

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:)

HEARINGS CALLED BY THE OIL CONSERVATION)
 CONSERVATION DIVISION UPON ITS OWN)
 MOTION)

CASE NOS. 11,449
 11,450

(Consolidated)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGSEXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

January 11th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, January 11th, 1996, 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

January 11th, 1996
 Examiner Hearing
 CASE NOS. 11,449 and 11,450 (Consolidated)

	PAGE
DIVISION WITNESS:	
<u>JOHNNY ROBINSON (Present by telephone)</u>	
Direct Examination by Mr. Carroll	4
Examination by Examiner Stogner	13
REPORTER'S CERTIFICATE	16

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E X H I B I T S

Division (Case 11,450)	Identified	Admitted
Exhibit 1	-	9
Exhibit 2	8	9
Exhibit 3	8	9

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Division (Case 11,449)	Identified	Admitted
Exhibit 1	9	11
Exhibit 2	10	11
Exhibit 3	-	11

* * *

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 1:33 p.m.:

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

5 At this time I'm going to call Cases Number
6 11,459 and 11,450, which are both in the matter of the
7 hearing called by the Oil Conservation Division on its own
8 motion to permit, on one of them, Abbott Ventures,
9 operator, Ralph Abbott, owner, and Allied Fidelity
10 Insurance Company, surety, and all other interested parties
11 to appear and show cause why a certain well in San Juan
12 County, New Mexico, should not be properly plugged and
13 abandoned; and in the other matter, to permit Ralph Abbott,
14 owner, owner/operator, Aetna Casualty and Surety Company,
15 surety, and other interested parties to appear and show
16 cause why another well in San Juan County, New Mexico,
17 should not be properly plugged and abandoned.

18 At this time I'll call for appearances.

19 MR. CARROLL: Rand Carroll on behalf of the Oil
20 Conservation Division.

21 I have one witness to be sworn in.

22 EXAMINER STOGNER: Are there any other
23 appearances?

24 There being none, Mr. Carroll, you have one
25 witness; is that correct?

1 MR. CARROLL: Yes.

2 EXAMINER STOGNER: And how is he going to appear
3 in this matter? In what proceedings?

4 MR. CARROLL: He's going to appear in both
5 proceedings, and I move that the cases be consolidated.

6 EXAMINER STOGNER: Okay. Well, the Cases 11,449
7 and 11,450 will be consolidated.

8 I was asking, how is your witness going to appear
9 in this matter, for the record?

10 MR. CARROLL: Oh, he's going to appear by
11 telephone conference call from Aztec, New Mexico.

12 EXAMINER STOGNER: Okay, and is he on the line at
13 this time?

14 MR. CARROLL: Yes, he is.

15 EXAMINER STOGNER: At this time I'm going to ask
16 the court reporter to swear your witness in.

17 (Thereupon, the witness was sworn.)

18 EXAMINER STOGNER: Okay, with that, Mr. Carroll?

19 JOHNNY ROBINSON,
20 the witness herein, after having been first duly sworn upon
21 his oath, was examined and testified as follows:

22 DIRECT EXAMINATION

23 BY MR. CARROLL

24 Q. Mr. Robinson, will you please state your name,
25 your residence, and your employer the record?

1 A. Johnny Robinson. I live in Aztec, New Mexico. I
2 work for the New Mexico Oil Conservation Division. I'm a
3 Field Rep II. I've been working with the Oil Commission
4 for 11 years.

5 Q. And what are your responsibilities with the Oil
6 Division?

7 A. My responsibilities are -- in this particular
8 case is putting together the paperwork and writing letters
9 to the operators advising them of what we do, and then
10 we'll go on further to setting up plugging of the wells and
11 other things.

12 Q. And do you put forth or set forth on paper the
13 OCD-recommended plugging procedure for wells to be plugged
14 in your district?

