

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. 11,379
)	
HEARING CALLED BY THE OIL)	
CONSERVATION DIVISION UPON)	
ITS OWN MOTION)	
)	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

ORIGINAL

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

September 8th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Friday, September 8th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, 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

September 8th, 1995
 Examiner Hearing
 CASE NO. 11,379

PAGE

DIVISION WITNESS:

JOHNNY ROBINSON (Present by telephone)
 Direct Examination by Mr. Carroll
 Examination by Examiner Stogner

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REPORTER'S CERTIFICATE

14

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibits 1A-1G	5	9
Exhibit 2	7	9
Exhibit 3	8	9
Exhibit 4	8	9

* * *

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
 2040 South Pacheco
 Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 8:55 a.m.:

3 EXAMINER STOGNER: Hearing will come to order.

4 I'll at this time call Case Number 11,379, which
5 is in the matter of the hearing called by the Oil
6 Conservation Division on its own motion to permit Lobo
7 Production, as operator, Fidelity and Deposit Company of
8 Maryland, as surety, and all other interested parties to
9 appear and show cause why six certain wells in Sandoval and
10 San Juan Counties, New Mexico, should not be plugged and
11 abandoned accordingly.

12 At this time I'll call for appearances.

13 MR. CARROLL: Rand Carroll on behalf of the Oil
14 Conservation Division. I have one witness to be sworn.

15 EXAMINER STOGNER: Are there any other
16 appearances in this matter?

17 Mr. Carroll, do you have your witness here today?

18 MR. CARROLL: No, Mr. Examiner, we have Mr.
19 Johnny Robinson, of the OCD Aztec office, on a conference
20 call.

21 EXAMINER STOGNER: Okay. And you have him on the
22 line at this time?

23 MR. CARROLL: Yes, I do.

24 EXAMINER STOGNER: At this time I'll ask that the
25 witness be sworn in.

1 (Thereupon, the witness was sworn.)

2 EXAMINER STOGNER: With that, Mr. Carroll, I'll
3 turn it over to you.

4 JOHNNY ROBINSON (Present by telephone),
5 the witness herein, after having been first duly sworn upon
6 his oath, was examined and testified as follows:

7 DIRECT EXAMINATION

8 BY MR. CARROLL:

9 Q. Mr. Robinson, will you please state your name,
10 the name of your employer and your position with that
11 employer for the record, please?

12 A. My name is Johnny Robinson. I work for the Aztec
13 Oil Conservation, and I'm a Field Rep 2.

14 Q. And that's the Aztec Office of the New Mexico Oil
15 Conservation Division?

16 A. Right.

17 Q. And do your duties as a Field Rep 2 include the
18 supervising of the plugging of abandoned wells?

19 A. Yes.

20 Q. And are you familiar with the wells in question
21 in this case, 11,379?

22 A. Yes, sir.

23 Q. And the operator is Lobo Production; is that
24 correct?

25 A. Right.

1 Q. Is Lobo Production still in existence?

2 A. No, sir. Well, they have one well left, so I
3 would say that they were still in existence.

4 Q. But we have six wells being the subject of this
5 case. What do you mean, they just have one well?

6 A. They have one well that is still producing.

7 Q. Okay. If I can refer you to what has been marked
8 OCD Exhibits 1A through 1G, now that's seven wells and
9 there's only six wells in this case. Is there one well
10 that we can dispose of right at the start?

11 A. The Scarecrow Number 1 has been sold.

12 Q. And let's see, that is Exhibit 1C. So we'll
13 disregard any further discussion of Scarecrow Number 1,
14 because that well was sold to Merrion; is that correct, Mr.
15 Robinson?

16 A. Yes, sir, I believe you're right.

17 Q. And Merrion is going to produce that well?

18 A. Yes, sir, they have sent in a C-104 as an
19 operator change, and they plan to produce the well.

20 Q. Okay. Now, the other six wells that are the
21 subject of this hearing, when is the last production that
22 occurred from any of these wells?

23 A. In 1989.

24 Q. Could you go through Exhibits 1A through 1G
25 briefly and give us just a very brief history of these

1 wells?

2 A. Okay, in Exhibit 1 contains various permits,
3 sundry notices and the history of each well, showing the
4 completion and any sundry notices on noncompliance and
5 corrections.

6 The five wells were two-staged with DV tools.
7 Two of these wells were circulated, three wells weren't.
8 There's one well, the Libra Number 1, where they run two
9 strings of casing.

