

1 STATE OF NEW MEXICO  
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4 STATE LAND OFFICE BLDG.  
5 SANTA FE, NEW MEXICO

6 23 September 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 The hearing called by the Oil Con-  
10 servation Division on its own motion CASES  
11 to permit Paramount Petroleum Cor- 9213  
12 poration, et al, to appear and show &  
13 cause why a certain well in San Juan 9214  
14 County, New Mexico, should not be  
15 plugged and abandoned in accordance  
16 with a Division-approved plugging  
17 program.

18 BEFORE: David R. Catanach, Examiner

19 TRANSCRIPT OF HEARING

20 A P P E A R A N C E S

21 For the Division: Jeff Taylor  
22 Attorney at Law  
23 Legal Counsel to the Division  
24 State Land Office Bldg.  
25 Santa Fe, New Mexico 87501

For the Applicant:

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MR. CATANACH: The hearing will come to order this morning for Docket Number 27-87.

I'm David Catanach, the Hearing Examiner for today.

And I will call first Case 9213.

MR. TAYLOR: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paramount Petroleum Corporation, and other interested parties to appear and show cause why the Aztec Totah Unit Well No. 7, located on a Federal tract in San Juan County should not be plugged.

This case is going to be continued until October 7th, along with the companion Case 9214.

MR. CATANACH: Okay, Case 9213 and 9214 will be continued to the October 7th Hearing Examiner docket.

(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 the foregoing Transcript of Hearing before  
the Oil Conservation Division (Commission) 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. 923 924  
heard by me on Sept 23 1907.

David R. Catamb, Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO  
2 ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4 STATE LAND OFFICE BLDG.  
5 SANTA FE, NEW MEXICO

6 7 October 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 The hearing called by the Oil Con-  
10 servation Division on its own motion  
11 to permit Paramount Petroleum Cor-  
12 poration, et al, to appear and show  
13 cause why certain wells in San Juan  
14 County, New Mexico, should not be  
15 plugged and abandoned in accordance  
16 with a Division-approved plugging  
17 program.

CASE  
9213  
9214

18 BEFORE: Michael E. Stogner, Examiner

19 TRANSCRIPT OF HEARING

20 A P P E A R A N C E S

21 For the Division:

22 Jeff Taylor  
23 Attorney at Law  
24 Legal Counsel to the Division  
25 State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

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3 MR. STOGNER: We will call next  
4 Case Number 9213.

5 MR. TAYLOR: That's in the  
6 matter of the hearing called by the Oil Conservation  
7 Division on its own motion to permit Paramount Petroleum  
8 Corporation and all other interested parties to appear and  
9 show cause why certain wells in San Juan County, should not  
10 be plugged and abandoned, and that is a companion case with  
11 9214, and we wish to continue both of those until October  
12 21st.

13 MR. STOGNER: So both Case 9213  
14 and 9214 will be continued to the Examiner Hearing scheduled  
15 for October 21st, 1987.

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(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 (Commission) 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 Nos. 9213 & 9214 heard by me on 7 October 1987.  
Michael E. Stoyars, Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO

21 October 1987

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to permit Paramount Petroleum Corporation, et al, to appear and show cause why certain wells in San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE  
9213  
&  
9214

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:

Jeff Taylor  
Attorney at Law  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For Frank Elliott:

Paul A. Cooter  
Attorney at Law  
RODEY LAW FIRM  
P. O. Box 1357  
Santa Fe, New Mexico 87504

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I N D E X

CHARLES GHOLSON

Direct Examination by Mr. Taylor	4
Cross Examination by Mr. Catanach	9
Cross Examination by Mr. Cooter	11

CASE 9213

Division Exhibit One,	
Division Exhibit Two, Map	
Division Exhibit Three, Letter	

CASE 9214

Division Exhibit One,	
Division Exhibit Two, Map	
Division Exhibit Three, Letter	

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MR. CATANACH: Call next Case 9213, which is in the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paramount Petroleum Corporation and all other interested parties to appear and show cause why the Aztec Totah Unit Well No. 7 in San Juan County, New Mexico, should not be plugged and abandoned.

Are there appearances in this case?

MR. TAYLOR: May it please the Examiner, I'm Jeff Taylor, Counsel for the Division and I have one witness to be sworn and we would request that Case 9214 be consolidated with this.

MR. CATANACH: Okay, at this time we'll call Case 9214, which is in the matter of the hearing called by the Oil Conservation Division on its own motion to permit Paramount Petroleum Corporation, National Surety Corporation, and all other interested parties to appear and show cause why the Aztec Totah Unit Well No. 16, San Juan County, New Mexico, should not be plugged and abandoned.

Are there any other appearances in this case?

Will the witness please stand

1 and be sworn in?

2

3

(Witness sworn.)

4

5

CHARLES GHOLSON,

6

being called as a witness and being duly sworn upon his

7

oath, testified as follows, to-wit:

8

9

DIRECT EXAMINATION

10 BY MR. TAYLOR:

11

Q

Would you please state your name, posi-

12

tion, and place of residence for the record?

13

A

Charles Gholson, Aztec, New Mexico.