15 A. Yes, sir, I do.

16 Q. And you also oversee or monitor the actual
17 plugging of these wells?

18 A. Right.

19 Q. Mr. Robinson, are you familiar with the two wells
20 in question in Cases 11,449 and 11,450?

21 A. Yes, I am.

22 Q. Let's start with Case Number 11,449, which is the
23 Palmer well. Could you give us a brief history of the
24 Palmer well and why it needs to be plugged at this time?

25 A. The Palmer well -- let's see, the -- What I have

1 is -- on pages 1 through 6, is the documentation showing
2 that the wells are out of compliance. And we started this
3 in 1993.

4 He did respond on page 7 with an intention to
5 test the well, and --

6 Q. Pardon me, Mr. Robinson, I have the cases mixed
7 up. The Palmer well is actually 11,450.

8 A. Right. Do you want to go ahead and do it, or --

9 Q. Whichever one you're on. Is it the Palmer well?

10 A. Yes, sir. I noticed that number was different,
11 but I didn't know which one was right. So I am on the
12 Palmer.

13 Q. Okay. If you could go forward with the history
14 of the Palmer well, please.

15 A. Okay, I left off with an intention to test the
16 well on page 7, and the well was never tested.

17 Pages 9 through 14 are various sundry notices for
18 drilling permits and the completion of the well.

19 And then I have a plugging schematic and
20 procedure on page 17 and 18.

21 There was a --

22 Q. And that's a procedure you recommend to be used
23 for plugging this well?

24 A. Right.

25 Q. Go on, Mr. Robinson.

1 A. And then there was another intention to produce
2 the well, which was never followed up on.

3 Q. When was that?

4 A. That was April the 15th of 1984, on page 26.

5 Q. Okay, and that was never followed through?

6 A. Right. On the Palmer well, there hasn't been any
7 production at all.

8 Q. Since -- Never?

9 A. Since never.

10 Q. And what's the current condition of this well?

11 A. The last time we inspected this well -- We
12 inspected this well about two weeks ago, and the production
13 equipment has been removed. I talked to Mr. Abbott, and he
14 said someone had stolen the production equipment. So all
15 we have now is just the well.

16 The well is located in a wooded area that's very
17 close to a mall. The river, the San Juan River, is
18 approximately 200 yards away from this well. And I feel
19 like if we don't have the well plugged that it could cause
20 problems in the environment and the river.

21 Q. So you believe the plugging of this well is
22 necessary at this time to protect fresh water, the public
23 health and the environment?

24 A. Due to the location of the well, I do.

25 Q. All right, Mr. Robinson, is there a bond, a

1 plugging bond, for this well?

2 A. Yes, sir, on Exhibit 3 there's a copy of the
3 bond.

4 Q. I think it's actually Exhibit 2.

5 A. Excuse me, 2, Exhibit 2.

6 Q. And this is a copy of the bond file maintained by
7 Diane Richardson in Santa Fe?

8 A. Right.

9 Q. So there's a \$5000 plugging bond issued by Aetna
10 Casualty and Surety Company for this well?

11 A. Yes, sir.

12 Q. Do you recommend that if Ralph Abbott does not
13 plug this well that we foreclose on the bond and put the
14 \$5000 in the Oil and Gas Reclamation Fund?

15 A. Yes, I do.

16 MR. CARROLL: And while we're on Case 11,450, Mr.
17 Examiner, I would refer you to Exhibit Number 3, which is
18 the return receipts of letters sent to Ralph Abbott and the
19 insurance company, with the return receipts, showing that
20 they've received these letters giving notice of the
21 hearing.

22 EXAMINER STOGNER: So noted.

23 MR. CARROLL: And with that, I move that Exhibits
24 marked OCD Exhibits 1, 2 and 3 in Case 11,450 be admitted
25 into the record.

1 EXAMINER STOGNER: At this time, Exhibits 1, 2
2 and 3 in Case Number 11,450 will be admitted into evidence
3 at this time.

