

CASE 5781: OCC PLUGGING CASE
PETROLEUM DEVELOPMENT CORPORATION
AMERICAN EMPLOYERS INSURANCE CO.

poration

CASE 110.

5781

Application,

Transcripts,

Small Exhibits

ETC.

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General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 13, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its
own motion to permit Petroleum Develop-
ment Corp., American Employers Ins.
Co. and all other interested parties to
appear and show cause why the San Luis
Federal Well No. 1 should not be plugged
and abandoned.

CASE
5781

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil
Conservation Commission:

Lynn Teschendorf
Law Clerk for the Commission
State Land Office Building
Santa Fe, New Mexico

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I N D E X

Page

A. R. KENDRICK

Direct Examination by Mr. Stamets

4

NOEL REYNOLDS

Testimony

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1 MR. STAMETS: We will call next Case 5781.

2 MS. TESCHENDORF: Case 5781, in the matter of the
3 hearing called by the Oil Conservation Commission on its own
4 motion to permit Petroleum Development Corporation, American
5 Employers Insurance Company and all other interested parties
6 to appear and show cause why the San Luis Federal Well No. 1,
7 located in Unit J of Section 21, Township 18 North, Range 3
8 West, Sandoval County, New Mexico, should not be plugged and
9 abandoned in accordance with a Commission-approved plugging
10 program.

11 MR. STAMETS: Call for appearances in this case.

12 MR. KENDRICK: A. R. Kendrick, District Supervisor
13 for the Oil Conservation Commission.

14 MR. REYNOLDS: I'm Noel Reynolds from Aztec and the
15 owner of this lease. I would like to have some extended time
16 on abandoning this well. I wanted to use it as a waterflood,
17 a water supply well for a proposed water flood in this San Luis
18 Field.

19 MR. STAMETS: Let's go off the record just a second.
20 (THEREUPON, a discussion was held off the record.)

21 MR. STAMETS: Go back on the record. Mr. Kendrick,
22 would you take the witness stand, please? I would like to
23 have both you and Mr. Reynolds stand and be sworn.

24 (THEREUPON, the witnesses were duly
25 sworn.)

A. R. KENDRICK

1
2 called as a witness, having been first duly sworn, was
3 examined and testified as follows:
4

5 DIRECT EXAMINATION

6 BY MR. STAMETS:

7 Q Mr. Kendrick, will you state your name and position
8 for the record, please?

9 A A. R. Kendrick, District Supervisor for the Oil
10 Conservation Commission in District Three.

11 Q Have you previously testified on matters relating
12 to oil and gas wells, conservation activity, in District Three
13 and had your qualifications accepted by the Examiner?

14 A Yes, sir.

15 MR. STAMETS: Are there any questions about the
16 witness' qualifications?

17 Q (Mr. Stamets continuing.) Mr. Kendrick, will you
18 please proceed with your testimony in this case?

19 A Thank you. This well was drilled as a Petroleum
20 Development Corporation San Luis Federal No. 1 in 1974 and
21 early in 1975 or the forms were filed up into early 1975.
22 This well was turned to Mr. Noel Reynolds and he filed a
23 miscellaneous notice accepting the responsibility, which was
24 dated February 25th, 1975, assuming the responsibility for
25 plugging or casing the well and on this form he shows that he

1 has, and I quote from his terminology on the form: "Due to
2 the shortage of pipe and severe winter weather, have been unable
3 to complete same. However, have purchased casing and propose to
4 resume operations by April 15th, 1975."

5 And to date I don't have anything in my well file to
6 indicate that any further action was taken. Rule 202-C
7 requires, when drilling operations on a well have been
8 suspended for sixty days the well shall be plugged and abandoned
9 unless a permit for temporary abandonment has been obtained
10 for the well in accordance with Section B above.

11 We have had no request for that and apparently the
12 Geological Survey has had no request for that and the
13 Geological Survey's letter to Mr. Reynolds dated December 20th,
14 1974 states in part, the third paragraph in its entirety
15 reads: "The subject well was temporarily abandoned on May 24th,
16 1974 at a total depth of four thousand, six hundred and sixty-
17 one feet. Since four potentially productive oil and gas
18 formations were penetrated, and only three hundred and twenty-
19 four feet of surface casing was set in the well, it is
20 essential that production casing be cemented in the hole or
21 that the well be adequately plugged and abandoned without
22 further delay."