14

Q

Mr. Gholson, how long have you held your

15

position with the OCD?

16

A

Fourteen plus years.

17

Q

Have you previously testified before the

18

Commission or its examiners and had your credentials accep-

19

ted?

20

A

I have.

21

MR. TAYLOR: Mr. Examiner, I

22

tender the witness as an expert.

23

MR. CATANACH: He is so quali-

24

fied.

25

Q

Are you familiar with the subject matter

1 in Cases 9213 and 9214?

2 A Yes, sir.

3 Q And what is the purpose of, first, 9213,  
4 Case 9213?

5 A Case 9213, the well needs to be plugged  
6 because it probably has a hole in the casing and there's  
7 fresh water in this area; it could contaminate fresh water,  
8 and also to prevent waste.

9 Q Is this well leaking or how do you know  
10 that there's apparently a hole in the casing?

11 A Production history.

12 Q The production history --

13 A Well, it's -- actually the well is an in-  
14 jector now. It did produce at one time. It's now an injec-  
15 tion well.

16 Q Mr. Gholson, have you reviewed all re-  
17 ports filed with the Commission concerning these wells?

18 A Not all reports. I have reviewed all the  
19 production history.

20 Q And you have the well files with you?

21 A I have the well files.

22 Q Well, would you please refer to the re-  
23 cords that you have and summarize the history of the well?

24 A Okay, the Aztec Totah Unit No. 16, drill-  
25 led in 1961 and completed in 1961; inadequately cemented.

1                   It had an IP of 12 barrels of oil a day.  
2 One year later production was down to 3 barrels a day. At  
3 this time in 1962 they converted it to an injection well.

4                   Q            Okay, so the well in Case 9214 has been  
5 converted to an injection well?

6                   A            Right.

7                   Q            That's the Aztec Totah No. 16?

8                   A            Correct.

9                   Q            Okay, and how about the Aztec Totah No. 7?

10                  A            The Aztec Totah No. 7 was drilled on Fed-  
11 eral land in 1961; also inadequately cemented.

12                   I can't find an initial potential. I'm  
13 sorry, the initial potential test is not in this file.

14                  Q            Okay, and so the Aztec No. 7 is on Fed-  
15 eral land.

16                  A            It is on Federal land.

17                  Q            Have you prepared a plugging program?

18                  A            I have.

19                  Q            For each of these wells?

20                  A            Yes, sir.

21                  Q            All right, and do you want to just brief-  
22 ly for the Totah No. 7 go through that plugging program for  
23 us?

24                  A            Okay. Yes, we'll just pull and check the  
25 tubing, or pull the rods and lay them down, check the tub-

1 ing. Go back in the hole with tubing and set a bottom plug  
2 from 5351 to 53 -- 5200. Add on cement a minimum of hours,  
3 tighten plugs in place and come up and come out of the hole  
4 and pressure up on the casing to insure mechanical integ-  
5 rity, and I'm pretty sure it will have a hole in the casing.

6 We will squeeze that hole and leave 100  
7 feet of cement inside the casing.

8 If it does not have a leak we'll perfor-  
9 ate at 2800 and set a 100 foot plug in and outside the cas-  
10 ing.

11 And we'll pull out of the hole to 1200  
12 feet, set a 200-foot plug there; pull out to 242 and set  
13 142-foot plug; set a top plug and dry hole marker.

14 Q Okay, for the other well would you ex-  
15 plain the plugging program?

16 A It would be exactly the same.

17 Q Okay. The wells are very similar, then.

18 A Except this -- this well won't have rods  
19 in it. It will have a packer. We'll have to release the  
20 packer and pull it.

21 Q Okay. Do you have any other exhibits to  
22 offer in these cases?

23 A I have a site plat showing the location  
24 of the wells on each well.

25 Q Okay.

1           A           And I have a -- on the No. 16 I have a  
2 letter or memorandum from Diane Richardson to our counsel  
3 stating that the -- the fee for the Division plugging bond  
4 is bogus, is no good.

5           Q           Okay, so there's no bond for these wells.

6           A           No, sir, and I have another letter to  
7 Mrs. Diane Richardson from Fireman's Fund Insurance Company  
8 stating that the Federal bond is also bogus.

9           Q           Okay, and these exhibits are numbered  
10 One, Two, and Three for each case?

11          A           Correct.

12          Q           Were Exhibits One, Two, and Three for --  
13 in Case 9213 and 9214 either prepared by you or under your  
14 supervision or are they correspondence that were received in  
15 the normal course of business of the OCD?

16          A           They were, two of them were -- One and  
17 Two were prepared by me. Number Three was normal correspon-  
18 dence.

19          Q           Okay. And as to each of these wells, the  
20 Aztex Totah No. 7 and the Aztec Totah No. 16, is it your  
21 opinion that failure to plug the well will result in waste  
22 or endanger fresh water resources?

23          A           Yes. They definitely will endanger fresh  
24 water and probably will cause waste, yes, sir.

25          Q           And do you recommend that the Division

1 undertake to plug these wells or have them plugged?