4 Q. (By Mr. Carroll) Mr. Robinson, could you please
5 refer to Exhibit Number 1 in Case Number 11,449?

6 A. Okay.

7 Q. And could you give us a brief history of the N.E.
8 Hogback State NM Number 1 well?

9 A. Okay, the paperwork I have is basically the same
10 as the Palmer well.

11 Page 1 through 5 is just a history of the
12 documentation to the operator, and page 6 and 7 is a
13 plugging wellbore schematic and a recommended plugging
14 procedure for the particular well.

15 And then 7 through -- well, all the way -- all
16 the way through is just copies of sundry notices concerning
17 the well and the completion.

18 Q. When was this well drilled, and when was the last
19 date of production?

20 A. The well was a re-entry in 1985, and they re-
21 entered the well and tested the well at that time, and then
22 it was never produced after that.

23 Q. Was it produced prior to 1985?

24 A. I don't show anything. I don't have anything
25 that far back.

1 Q. Okay. Is there a bond covering this well?

2 A. No, sir, the -- It did have a bond, but the
3 bonding company is out of business and --

4 Q. And that was Allied?

5 A. Yes, sir.

6 Q. So the bond that's on this well is worthless?

7 A. Right.

8 Q. What is the current condition of this well, that
9 plugging is needed at this time?

10 A. Currently, the -- This well is in an area that
11 the fresh water is not as shallow as the other well, but
12 that it could be -- If the well hasn't been plugged, it
13 could lead to contamination of groundwater.

14 Q. So you recommend that we plug this well at this
15 time in order to protect fresh water, the public health and
16 the environment?

17 A. Yes, I do.

18 MR. CARROLL: Mr. Examiner, also in Case 11,449,
19 I would refer you to Exhibit Number 2, which is a copy of
20 the certified letter with the return receipt signed showing
21 that Abbott Ventures, Inc., care of Ralph Abbott, received
22 notice of the hearing in this case.

23 EXAMINER STOGNER: So noted.

24 MR. CARROLL: And I move that Exhibit Numbers OCD
25 Exhibits 1 and 2 in Case 11,449 be admitted into evidence.

1 EXAMINER STOGNER: At this time, Exhibits 1, 2
2 and 3 will be admitted into evidence in Case Number 11,449.

3 Q. (By Mr. Carroll) Mr. Robinson, are the well
4 files that have been marked as OCD Exhibits Number 1 in
5 each case kept by the OCD in its ordinary course of
6 business?

7 A. Yes, it is.

8 Q. Mr. Robinson, has the OCD had any contact with
9 Mr. Ralph Abbott regarding these two wells?

10 A. Yes, he -- I have talked to him a number of times
11 trying to get some kind of compliance with the two wells,
12 and I never have been able to do anything.

13 Q. It's my understanding that you had a conversation
14 with your district supervisor, Frank Chavez, and are you
15 familiar with the content of those conversations at all?

16 A. Yes, sir, I talked to him the other day about
17 that.

18 Q. It is my understanding Mr. Abbott had no problem
19 with plugging the Northeast Hogback well, but he just
20 needed some time to do it; is that correct?

21 A. That's -- We didn't talk about that, Rand. The
22 only thing I talked to him about was the -- You asked me if
23 Frank had approved an extension.

24 Q. Extension of this hearing date?

25 A. Yes, sir.

1 Q. And -- ?

2 A. And he said that he hadn't.

3 MR. CARROLL: Okay. Mr. Examiner, I will offer
4 the following information:

5 Ralph Abbott contacted both Frank Chavez, the
6 Aztec District Office Supervisor, and myself, and Mr.
7 Chavez and I have agreed to a 90-day period in order for
8 Mr. Abbott to either plug or bring these wells back into
9 production.

10 EXAMINER STOGNER: Mr. Carroll, is that in both
11 instances, or just the well in 11,449?

12 MR. CARROLL: That's in both instances.

13 The well in 11,449, the Northeast Hogback, Mr.
14 Abbott represented that he had no problem with plugging
15 that; he just needed some time to do it.

