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December 30, 2003
(Our File No. 02-31700)

J.E. GALLEGOS **

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VIA HAND-DELIVERY

Lori Wrotenbery, Director
New Mexico Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, New Mexico 87505

Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Re: NMOCD Case 13215. In the Matter of the Petition of the
Valles Caldera Trust Concerning the Applications of
GeoProducts of New Mexico, Inc. For Permits to Reenter
Geothermal Wells, Sandoval County, New Mexico

Dear Ms. Wrotenbery:

On behalf of the Valles Caldera Trust please find enclosed for filing the Petition,
in triplicate, concerning the referenced matter. We request that this matter be set for
hearing at the February 5, 2004 Examiner docket.


Also enclosed is the proposed advertisement of this case for the NMOCD docket
schedule.

Thank you for your cooperation in the handling of this matter.

Sincerely,

GALLEGOS LAW FIRM, P.C.

By


J.E. GALLEGOS

JEG:rjr

cc: Jack McCarthy
Gary Ziehe
James B. Snow
Bill de Buys

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

**IN THE MATTER OF THE PETITION
OF THE VALLES CALDERA TRUST
CONCERNING THE APPLICATIONS OF
GEOPRODUCTS OF NEW MEXICO, INC
FOR PERMITS TO REENTER GEOTHERMAL
WELLS, SANDOVAL COUNTY, NEW
MEXICO**

CASE NO. 13215
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Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

PETITION

VALLES CALDERA TRUST by its undersigned attorneys and in accordance with the Division's Geothermal Rules and Regulations, Rule G-703, and with NMSA Section 71-5-17, seeks a public hearing on the issues raised herein and thereupon the issuance of an Order denying the Applications for Permits to reenter and complete certain plugged and abandoned geothermal wells. In support of this Petition it is stated as follows:

1. By virtue of the enactment by the United States Congress of the Valles Caldera Preservation Act (the "Act") the Baca Ranch in Sandoval and Rio Arriba Counties, New Mexico was purchased and is owned by the United States. The acquisition included all of the surface and 87.5 per cent of all minerals rights. Under that Act the property is administered by the Valles Caldera Trust, the petitioner herein. The Board of the Trust, with the assistance and participation of the United States Forest Service, is charged with and committed to the responsibility of sound and sustainable stewardship of the Preserves' surface beauty and its cultural, environmental and natural resources and with generally furthering the purposes of the Act.

2. In 1971 the then owners of the Baca Ranch, Dunigan Enterprises, et al., entered into a lease with Union Oil Company of California ("Union") for the purpose of exploring the geothermal resources of the some 98,000 acre property. Union drilled approximately 31 wells of which only four or five were considered commercial. In the early 1980's Union terminated its efforts and plugged and abandoned all wells. The Dunigan et al – Union lease specified that after termination of the lease Union had twelve months to remove any casing, equipment and property of every kind which it had placed on the premises. By law any such property not removed, becomes and is the property of the surface owner, in this case the United States.

3. On or about December 12, 2003 GeoProducts of New Mexico, Inc. submitted to the Division two form G-101 Applications For Permit in which it seeks authorization to reenter, complete and production test two of the Union abandoned geothermal wells known as the Baca 13 and the Baca 15. Copies of the applications are attached and incorporated by reference as Exhibits A and B.

4. The Applications in question are defective on their face for the reasons, *inter alia*, that:

- A. There is no specification of the dedicated acreage for the wells. Rule G-104 specifies well spacing depending upon whether the well is exploratory or developmental. Rule G-202 mandates that the application specify the acreage dedicated to the well and Rule G-201 that the application be "completely filled in."
- B. The application fails to specify the ownership interests underlying the wells and avoids answering the Form G-202 question as to whether

the interests of all owners have been consolidated by agreement, unitization, force pooling or otherwise (they have not).

C. The well location in each case is not certified by a registered professional engineer or land surveyors as required by Rule G-202 and Form G-202

5. Whether the spacing unit for the Baca 13 and the Baca 15 is 40 acres or 10 acres, GeoProducts of New Mexico Inc. has failed to comply with the requirements of law, in particular NMSA Section 71-5-13 A., in that it has neither obtained voluntary agreement of the mineral owner, the United States, nor an order of the Division pooling the unleased interests of the United States in such spacing units.

