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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
16 February 1983

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to permit Jack F. Grimm, et al, to appear and show cause why the Mobil-32 Well No. 1, located in Dona Ana County, should not be plugged and abandoned in accordance with a Division approved plugging program.

CASE  
7747

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

LESLIE A. CLEMENTS

Direct Examination by Mr. Pearce	3
Cross Examination by Mr. Stamets	10

E X H I B I T S

Division Exhibit One, Schematic	5
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2 MR. STAMETS: We will call next Case  
3 7747, in the matter of the hearing called by the Oil Conserva-  
4 tion Division on its own motion to permit Jack F. Grimm, N.  
5 B. Hunt, George R. Brown, and AM-Artic, Limited, Travelers  
6 Indemnity Company, and all other interested parties to appear  
7 and show cause why the Mobil-32 Well No. 1, located in Section  
8 32, 25 South, 1 East, Dona Ana County, should not be plugged  
9 and abandoned in accordance with a Division-approved plugging  
10 program.

11 MR. PEARCE: May it please the Examiner,  
12 I am W. Perry Pearce, appearing in this matter on behalf of  
13 New Mexico Oil Conservation Division.

14 I have one witness and I would ask that  
15 the record reflect that that witness has been previously sworn  
16 and qualified.

17 MR. STAMETS: The record will so show.

18  
19 LESLIE A. CLEMENTS

20 being called as a witness and being previously sworn upon his  
21 oath, testified as follows, to-wit:

22  
23 DIRECT EXAMINATION

24 BY MR. PEARCE:

25 Q. Mr. Clements.

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A. Yes.

Q. Are you familiar with the subject matter of Case 7747?

A. Yes, sir, I am.

Q. What is the purpose, briefly, of this case, sir?

A. It is to allow Jack F. Grimm, N. B. Hunt, George R. Brown, and AM-Artic, Limited, and the Traverlers Indemnity Company, and all other interested parties to appear and show cause at this show cause hearing and state why this well should not be plugged and abandoned.

Q. And in preparation for this case have you reviewed all reports filed with the Commission concerning this well?

A. Yes, sir, I have.

Q. And have you brought copies of those records with you?

A. Yes, sir, I have.

Q. I would ask you to please refer to those records and summarize for the Examiner and those in attendance the history of this well.

A. Okay. A C-101 -- Mr. Pearce, I'd like to introduce this as a --

Q. Yes, sir, let's pass that around and let it

1  
2 be a help to the Examiner.

3 A. Okay.

4 Q. Mr. Clements, for the record would you please  
5 advise the Examiner on the nature of the exhibit we have just --

6 A. Okay. Mr. Examiner, this is a diagrammatic  
7 sketch of the actual wellbore and the conditions downhole as  
8 our records reflect.

9 Whether this be true or not, is to the best  
10 of our records we can come up with.

11 Q. And this well history summary sheet was pre-  
12 pared by a member of your staff under your direction --

13 A. Yes, sir.

14 Q. -- and supervision? All right. Using this  
15 exhibit would you please summarize the condition of this well?

16 A. Okay. A C-101 was approved by the OCD on  
17 September the 21st, 1972 to drill this well.

18 On November the 8th, 1972, Mr. Gressett, who  
19 was then the supervisor of the Artesia Office, wrote to Grimm  
20 asking for a 103 on the reported spud date.

21 A C-103 was filed on December the 22nd, 1972,  
22 indicating a spud date of October the 2nd, 1972.

23 Also, this C-103 gave some information on  
24 the 20-inch surface casing and the 13-3/8ths intermediate  
25 casing and indicated a TD of 11,400 feet on December the 22nd,

1  
2 1972.

3 A letter from Mr. Gressett to Mr. Grimm,  
4 again asking for more information on casing; then a C-103  
5 dated January the 9th, 1973, and approved on January the 12th,  
6 1973, on the surface casing, intermediate, and long string,  
7 or intermediate casing was set at 10,861 feet.

8 A revised C-101 was filed on February the  
9 19th, 1973, and approved on March the 2nd, 1973, to amend TD  
10 of well to a depth of 20,000 feet.

11 Another C-101 was filed on April 4th, 1973,  
12 and approved on April 23rd, 1973, to amend depth to 24,000  
13 feet.

14 A C-103 was filed on August 3rd, 1973, and  
15 approved for a six month period on August the 3rd, 1973,  
16 showing a TD of 20,767 feet, where a 100 sack cement plug was  
17 set from 11,000 feet back to 10,700 feet. This would go in  
18 and out of the shoe of this 9-5/8ths inch casing.

19 Mr. Grimm filed an affidavit swearing that  
20 these were -- that there were no liquid hydrocarbons or salt  
21 water from 10,849 feet to TD of well on August the 1st, 1973,  
22 and received on August the 3rd, 1973.

23 The next communication was a letter from Mr.  
24 Gressett, dated February the 18th, 1975, requesting all re-  
25 ports necessary to bring records up to date. A cement log

1  
2 file, logs, and a summary of all tests were requested.

3 A C-103 was received on May the 28th, 1976,  
4 stating the well was TA'd because a rig had reached it's max-  
5 imum depth and that they were waiting on a large rig. This  
6 was approved on January the 8th, 1976, and was to expire on  
7 October the 1st, 1976.

