

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

ILLEGIBLE

SANTA FE, NEW MEXICO

Hearing Date APRIL 20, 1995 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Richard E. Pollard Maurice Trimmer Tim Miller	marathon Oil Co R.W. Bysam Yates Pet	midland, tx SF Artesia
Mike Dill	John Robert Kibbini Santa Fe	Santa Fe midland
John T. Echols Mark Wilson	Mock George Corporation	"
Danita Walker Valen Ott	SANTA FE ENERGY RESOURCES Marathon Oil Co	MIDLAND, TX " , TX
STEVEN BOHLER	" " "	" , TX
James Bruce	Frank Law Firm	SF
William P. Hall	Campbell, Hall & Snyder P.A.	S.F.
Joe Memey	América de Hess Corp.	Houston, TX
Bob West	"	"
Mark Whelan	Marathon Inc.	Midland, TX
Shane Lough	Marathon Inc.	Midland, TX

NEW MEXICO OIL CONSERVATION COMMISSION

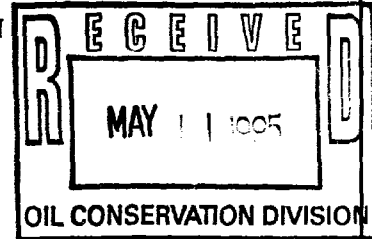
EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date APRIL 20, 1995 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Bill Hawkins	Amoco	Denver
Pamela Staley	Amoco	DENVER
Julie Jenkins	Amoco	Denver

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. 11,202

HEARING CALLED BY THE OIL)
 CONSERVATION DIVISION ON)
 ITS OWN MOTION)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

April 20th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Division on Thursday, April 20th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

STEVEN T. BRENNER, CCR
 (505) 989-9317

I N D E X

April 20th, 1995
 Examiner Hearing
 CASE NO. 11,202

PAGE

APPLICANT'S WITNESSES:

RAY SMITH (Present by telephone)
 Direct Examination by Mr. Carroll
 Examination by Examiner Stogner

4
 12

REPORTER'S CERTIFICATE

16

* * *

E X H I B I T S

	Identified	Admitted
Exhibit 1	7	12
Exhibit 2	9	12
Exhibit 3	9	12
Exhibit 4	10	12
Exhibit 5	10	12
Exhibit 6	7	12

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 State Land Office Building
 Santa Fe, New Mexico 87504

* * *

STEVEN T. BRENNER, CCR
 (505) 989-9317

1 WHEREUPON, the following proceedings were had at
2 10:28 a.m.:

3 EXAMINER STOGNER: This hearing will come to
4 order.

5 At this time I'll call Case Number 11,202, which
6 is in the matter of the hearing called by the Oil
7 Conservation Division on its own motion to permit Billy R.
8 Wilson, Robinson Brothers Drilling Company, Inc., operator,
9 the Travelers Indemnity Company, surety, and all other
10 interested parties to appear and show cause why a certain
11 well in Eddy County, New Mexico, should not be properly
12 plugged and abandoned.

13 At this time I'll call for appearances.

14 MR. CARROLL: Yes, Mr. Examiner, my name is Rand
15 Carroll, appearing on behalf of the Oil Conservation
16 Division. I have one witness to be sworn.

17 EXAMINER STOGNER: Are there any other
18 appearances in this matter?

19 There being none, Mr. Carroll, do you have a
20 witness?

21 MR. CARROLL: Yes, one to be sworn.

22 EXAMINER STOGNER: And let the record show this
23 is going to be a telephone hearing, and is your witness on
24 the other line?

25 MR. CARROLL: Yes, he is.

1 EXAMINER STOGNER: Are you there, Mr. Smith?

2 THE WITNESS: Yes, I'm here.

3 EXAMINER STOGNER: Okay, at this time I'm going
4 to have my court reporter swear you in.

5 (Thereupon, the witness was sworn.

6 EXAMINER STOGNER: Thank you, Mr. Smith.

7 At this time, Mr. Carroll, I'll let you proceed.

8 RAY SMITH (Present by telephone),
9 the witness herein, after having been first duly sworn upon
10 his oath, was examined and testified as follows:

11 DIRECT EXAMINATION

12 BY MR. CARROLL:

13 Q. Mr. Smith, will you state your name, employer and
14 position with your employer for the record, please?

15 A. My name is Ray Smith. I'm a Field Rep 2 in the
16 OCD office at Artesia, New Mexico.

17 Q. And Mr. Smith, have you reviewed the file
18 maintained by the Oil Conservation Division concerning the
19 well which is the subject matter of this case?