10 And that's about all that's in those exhibits.

11 Q. Okay, what is the current condition of these
12 wells?

13 A. The current condition is, the wells are just shut
14 in. They still have tubing and pump jacks on location, but
15 they're -- basically they're just shut in.

16 Q. Is there any threat to fresh water or the
17 environment?

18 A. Yes, sir, they're due to the second stage of the
19 two-stage cement job. The cement is open behind the pipe
20 on the long string.

21 We do have water flows on one particular well,
22 and there is fresh water in about -- all of the wells
23 except one, and it has fresh water that's fresh enough for
24 the stock to drink. And the fresh water is from anywhere
25 from five foot down to 200 foot that would be considered

1 contamination to water wells.

2 Q. Okay. So for all six of these wells that are the
3 subject of this case, there is a danger to fresh water or
4 the environment if they're allowed to remain in their
5 current condition without plugging?

6 A. Right.

7 Q. Now, Mr. Robinson, do you have a recommended
8 plugging procedure to be used by whoever plugs these wells?

9 A. Yes, sir --

10 Q. And does that set --

11 A. -- it's in Exhibit 2; 1 through 29 are plugging
12 procedures that are approved through the Division for each
13 well.

14 Q. Okay. And is there anything unusual that is
15 required in the plugging of these wells?

16 A. There is one well that we'll have to do some
17 fishing on, that has a setting tool and a setting sleeve in
18 the hole. Other than that, it's basically a normal
19 plugging procedure.

20 Q. Okay. Now, of these six wells, how many have
21 bonds filed with the OCD for the plugging?

22 A. Five of the wells have bonds -- Let's see, four
23 of the wells have state bonds. The Libra Number 1 is a
24 state well, but there is no bond in place.

25 MR. CARROLL: Mr. Examiner, if I could refer you

1 to -- It's in Exhibit Number 2, the second page will show a
2 listing of which wells have state bonds, which has a
3 federal bond and which well has no bond.

4 Q. (By Mr. Carroll) And is page 2 of Exhibit Number
5 2, Mr. Robinson, a listing of these bonds?

6 A. Yes, it is.

7 Q. Mr. Robinson, if I could refer you -- we'll skip
8 Exhibit 3 for now and go to Exhibit Number 4. This just
9 sets forth copies of the bonds that are on file with the
10 OCD; is that correct?

11 A. Yes, sir.

12 Q. Is there any error regarding the location or name
13 of one of the wells?

14 A. Let me check here real quick. No, sir, they seem
15 to be correct.

16 Q. Okay. Mr. Robinson, in your opinion would an
17 order requiring the plugging of these wells be in the
18 interest of protecting fresh water and/or the environment,
19 the prevention of waste and/or the protection of
20 correlative rights?

21 A. Yes, I do.

22 MR. CARROLL: That's all I have of this witness,
23 Mr. Examiner, and I will offer what has been marked as OCD
24 Exhibit Number 3 also into the record, along with OCD
25 Exhibits Numbers 1, 2 and 4. Exhibit Number 3 is the

1 certificate of mailing and copies of the letter that was
2 sent out, plus the return receipts.

3 EXAMINER STOGNER: At this time Exhibits 1 and
4 all their subparts, Exhibits 2, 3 and 4 will be admitted
5 into evidence at this time.

6 MR. CARROLL: And that's all I have of this
7 witness, Mr. Examiner.

8 EXAMINATION

9 BY EXAMINER STOGNER:

10 Q. Mr. Robinson, has Lobo Production or any of their
11 entities been contacted about the plugging of these wells?

12 A. Yes, sir, I talked to -- Lobo has been operated
13 by -- I've got their name here. I called -- I talked to
14 Robert Finch's office and inquired on what the status of
15 the well was, three different occasions. I told him what I
16 was doing, and he said that they had some proceedings in
17 progress but really hadn't been able to do much.

18 I also talked to Thomas Dailey at the Farmington
19 Bank twice.

20 MR. CARROLL: Mr. Robinson, who is Robert Finch?

21 THE WITNESS: Robert Finch is the lawyer that has
22 -- that runs Lobo.

23 MR. CARROLL: What do you mean by "runs Lobo"?

24 THE WITNESS: He is the trustee for Lobo. The --
25 Lobo has been turned in for bankruptcy, and he takes care

1 of the lease. He's a bankruptcy trustee.

