy for the Hardin B Number 3.

21 Q. Next call your attention to what has been marked
22 as OCD Exhibit Number 32 and ask you to identify it.

23 A. It's a change of operator from Okie Operating,
24 Ltd., to Jimmy Roberson Energy for the Hutcherson Number 1.

25 Q. Next call your attention to what has been marked

1 as OCD Exhibit Number 34 and ask you to identify it.

2 A. It's a change of operator from Cross Timbers
3 Operating Company to Jimmy Roberson for the Hobbs Grayburg
4 San Andres Well Number 1.

5 Q. Next call your attention to what has been marked
6 as OCD Exhibit Number 37 --

7 EXAMINER CATANACH: I'm sorry, can we go back?
8 That was -- I believe that was the Rice Number 1 on that
9 previous exhibit.

10 MR. BROOKS: Which Exhibit is that?

11 EXAMINER CATANACH: Thirty-four. Yeah, you
12 stated the Hobbs Grayburg San Andres Number 1. I think
13 it's the Rice Number --

14 THE WITNESS: I'm sorry, yeah, I was looking at
15 the pool designation.

16 EXAMINER CATANACH: Okay.

17 Q. (By Mr. Brooks) Next call your attention to what
18 has been marked as OCD Exhibit Number 37 and ask you to
19 identify it.

20 A. That's a change of operator from Cross Timbers
21 Operating to Jimmy Roberson Energy Corp. for the Rice
22 Number 2.

23 Q. Next call your attention to Exhibit Number 39 and
24 ask you to identify it.

25 A. Change of operator from Cross Timbers Operating

1 to Jimmy Roberson Energy Corp. for the Rice Number 4.

2 Q. Next call your attention to OCD Exhibit Number 42
3 and ask you to identify it.

4 A. Change of operator from Okie Operating Company to
5 Jimmy Roberson Energy Corp. for the W.V. Hutcherson Well
6 Number 1.

7 Q. Mr. Williams, do you know anything about Jimmy
8 Roberson Energy Corp.?

9 A. It appears that all the equipment in these wells
10 has been stripped, sold, and we've tried to contact Mr.
11 Roberson both by telephone and by letter and certified
12 letter to properly plug and abandon these wells or operate
13 these wells, and we've gotten no response from Mr.
14 Roberson.

15 Q. Based on your knowledge of these wells or the
16 inspection reports which have been made to you by personnel
17 working under your direction, do you have an opinion as to
18 whether or not these wells need to be properly plugged and
19 abandoned in order to prevent waste, protect correlative
20 rights and protect public health and the environment?

21 A. Yes, they do.

22 Q. Mr. Williams, I'll call your attention to what
23 has been marked as OCD Exhibits 43 through 56 inclusive and
24 ask you to identify what -- I'm sorry, 44 through 56
25 inclusive, and ask you to tell us what those are.

1 A. These are plugging procedures written by myself
2 or Billy Prichard to properly plug and abandon these wells.

3 Q. And is Billy Prichard an inspector who works
4 under your direction?

5 A. Yes, he is.

6 Q. Without going through these individually as we
7 did the change of operators, is there one plugging report
8 for each of the wells remaining in this proceeding after
9 the dismissal as to the Hardin Number 4 and Rice Number 3?

10 A. Yes, there is.

11 Q. If each of these wells were plugged and abandoned
12 in accordance with the plugging procedures which are
13 Exhibits 44 through 56 respectively, would they in your
14 opinion as a well inspector be properly plugged and
15 abandoned in accordance with the Statutes of the State of
16 New Mexico and the Rules of the Oil Conservation Division?

17 A. Yes, they would.

18 MR. BROOKS: Tender into evidence Exhibits 2
19 through 57 inclusive.

20 EXAMINER CATANACH: Exhibits 2 through 57 will be
21 admitted.

22 MR. BROOKS: Pass the witness.

23 EXAMINATION

24 BY EXAMINER CATANACH:

25 Q. Mr. Williams, have you actually been able to

1 contact Mr. Roberson at all and talk to him?

2 A. No, we haven't. We've tried the cell phone
3 number that we've been given, and then when we call it says
4 it's disconnected.

5 We've tried the phone numbers that, you know, we
6 originally had submitted to us from his company as an
7 office number, and that's been disconnected.

8 I've gotten some phone numbers from other
9 operators that he has contacted and tried to sell the
10 wellbores to, and they've given me phone numbers, but every
11 time I check they've been disconnected.

12 Q. And do we have a physical address for Mr.
13 Roberson?

14 A. We have a physical address. I sent a certified
15 letter to him, and I believe it was returned, you know, not
16 picked up. But I also sent a standard letter to the same
17 address, and that has not been returned.

18 Q. As far as you know, that is his correct address?

19 A. Right, correct.

20 EXAMINER CATANACH: Okay. Did we attempt, Mr.
21 Brooks, to notify him of this hearing?

22 MR. BROOKS: Yes, Mr. Examiner, and in fact we
23 did receive a return receipt purportedly signed by Mr.
24 Roberson himself, and it is in the case file. We'll ask
25 that you take administrative notice.

1 EXAMINER CATANACH: I will do that.

2 So it appears that we did get at least notice to
3 Mr. Roberson.

4 Q. (By Examiner Catanach) You don't anticipate him
5 cooperating with us, Mr. Williams, at this point, do you?

6 A. No, I don't think so.

7 EXAMINER CATANACH: Okay.

8 MR. BROOKS: One follow-up question, Mr.
9 Examiner?

10 EXAMINER CATANACH: Go ahead.

11 FURTHER EXAMINATION

12 BY MR. BROOKS:

13 Q. Mr. Williams, the address that you have for Jimmy
14 Roberson, what was that address? Do you have that
15 information available immediately to you?

16 A. I think so, hang on. I think it's Benton,
17 Louisiana. That much I do know.

18 P.O. Box 729, Benton, Louisiana, 71006.

19 MR. BROOKS: Thank you. Mr. Examiner, that was
20 one of the three addresses to which the notice was sent.
21 It was also sent to two addresses in Texarkana, and I do
22 not remember which one the return receipt came from. The
23 letter was returned from two of the addresses, and we got a
24 return receipt from one.

25 EXAMINER CATANACH: Okay. All right.

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MR. BROOKS: Nothing further, Mr. Examiner.

EXAMINER CATANACH: Okay, there being further in this case, Case 12,981 will be taken under advisement.

(Thereupon, these proceedings were concluded at 12:40 p.m.)

* * *

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 12981, heard by me on February 9 1983.

David P. Catnach, 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