20 A. Yes, I have.

21 Q. And Mr. Smith, have you testified before the
22 Division before and had your qualifications accepted?

23 A. Yes, I have.

24 MR. CARROLL: Mr. Examiner, are Mr. Smith's
25 qualifications acceptable?

1 EXAMINER STOGNER: They are.

2 Q. (By Mr. Carroll) Mr. Smith, can you give us a
3 brief history of the well that is the subject matter of
4 this hearing?

5 A. Okay, the well was spud October 1, 1961, drilled
6 to a depth of 7349 feet. The operator at that time was
7 H.M. Sweeney, Box 582, Roswell, New Mexico. He then
8 plugged the well December, 1961.

9 Then the well was re-entered, 1965, by J.C.
10 Williamson of Midland, Texas, to a depth of 10,500 and then
11 plugged back to a TD of 9700 feet.

12 On July 1, 1988, we have a C-104 showing change
13 of operator to Billy R. Wilson. Now, there had been some
14 other changes prior to this, but to cut this short and get
15 down to this one, this happened July 1, 1988. He is
16 residing in New Braunfels, Texas.

17 As far as I could find, oil production was
18 canceled 3-1 of 1973 when the well was reclassified as a
19 gas well, which is in the Winchester-Wolfcamp Pool. I have
20 not been able to determine if there has even been any gas
21 production, and particularly under Billy R. Wilson. I have
22 not found that yet.

23 Then February 22 -- or back in February of 1994,
24 Mr. Wilson had contracted with Roy White, a plugging
25 operator in the New Braunfels area, to move up here and

1 plug the well, which he rigged up Baber Well Service on
2 February 22, 1994.

3 At that time, they bled the well down, removed
4 the Christmas tree, and proceeded to try to unseat the
5 packer, which would not come free.

6 3-1 of 1994, they pulled out of the hole with the
7 tubing after cutting loose from the packer, left the packer
8 in the hole and set a CIBP -- cast iron bridge plug -- over
9 the packer at 8975 feet.

10 Then on 3-2 they capped the bridge plug with
11 cement, rigged up jacks, prepared to pull out of the hole
12 and take a free point and everything on the casing.

13 They picked up on the casing and had a 40,000-
14 pound casing weight, which indicated they didn't have all
15 of the casing there.

16 They then picked on up on it, the casing parted
17 at the slips, and the remainder of the casing went
18 downhole.

19 They pulled out of the hole the next day, after
20 rigging up a spear and fishing the casing, and left 2565
21 feet of casing -- Excuse me, they picked up 2565 feet of
22 casing.

23 Then on 3-4 of 94, they worked for a couple of
24 hours with various tools, trying to re-enter the casing
25 stub. They were unsuccessful.

1 At that time, Mr. Wyant told me that this would
2 bankrupt him and he was leaving the location, which he did.

3 Q. Mr. Smith, who's Mr. Wyant?

4 A. Mr. Wyant is the plugging operator that Mr.
5 Wilson had hired to do the plugging.

6 MR. CARROLL: Mr. Smith, that brings me to the
7 question as to the -- who is liable for plugging this well.

8 We have in Exhibit Number 1, Mr. Examiner, on
9 pages 2 through 10 -- 2 through 9 -- some documents
10 provided to Mr. Smith by Mr. Wilson, where Mr. Wilson
11 claims he conveyed all his title and interest to Baber Well
12 Servicing.

13 We also have, I guess, what is marked as Exhibit
14 Number 6, a letter from the insurance company with the
15 plugging bond, to Mr. Wyant, who Mr. Wilson had contracted
16 with to plug this well, where the insurance company also
17 attaches the contract between Billy R. Wilson and Mr.
18 Wyant's company to have this well plugged.

19 Q. (By Mr. Carroll) At this time I'll ask Mr.
20 Smith, who is shown as the operator in the OCD records?

21 A. Billy R. Wilson, as far as we have, is the
22 operator, and who the bond is held with.

23 Q. And no C-104 had been filed to switch the
24 operator from Mr. Wilson to either Baber Well Servicing or
25 Mr. Wyant's company?

1 A. That's correct, no C-104.

2 Q. So although Mr. Wilson may have agreements with
3 other parties as to the plugging of this well, for the
4 OCD's purposes, we will hold Mr. Wilson liable for plugging
5 this well, and he may have actions against the other
6 parties for a breach of contract or any other type of
7 action to plug the well, or for the cost of plugging the
8 well; is that correct?

9 A. That is correct.

10 Q. Mr. Smith, what is the current condition of this
11 well?

12 A. The well is currently, as it was that day --
13 There's been no attempt to get back into the casing stub at
14 2565. The Christmas tree was bolted back in place, and
15 that is all that's been done.