16 And the Palmer well in Case 11,450, he had some
17 problems with the current land owner in order to gain
18 access to that well in order to try to bring it back into
19 production. And if he can't, he will try to plug it. And
20 both -- And I agreed to his request for a 90-day period in
21 the order that is issued in order to allow him to do this.

22 EXAMINER STOGNER: Okay. Do you have anything
23 further, Mr. Carroll?

24 MR. CARROLL: No, Mr. Examiner, I rest.

25 EXAMINER STOGNER: Okay. Mr. Robinson, I've got

1 a question here.

2 EXAMINATION

3 BY EXAMINER STOGNER:

4 Q. On the Palmer well -- and I'm looking at the copy
5 of the -- It looks like a USGS topo map. Have you got that
6 in front of you?

7 A. Yes, sir.

8 Q. And you show the municipal airport and then the
9 east -- I'm sorry, the west side of Farmington?

10 A. Right.

11 Q. And the location of this well is shown by -- It's
12 almost in the center, and it's a little bit south and west
13 of a thing called the drive-in theater that's marked; is
14 that correct?

15 A. Yes, sir.

16 Q. Okay. What's the present status or condition of
17 this wellbore and the surface location of this well?

18 A. The well is -- There's tubing in the hole, and
19 rods. The last time I saw it, there was tubing and rods in
20 the well.

21 Q. Was there a pumpjack on the location?

22 A. When I first started there was a pumpjack, and I
23 believe there was a tank.

24 But on our last inspection Mr. Abbott called and
25 said that all of the equipment had been stolen on both

1 wells. So there's no pumpjack. All that's there is just
2 the wellhead and the tubing.

3 Q. Did he have any knowledge of who stole them?

4 A. No, he said he had turned it in to the Sheriff's
5 Department, and they haven't come up with anything.

6 Q. Okay. Is there a wellhead on this -- on the
7 surface?

8 A. Yes, sir.

9 Q. So as far as any exposed pipe or exposed casing,
10 is that sufficiently covered up where any big objects
11 wouldn't happen to fall down into the hole?

12 A. Right.

13 Q. Okay. What is the terrain around the Northeast
14 Hogback State New Mexico Number 1? What's its location?

15 A. Well, it's in an isolated area. There's not much
16 around it.

17 Q. Is it near the San Juan River, or is it away from
18 the river valley?

19 A. No, sir, it's away from the river. The Palmer is
20 the one by the river.

21 EXAMINER STOGNER: I have no further questions of
22 Mr. Robinson, Mr. Carroll. Do you have anything further of
23 this witness?

24 MR. CARROLL: Nothing further, Mr. Examiner.

25 EXAMINER STOGNER: Does anybody else have

1 anything further in either Case 11,449 or 11,450?

2 If not, Mr. Robinson, you may be excused, and
3 thank you very much.

4 THE WITNESS: Thank you.

5 MR. CARROLL: Thanks, John.

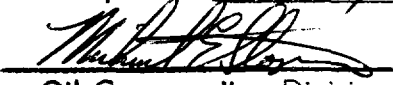
6 EXAMINER STOGNER: And with that, Cases 11,449
7 and 11,450 will be taken under advisement.

8 And with that, hearing is adjourned.

9 (Thereupon, these proceedings were concluded at
10 1:50 p.m.)

11 * * *

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20
21 I do hereby certify that the foregoing is
22 a complete record of the proceedings in
the Examiner hearing of Case Nos. 11449 and 11450
23 heard by me on 11 January 1996.

24  , Examiner
25 Oil Conservation Division

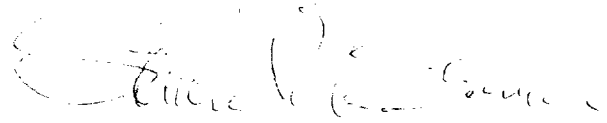
CERTIFICATE OF REPORTER

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 January 15th, 1996.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998