6. The Baca 13 and Baca 15 well bores are the exclusive property of the United States and GeoProducts has no lawful right to reenter, use or conduct any activity regarding that property.

7. The petitioner has expressly informed GeoProducts of its refusal to enter into any pooling or communitization agreement and that the Trust is the administrator for the United States of the wellbores in question and that GeoProducts is without any rights whatsoever to use, operate or take any action regarding such property.

8. Rule G-119 provides that "After the completion of a geothermal resources well, all production from said well **shall be put to beneficial use.**" Emphasis added. There exists no electric power generating facility on the Valles Caldera Preserve which would enable the geothermal resource, if any, from the Baca 13 and Baca 15 to be put to use. On information and belief Petitioners state that GeoProducts of New Mexico has no water rights or water source available which is essential in order for the geothermal

resource, if any, from the said wells to be put to use. Even if there were an electric generating plant and if the applicant possessed water to be circulated and heated, there are no electric transmission lines in existence, and none will be allowed, which could serve to transmit power from the geothermal source to a point of consumption. Accordingly, completion of the wells cannot be put to beneficial use. The proposed action of the applicant, if permitted, would therefore cause prohibited waste. NMSA Section 71-5-4.


9. Rule G-6 provides that "all persons conducting geothermal operations on United States Government land shall comply with the United States government regulations." The applicant has taken no action in order to seek from the United States Forest Service or the Valles Caldera Trust a special use permit or any other lawful arrangement for occupancy of the surface owned by the federal government.


10. The Applications for Permits to reenter and complete the specified wells are defective, fail to meet requirements of law and of the Division Rules, and if granted and the proposed work carried out would result in waste.

11. In accordance with the Division's requirements a copy of this Petition has been sent to GeoProducts of New Mexico, Inc. notifying it of this case and of the request herein for a hearing of this matter before the Division.

WHEREFORE the Valles Caldera Trust as Petitioner requests that this matter be set for a hearing on February 5, 2004 before the Divisions duly appointed Examiner and that after notice and hearing as required by law, the Division enter its order denying the Applications and granting such other relief as may be appropriate.

Respectfully Submitted:


JOHN F. MCCARTHY
WHITE, KOCH, KELLY
& MCCARTHY, P.A.
433 Paseo de Peralta
Santa Fe, NM 87501


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Attorneys for Petitioner
Valles Caldera Trust

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APPLICATION FOR PERMIT TO DRILL, DEEPEN,
OR PLUG BACK--GEOTHERMAL RESOURCES WELL

3. Indicate Type of Lease
STATE ☐ FEE ☒
5.2 State Lease No.

Type of Work: Drill ☐ Deepen ☐ Plug Back ☒ Reentry ☐
Type of Well: Geothermal Producer ☒ Temp Observation ☐
Low-Temp Thermal ☐ Injection/Disposal ☐

7. Unit Agreement Name

8. Farm or Lease Name

Baca Ranch

Name of Operator: GeoProducts of New Mexico, Inc.

9. Well No.

Baca - 13

Address of Operator: P.O. Box 2386, Rowlett, TX 75030-2386

10. Field and Pool, or Wildcat

Redondo Creek Field

Location of Well: UNIT LETTER B LOCATED 865 FEET FROM THE N LINE

1565 FEET FROM THE E LINE OF SEC. 12 TWP. 19N RGE. 3E NMPM

12. County

Sandoval

19. Proposed Depth <u>8200' PBTD</u>	19A. Formation <u>Bandelier</u>	20. Rotary or C.T. <u>R</u>
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Elevations (Show whether D.F., R.T., etc.) <u>2922' GL</u>	21A. Kind & Status Plug. Bond	21B. Drilling Contractor <u>To be decided</u>	22. Approx. Date Work will start <u>To be decided</u>
---	-------------------------------	--	--

PROPOSED CASING AND CEMENT PROGRAM
Key Energy Services, Inc.