16 Q. And is the current condition of the well such
17 that fresh water may be threatened or it may be a threat to
18 the environment?

19 A. It is, and also correlative rights for the area.

20 Q. Mr. Smith, is there a bond covering this well?

21 A. Yes, sir.

22 Q. And in what amount?

23 A. \$7500.

24 Q. And the principal on the bond is Billy R. Wilson?

25 A. Yes, sir.

1 MR. CARROLL: Mr. Examiner, I'll refer you to
2 Exhibit Number 3, which was taken from the OCD files,
3 showing that the -- there is a \$7500 bond covering this
4 well in the name of Billy R. Wilson, issued by the
5 Travelers Indemnity Company.

6 And Mr. Examiner, at this time I will also refer
7 you to Exhibit Number 2, which is more information
8 furnished by Mr. Wilson as to his attempt or his conveyance
9 of the property in question to Baber Well Servicing.

10 Q. (By Mr. Carroll) Mr. Smith, have you prepared a
11 plugging procedure for this well or recommended way of
12 plugging it?

13 A. Yes, I have, dated April 19th, 1995, stating that
14 we recommend this well be plugged to protect correlative
15 rights and fresh waters in the environment, along with the
16 plugging procedure.

17 Would you like me to read down through the
18 plugging procedure?

19 MR. CARROLL: Mr. Examiner, do you want Mr. Smith
20 to briefly go through the plugging procedure?

21 EXAMINER STOGNER: At least as far as the deeper
22 portion. Do you plan to re-enter the casing sub, or how is
23 that going to be handled, Mr. Smith?

24 THE WITNESS: That is correct, Mr. Examiner. We
25 plan to move in reverse equipment, mill off the top of that

1 stub, get back in the hole, and circulate the hole clean.

2 We propose to perforate the Bone Spring at 4035
3 feet and also the Delaware at 3085 feet, and then we will
4 run in-hole to case and shoe the 8 5/8 with an 8 5/8 packer
5 in an attempt to squeeze these zones and isolate them.

6 Q. (By Mr. Carroll) Now, Mr. Smith, do you have any
7 estimate of the cost that it might take to plug this well?

8 A. Oh, I could conceivably see we could go \$30,000
9 on it, depending on the amount of days we're asking to
10 mill.

11 Q. And if everything went perfect and there was no
12 problems encountered, what do you estimate to be the cost?

13 A. We could possibly, with a little luck, get out
14 for \$10,000.

15 MR. CARROLL: Mr. Examiner, Mr. Smith's
16 recommended plugging procedure is marked as OCD Exhibit
17 Number 4.

18 And if I can refer to Exhibit Number 5, which is
19 the notice sent out on March 17th to the surety, Travelers
20 Indemnity Company, and to Billy R. Wilson and to Mr. Guy
21 Baber, because we received notice from Mr. Wilson that Guy
22 Baber may have an interest or own this well at this time,
23 even though a C-104 had not been filed in Mr. Baber's name
24 or Baber Well Servicing.

25 I will let the Examiner know that Mr. Baber then

1 called me once he received notice of this hearing and said
2 he did not want any ownership of this well and asked if he
3 should appear at this hearing. Apparently Mr. Wilson had
4 filed these documents with the County Clerk, without Mr.
5 Wilson's -- or Mr. Baber's approval or concurrence.

6 So what we have is an attempt by Mr. Wilson to
7 convey the well and the accompanying liability to Mr.
8 Baber. And as I said earlier, there is a question as to
9 actual ownership of the property.

10 But for the OCD purposes, the C-104 is still in
11 Mr. Wilson's name, and the bond is still in Mr. Wilson's
12 name, and we're going to attempt to hold him liable.

13 EXAMINER STOGNER: Was that a question, Mr.
14 Carroll or --

15 MR. CARROLL: No, that was actual testimony, I
16 think.

17 EXAMINER STOGNER: Editorial, okay.

18 MR. CARROLL: Editorial. Mr. Examiner, I've
19 already referred to what is marked as Exhibit Number 6, and
20 that is correspondence from the insurance company holding
21 the bond to Mr. Wyant, who Mr. Wilson had contracted with
22 the plug the well.

23 I included this as an exhibit just to show
24 another cloud, I guess, on the title to the property and to
25 the liability.

1 But as I mentioned earlier, the OCD takes the
2 position, and we recommend to the Examiner, that side
3 agreements between -- or other agreements between Mr.
4 Wilson and other parties as to the plugging of the well is
5 not the OCD's concern.