23 So I contend that action needs to be taken to comply
24 with our rules and the demand issued on December 20th, 1974
25 by the Geological Survey.

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1 Q Does that conclude your direct testimony?

2 A Yes, sir.

3 MR. STAMETS: Are there any questions of the witness?
4 Mr. Reynolds?

5 MR. REYNOLDS: No, sir, I have no questions on it
6 other than I would like enough time, if possible, to secure
7 a rig in order to set casing in this well. At this time, as
8 we all know, rigs are very scarce in our country, hard to come
9 by. I will set casing, I want to set casing because I need
10 the well and I need it for a water supply for the proposed
11 waterflood project of this lease and I would like time enough
12 to obtain a rig because I am going to have to go back in
13 there and reopen the hole, recondition the hole, to run pipe.

14 MR. STAMETS: Mr. Reynolds, how long, maximum, do
15 you feel you would need before you could complete this work?

16 MR. REYNOLDS: Well, I'll start on it immediately
17 and just as soon as I can obtain a rig I'll go ahead and
18 set pipe on it. I have the pipe.

19 MR. STAMETS: Do you need thirty days, sixty days,
20 ninety days?

21 MR. REYNOLDS: Well, I ought to have sixty to ninety
22 days on it, I don't know for sure -- I don't know just when I
23 can get a rig. Just as soon as I can possibly get one.

24 MR. KENDRICK: How deep will the casing be?

25 MR. REYNOLDS: I'm going to case it to the bottom,

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1 forty-six, thirty is where we intend to set casing. I think
2 forty-six, sixty is the depth but we are going to set casing
3 to forty-six, thirty, I believe.

4 MR. STAMETS: Let's go off the record just a second.
5 (THEREUPON, a discussion was held off
6 the record.)

7 MR. STAMETS: Okay, back on the record.

8 Mr. Kendrick, it would appear that there is some
9 legitimate question here about proper notice in this case.
10 The case was advertised as a Petroleum Development Corporation
11 and the American Employers Insurance Company. I'm not sure
12 that this would be the same bonding company that Mr. Reynolds
13 has. Was Mr. Reynolds apprised of this case at least two
14 weeks before the hearing date?

15 MR. REYNOLDS: Yes, I think so, I think it was
16 about that time, at least that much time that I knew of it,
17 sir.

18 MR. KENDRICK: It is on a Federal lease so we are
19 not the beneficiary if there is a bonding company involved.

20 MR. STAMETS: And, Mr. Reynolds, you have agreed to
21 commence work on this well within sixty to ninety days?

22 MR. REYNOLDS: Yes, sir, as soon as I can obtain a
23 rig. If I can get one sooner I would start on it sooner than
24 that but I don't know if I can. I would like to have that
25 much time to get one.

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1 MR. STAMETS: Could failure to plug this well cause
2 waste, or failure to properly complete the well?

3 MR. KENDRICK: Yes, sir.

4 MR. STAMETS: Did you have any exhibits in this
5 case?

6 MR. KENDRICK: No, sir.

7 MR. STAMETS: Any other questions of either witness?

8 MR. REYNOLDS: No, I have no more.

9 MR. STAMETS: They may both be excused.

10 (THEREUPON, the witnesses were excused.)

11 MR. STAMETS: Is there anything further in this
12 case? We will take the case under advisement.

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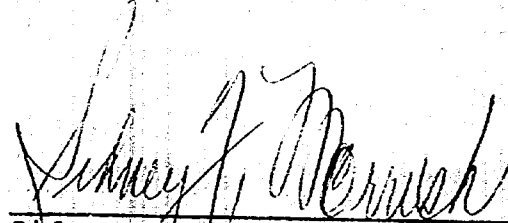
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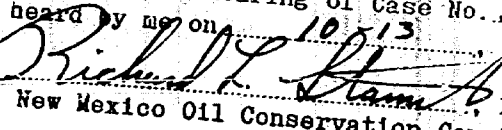
REPORTER'S CERTIFICATE