2 MR. CARROLL: So we have a return receipt here
3 signed by -- Angie Smith? Is that somebody with Mr.
4 Finch's office?

5 THE WITNESS: Yes, sir.

6 Q. (By Examiner Stogner) Where is Mr. Finch's
7 office at?

8 A. It's in Farmington.

9 Q. Okay. Now, what does Walsh Engineering and
10 Production Corporation have to do with Lobo?

11 A. Walsh was the operator at one time.

12 Q. But no more?

13 A. No, sir, they've shut everything in and no one
14 has been operating -- Walsh was operating the lease for
15 First National Bank.

16 Q. How did First National Bank get involved?

17 A. They have a lien against the -- for an interest
18 in the well.

19 Q. Okay, now you said Lobo Production -- or
20 whoever -- is operating one well in the San Juan Basin?

21 A. At this time they have one well that is still
22 being produced.

23 Q. And who is producing it? Is it still under Lobo
24 Production?

25 A. Yes, sir, it's still under Lobo.

1 Q. Okay. Now, who's doing the operations for them?
2 Finch or Walsh?

3 A. I don't believe it's Walsh. I think I've got the
4 name of the pumper that's doing that. I would say it was
5 still Robert Finch, but I'm not real sure.

6 Q. Let me get this straight. We're going to plug
7 six wells and allow them to produce one?

8 A. Right, I turned in six wells under Rule 202 and
9 203 for the TA, them being in violation of the temporary
10 abandonment rule. As long as the Magnum Number 1 was being
11 produced it didn't fall in that category.

12 Q. Is it your understanding that should the Division
13 have to plug these wells, which it sounds like that's what
14 we're doing here, that whoever Lobo Production is, whether
15 it be Finch Trust or through Finch's office or through
16 Walsh, that certain provisions will be made in trying to
17 recoup moneys?

18 A. Yes, sir.

19 Q. Okay, and there's been a proceeding started on
20 that through your offices and Mr. Rand Carroll?

21 A. I haven't seen anything as far as stating that.

22 Q. Well, that's essentially in the advertisement?

23 A. Right.

24 EXAMINER STOGNER: Okay, I have no other
25 questions, Mr. Robinson.

1 Do you have anything further for Mr. Robinson,
2 Mr. Carroll?

3 MR. CARROLL: No, I don't.

4 THE WITNESS: I have one thing.

5 EXAMINER STOGNER: Okay, Mr. Robinson, go ahead.

6 THE WITNESS: I have a letter here from Thomas
7 Dailey at the First National Bank that may clear up that
8 one producing well. They state that they no longer have
9 any operation of any of the wells. So I would say that
10 Robert Finch would still be operating that.

11 EXAMINER STOGNER: Do we have a copy of that
12 letter you just referred to?

13 THE WITNESS: Yes, sir.

14 EXAMINER STOGNER: What's the date on it?

15 THE WITNESS: May the 17th.

16 EXAMINER STOGNER: Okay, what exhibit is it in?

17 THE WITNESS: I'm not sure if it's in the exhibit
18 or not.

19 EXAMINER STOGNER: Well, do I have it in front of
20 me? Could you direct me where to find it?

21 MR. CARROLL: I don't recall seeing that letter.

22 THE WITNESS: I may have found this letter after
23 I sent it in.

24 EXAMINER STOGNER: Mr. Robinson, would you see
25 that Mr. Carroll gets a copy of this letter?

1 And Mr. Carroll, would you see that this letter
2 gets into the file on this matter?

3 MR. CARROLL: Yes, I will.

4 EXAMINER STOGNER: Mr. Robinson, is there
5 anything else?

6 THE WITNESS: I can't think of anything.

7 EXAMINER STOGNER: Okay, would you see that that
8 letter is sent today?

9 THE WITNESS: Yes, I will.

10 EXAMINER STOGNER: All right. In that case, Mr.
11 Robinson, you may be excused in this particular matter.
12 But I understand that you're going to be presenting another
13 case, so you can hang on, if you'll just kind of hold tight
14 and be quiet.

15 Mr. Carroll, do you have anything further?

16 MR. CARROLL: No, I don't, Mr. Examiner.

17 EXAMINER STOGNER: Does anybody else have
18 anything further in Case Number 11,379?

19 Then this case will be taken under advisement.

20 (Thereupon, these proceedings were concluded at
21 9:15 a.m.)

22 * * *

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 11379
heard by me on 8th September 1995

23
24 Michael E. Dor, Examiner
25 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 September 16th, 1995.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998