8 Next was a letter from Mr. Gressett dated  
9 October the 19th, 1979, asking for a C-103 and logs.

10 No other forms have been received since this  
11 date, although there are numerous memos and letters that's  
12 gone back and forth where we're requesting more information  
13 and -- and this sort of thing.

14 Q Will you summarize for the Examiner and those  
15 in attendance the general nature of the communications re-  
16 flected in your file on this matter?

17 A Yes, sir. These communications are commun-  
18 ications from Mr. Gressett, who was the supervisor, where he  
19 writes many times asking for this additional information, and  
20 for setting this well for a show cause hearing why it should  
21 not be plugged and abandoned in accordance with a Division-  
22 approved plugging procedure.

23 Q To your knowledge what is the last communi-  
24 cation with the operator relative to this well, either written  
25 or oral?

1  
2 A. We had a letter from -- from the operator,  
3 sir?

4 Q. From whoever.

5 A. From Mr. Grimm?

6 Q. Yes, sir.

7 A. We had a letter here dated May the 2nd, 1980,  
8 from George R. Brown.

9 Q. Okay.

10 A. Where he said in regard to your recent request  
11 for copies of electric logs on the subject well, please be  
12 advised that we do not have reproducible copies of these logs  
13 in our office, and goes on to state Mr. Grimm had sent copies  
14 of the logs back in 1980, April the 1st, and if we had any  
15 questions to contact Grimm Oil Company, P. O. Box 35, Abilene,  
16 Texas, very truly yours, George R. Brown.

17 And the last official form we received from  
18 this company was dated May the 21st, 1976.

19 Q. In your opinion, could failure to plug this  
20 well properly or return it to production cause waste?

21 A. Yes, sir, it could possibly do it. This is  
22 we'd have 4000 foot of open hole here.

23 Q. Could you elaborate just a little bit fur-  
24 ther for the Examiner and those in attendance how waste or  
25 damage might result from failure to plug or produce this well?

1  
2 A. We have this -- this diagrammatic indicates  
3 we have casing set, intermediate casing set at 10,850 feet,  
4 and we have an open hole situation to TD of 21,759 feet.  
5 There's numerous shale sections and even a possible geothermal  
6 section in this well, that -- that we could be wasting geo-  
7 thermal energy. If there be any hydrocarbons or other things  
8 that we don't know about, they could be theived off to lost  
9 circulation zones, water percolating in zones where they  
10 shouldn't be.

11 Q. Are you prepared to recommend at this time  
12 a plugging program for this well?

13 A. No, sir, I would prefer to recommend one at  
14 the time that it's actually plugged.

15 Q. Exhibit Number One to this proceeding, did  
16 I understand to testify was prepared by a member of your staff  
17 under your direction and supervision?

18 A. Yes, sir.

19 MR. PEARCE: That's all we have at this  
20 time, Mr. Examiner. I would move the admission of Exhibit One  
21 to this proceeding.

22 MR. STAMETS: Exhibit One will be ad-  
23 mitted.

24 MR. PEARCE: I have nothing further at  
25 this time.

## CROSS EXAMINATION

BY MR. STAMETS:

Q. Mr. Clements, to your knowledge, as I understand your testimony, we've never received any type of log on this well.

A. Yes, sir, we do have some logs on it, that came in -- I'm sorry if I indicated that. They are not a complete set of logs because they claim -- they claim that they can't run a complete set.

Q. What depth do the logs --

A. They cover various --

Q. -- go to?

A. -- depths, Mr. Stamets.

Q. Do you have any logs below the depth where the 9-5/8ths is set at 10,850?

A. Yeah, we have a short one here that covers a period -- or a depth of 20,500 feet to TD, sir.

Q. So we don't really have anything then between 10,500 and 20,500?

A. No, no, sir. Well, 14,795, I believe, is the deepest previously logged.

Q. Okay. What efforts has your staff made to

1  
2 determine what is in this interval from 10,850 on down to the  
3 bottom of the hole?

4 A. We have -- we've had a communique from Mr.  
5 Richard J. Callaway, who was exploration manager of Highland  
6 Resources, dated May the 5th, 1980, or received in Artesia  
7 Office May the 5th, 1980, where he indicated some formation  
8 tops off of drilling records, and Mr. Brooks, our staff geol-  
9 ogist, has put these on this exhibit here.

10 Q. In any event, that doesn't really give us the  
11 nature of the formation, whether we're looking at a shale --

12 A. No, sir, it does not.

13 Q. -- a sandstone, lime, whether there is ex-  
14 pected to be any fluids there, or anything else.

15 A. Right, we have no way of knowing.

16 Q. We've never received a Form C-105 on this  
17 well?

18 A. No, sir.

19 Q. Mr. Clements, would it be appropriate in any  
20 order which resulted from this case to require that the oper-  
21 ator supply as much detail as they have on the nature of the  
22 formations, the wellbore?

23 A. Yes, sir, it would.

24 Q. Is that the type of information we really  
25 have to have in order to prepare a proper plugging program?

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A. Yes, sir.

MR. STAMETS: Are there other questions of this witness? He may be excused.

Does anyone have anything further in this case?

The case will be taken under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7742, heard by me on 2-16 1983.

Richard L. Stamm, Examiner  
Oil Conservation Division

SALLY BOYD, C.S.R.

Rt. 1 Box 191-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409