2 A I do.

3 MR. TAYLOR: I offer Exhibits  
4 One through Three be admitted into the record.

5 MR. CATANACH: Exhibits One  
6 through Three in both cases, Mr. Taylor?

7 MR. TAYLOR: Yes, sir.

8 MR. CATANACH: Exhibits One,  
9 Two, Three in Case 9213 and Exhibits One through Three in  
10 9214 will be admitted into evidence.

11 MR. TAYLOR: And that's all we  
12 have in this matter.

13

14 CROSS EXAMINATION

15 BY MR. CATANACH:

16 Q Mr. Gholson, did you try and locate  
17 Paramount Petroleum or any of their representatives?

18 A Yes, sir, we did.

19 Q And to no avail?

20 A To no avail.

21 MR. TAYLOR: I believe, Mr.  
22 Examiner, that the company is in bankruptcy right now. I've  
23 had indications through telphoen calls of that.

24 A And my boss told me that he had checked  
25 with the insurance company and they have taken Chapter 11.

1 Q These wells look like they're located  
2 pretty close to the river there, Mr. Gholson. Is that in  
3 the flood plain?

4 A One of them would be within the vulner-  
5 able area. The other, I believe, would be more than 100  
6 feet above it. The No. 16 is definitely in the vulnerable  
7 area.

8 Q You said the No. 16 might have a casing  
9 leak, is that correct?

10 A I think both of them probably do.

11 Q How do you find those out?

12 A Well, they -- from past history they're,  
13 oh, I don't remember how many years ago, when they were in-  
14 jecting into this well their pressure dropped dramatically,  
15 the injection pressure, so that would indicate something  
16 happened downhole.

17 Q So these wells were previously approved  
18 as salt water disposal wells?

19 A They were both approved as injection  
20 wells; however, they never did inject into the No. 7. They  
21 made a producer out of it.

22 MR. TAYLOR: Mr. Examiner, I  
23 might point out that I also had a phone call from the Fed-  
24 eral government on the Totah No. 7 and at least at one time  
25 it was leaking water to the surface.

1           A           And still is.

2                       MR. TAYLOR:   And they had re-  
3 requested that we take action and plug that because they  
4 didn't have a bond on it.

5           Q           Do the wells have a wellhead on them?

6           A           Yes.

7           Q           Were they leaking out the casing?

8           A           Leaking out the casing, one of them is.  
9 The other one is -- the No. 7 is leaking up the casing, run-  
10 ning off the hillside toward the San Juan River.

11                      MR. CATANACH:   That's all the  
12 questions I have of the witness.

13                               Mr. Cooter?

14                      MR. COOTER:   Mr. Examiner, I'm  
15 Paul Cooter with the Rodey law firm here in Santa Fe. I re-  
16 present Frank Elliott, who has an interest in the unit.

17

18                                       CROSS EXAMINATION

19 BY MR. COOTER:

20           Q           You touched a minute ago on the fact that  
21 an effort was made to contact Paramount.

22           A           Yes, sir.

23           Q           Was Paramount mailed notice of this hear-  
24 ing?

25           A           It was advertised.   It has been adver-

1 tised. This is the third time.

2 MR. TAYLOR: It was mailed  
3 notice. I believe it came back to us. We've got copies of  
4 it.

5 MR. COOTER: It was returned?

6 MR. TAYLOR: I believe it was.

7 Q The Aztec Totah Unit is not now a produc-  
8 ing unit, is it?

9 A No, sir.

10 Q It was terminated by action of the BLM, I  
11 believe, back in 1984?

12 A '83, I think.

13 Q '83, but there is no production on the  
14 unit.

15 A No wells are producing in the unit.

16 Q Thank you.

17 MR. COOTER: Thank you, sir.

18 MR. CATANACH: Mr. Cooter, what  
19 association does Mr. Elliott have with these wells?

20 MR. COOTER: Not with these two  
21 wells, he has none.

22 He has a well in the unit where  
23 he remains the lessee of record and the BLM has made formal  
24 demand upon him to plug that well in the absence of Para-  
25 mount doing so.

1 MR. MARTINEZ: Which well was  
2 this?

3 MR. COOTER: Frank Elliott's  
4 well.

5 MR. MARTINEZ: Is it on Federal  
6 land?

7 MR. COOTER: Yes.

8 MR. MARTINEZ: And is it either  
9 7 or 16?

10 MR. COOTER: No, neither.

11 MR. CATANACH: Would you please  
12 identify yourself, sir?

13 MR. MARTINEZ: I'm Raoul Mar-  
14 tinez. I work for the BLM.

15 MR. CATANACH: All right, thank  
16 you.

17 MR. TAYLOR: Mr. Cooter, I  
18 guess Paramount did get their letter. It's not back. The  
19 one to the insurance company was returned because of the  
20 bond being bogus.

21 MR. CATANACH: Are there any  
22 other questions of this witness?

23 If not, he may be excused.

24 Is there anything further in  
25 Case 9213 or 9214? If not, they will be taken under  
advisement.

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C E R T I F I C A T E

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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. 9213 9214 heard by me on October 21, 1987.

David R. Catanoch Examiner  
Oil Conservation Division