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
36" & 26"	30" & 24"	98" & 94"	12' & 211'	7 yds & 694 cf	Surface
17-1/2"	13-3/8"	68#	1469'	2144 cf	Surface
12-1/4" & 13-3/8"	9-5/8"	36"	3499' & 1270'	1300 cf & 750 cf	1270' & Surface
8-3/4"	7"	26#	8200'	None	-

This well was abandoned by Union Geothermal Company 6/23/84. The proposed program includes reentry, completion, and production testing in the same zones in which Union attempted original completion. The proposed program is as follows:

- Remove dry hole marker, clean out old cellar and install wellhead and master gate valve.
- Move in and rig up rotary drilling rig with related equipment including Shafer blowout preventer with high temperature rams. Supply and use a sealed rotating head, steel mud pits and water tank.
- Drill cement plugs and rubber plugs. Circulate and clean up hole from surface to PBTD of 8200'.
- Flow test until stabilized, recording BHP.

BOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen or plug back, give data on present productive zone and proposed new productive. 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.

R. L. Basen Title President Date 12/12/03

(This space for State Use)

EXHIBIT

A

All distances must be from the outer boundaries of the Section.

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

	<p>CERTIFICATION</p> <p>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.</p> <p><i>J. F. Bowen</i> Name <i>President</i> Position <i>Co-Products of New Mexico</i> Company <i>12/12/03</i> Date</p>
	<p>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.</p> <p>Date Surveyed _____</p> <p>Registered Professional Engineer and/or Land Surveyor _____</p> <p>Certificate No. _____</p>

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S.M.

D.S.

State

Office

APPLICATION FOR PERMIT TO DRILL, DEEPEN,
OR PLUG BACK--GEOTHERMAL RESOURCES WELL

1. Indicate Type of Lease
STATE ☐ FEE ☒
2. State Lease No.

Type of Work: Drill ☐ Deepen ☐ Plug Back ☒ Reentry ☐
Type of Well: Geothermal Producer ☒ Temp Observation ☐
Low-Temp Thermal ☐ Injection/Disposal ☐

7. Unit Agreement Name
8. Farm or Lease Name
Baca Ranch

Name of Operator: GeoProducts of New Mexico, Inc.
Address of Operator: P.O. Box 2386, Rowlett, TX 75030-2386
Location of Well: UNIT LETTER H LOCATED 2035 FEET FROM THE N LINE
85 FEET FROM THE E LINE OF SEC. 11 TWP. 19N RGE. 3E NMPM

9. Well No.
Baca - 15
10. Field and Pool, or Willdust
Redondo Creek Field
12. County
Sandoval

19. Proposed Depth: 5511'
19A. Formation: Bandelier
20. Rotary or C.T.: R
Elevations (Show whether DF, RT, etc.): 117' GL
21A. Kind & Status Plug, Bond
21B. Drilling Contractor: To be decided
22. Approx. Date Work will start: To be decided

PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
24"	20"		210'		
	13-3/8"		1273'		
	9-5/8"		1173' - 2509' (liner)		
	9-5/8"		Surface-1173' (tie back)		
	7"		2371'-5503' (combined blank & slot liner)		

This well was abandoned by Union Geothermal Company 6/24/84. The proposed program includes reentry, completion, and production testing in the same zones in which Union attempted original completion. The proposed program is as follows:

- Remove dry hole marker, clean out old cellar and install wellhead and master gate valve.
- Move in and rig up rotary drilling rig with related equipment including Shafer blowout preventer with high temperature rams. Supply and use a sealed rotating head, steel mud pits and water tank.
- Drill cement plugs and rubber plugs. Circulate and clean up hole from surface to TD 5511'.
- Flow test until stabilized, recording BHP.

BOVE 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.