6 Q. (By Mr. Carroll) Mr. Wilson -- Or Mr. Smith --

7 A. Yes.

8 Q. -- is the well file that's marked as Exhibit
9 Number 1 here maintained by the OCD in its ordinary course
10 of business?

11 A. Yes, it is.

12 Q. And it's your recommendation that this well be
13 plugged to protect fresh water and the environment and to
14 prevent waste and protect correlative rights?

15 A. That is correct.

16 MR. CARROLL: With that, I'll move that exhibits
17 marked OCD Exhibits Numbers 1 through 6 be admitted into
18 the record.

19 And that's all I have of this witness, Mr.
20 Examiner.

21 EXAMINER STOGNER: Thank you, Mr. Carroll.

22 EXAMINATION

23 BY EXAMINER STOGNER:

24 Q. Mr. Smith, in referring to -- there again, the
25 casing, the 5-1/2-inch casing, it was parted at 2565; is

1 that correct?

2 A. That is correct.

3 Q. And I have top of cement -- and this was off of a
4 schematic drawing -- for the 5 1/2, at 8525; is that what
5 you show?

6 Or perhaps you can enlighten me what the top of
7 cement for the 5-1/2-inch casing is.

8 A. I believe that is correct.

9 Q. Once you stab back into it or spear back into
10 it, will there be an attempt made to recover more of that
11 5-1/2-inch casing, or is it the Division's plan to just
12 perforate and squeeze back in those two particular zones?

13 A. Our concern right now is to shut off these two
14 particular zones, and we will not attempt to pull any more
15 pipe.

16 Q. In looking at the original bond and the well
17 record that the operator was Billy R. Wilson, slash -- or
18 dash -- Robinson Brothers Drilling, Inc., what's the status
19 of Robinson Brothers Drilling, Inc., in this episode?

20 A. The best I can tell, Mr. Examiner, that after the
21 well was taken over from Mr. Sweeney by Robinson Brothers
22 Drilling Company, and then conveyed on to Billy R. Wilson.
23 I really don't know why this Robinson Brothers Drilling
24 Company are still in the name of the well.

25 Q. Have they been contacted?

1 A. Not to my knowledge.

2 Q. Are they still in existence?

3 A. I believe they're in existence.

4 Q. Okay. Now, I show a Woodward, Oklahoma, address
5 on the C-104, dated July 12th, 1988. Do you know if that
6 is still their correct headquarters or address?

7 A. I'm not too sure on that, because I have not
8 contacted Robinson Brothers Drilling Company. I'm working
9 primarily on the Billy R. Wilson.

10 Q. Okay. Was there any indications of leaks or --
11 on the surface, Mr. Smith?

12 A. Doesn't show to be any leaks. We have a little
13 gas show where the well opened to the atmosphere.

14 Q. Now, it's not open to the atmosphere at present,
15 is it?

16 A. That is correct.

17 EXAMINER STOGNER: Okay. I don't have any other
18 questions of this witness, Mr. Carroll. Do you?

19 MR. CARROLL: No, that's all I have, Mr.

20 Examiner.

21 EXAMINER STOGNER: Okay. Does anybody else have
22 anything further in Case 11,202?

23 Perhaps before an order is issued, Mr. Carroll,
24 perhaps you and Mr. Smith might consider contacting
25 Robinson Brothers --

1 MR. CARROLL: Okay.

2 EXAMINER STOGNER: -- since they will be named as
3 part of the operator, as I understand it, in the order
4 issued.

5 If there's nothing further, then this case will
6 be taken under advisement.

7 Oh, one other question, Mr. Smith. What color
8 tie do you have on?

9 THE WITNESS: I don't wear those things.

10 EXAMINER STOGNER: All of my witnesses have ties.
11 Just keep that in consideration, Mr. Smith, before you're
12 here before --

13 THE WITNESS: All right, I'll remember that.

14 EXAMINER STOGNER: Thank you, sir. See you
15 later, Mr. -- Ray.

16 THE WITNESS: All right, thank you.

17 EXAMINER STOGNER: Case Number 11,202 will be
18 taken under advisement.

19 (Thereupon, these proceedings were concluded at
20 10:45 a.m.)

21 * * *

22 I do hereby certify that the foregoing is
23 a complete record of the proceedings in
24 the Examiners hearing of Case No. 11202,
25 heard by me on 20 April 1985.


Oil Conservation Division, Examiner

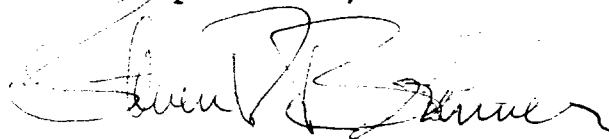
CERTIFICATE OF REPORTER

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 April 30th, 1995.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998