By R. L. Baker Title President Date 12/12/03

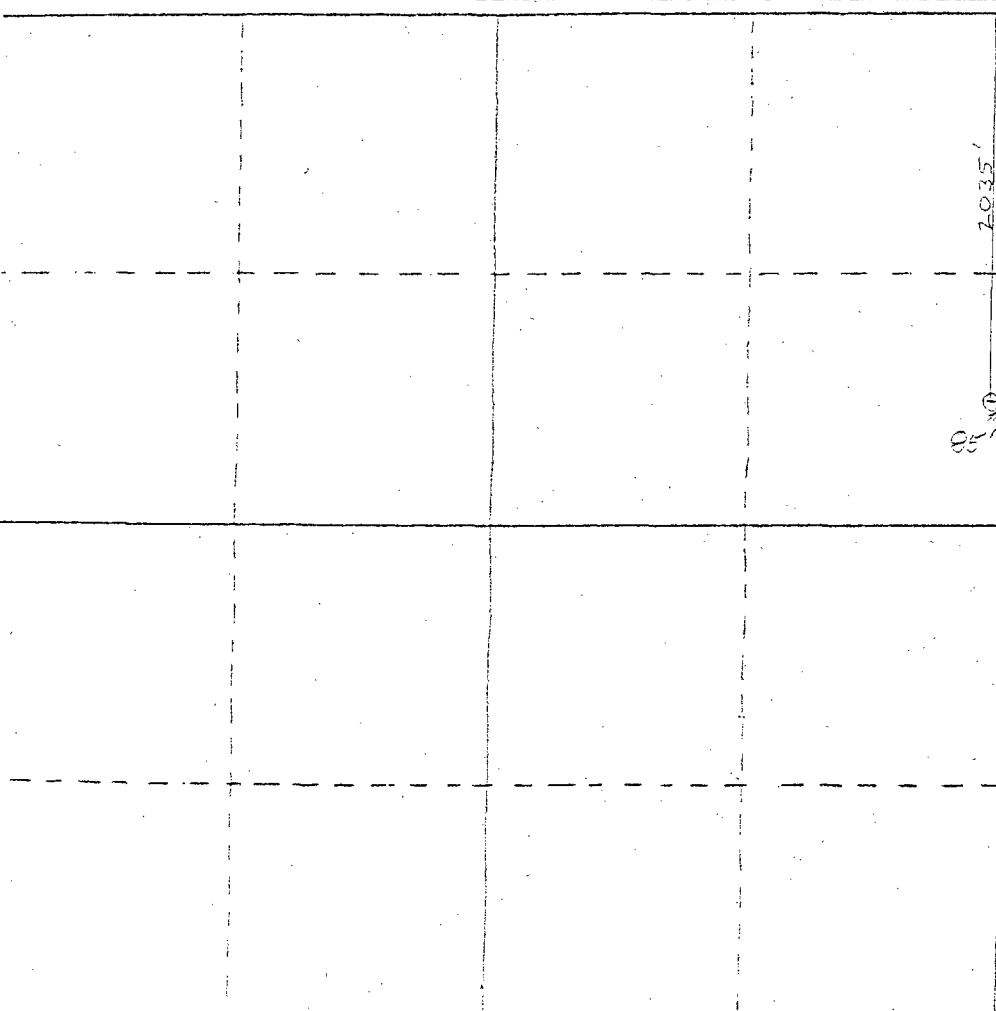
(This space for State Use)

EXHIBIT

B

All distances must be from the outer boundary of the Section.

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.

	2035' 85'	CERTIFICATION	
		I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.	
		Name	<i>J. F. Bowen</i>
		Position	<i>President</i>
		Company	<i>Products of New Mexico</i>
		Date	<i>12/12/03</i>
		I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.	
		Date Surveyed	
		Registered Professional Engineer and/or Land Surveyor	
		Certificate No.	

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Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87505

Case 13215 petition of Valles Caldera Trust to deny applications of GeoProdcuts of New Mexico Inc. for permit's to reenter abandoned geothermal wells in Sandoval County, New Mexico. GeoProducts of New Mexico Inc. has filed applications for permits to reenter, complete and produce plugged and abandoned geothermal wells, Baca 13 and Baca 15, in the Valles Caldera Preserve, in Sections 11 and 12 of Township 19 North, Range 3 East, NMPM, Sandoval County, New Mexico and the Petitioner seeks an order of the Division denying such permits.