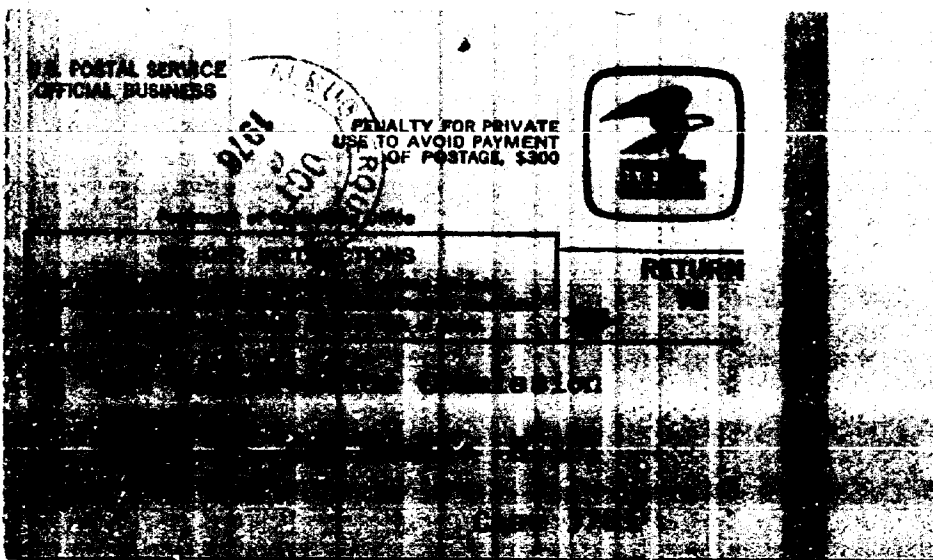
I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
do hereby certify that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill and
ability.


Sidney F. Morrish, C.S.R.

sid morrish reporting service

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5781
heard by me on 10/13, 19 76

Richard L. Ham, Examiner
New Mexico Oil Conservation Commission

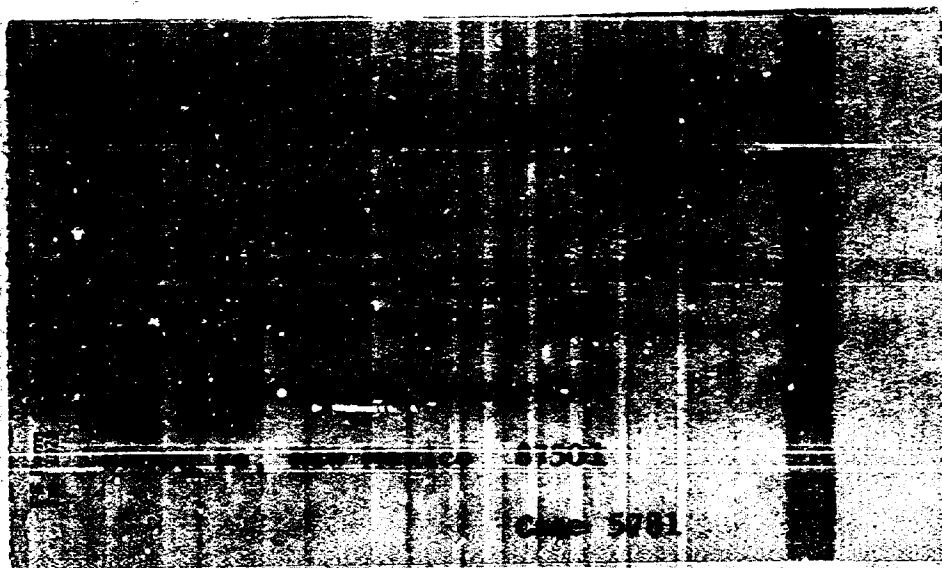


RECEIPT FOR CERTIFIED MAIL—30¢

No. 481690

SENT TO		POSTMARK OR DATE
Petroleum Development Corp.		
STREET AND NO. 9720-B Candelaria N.E.		
P. O., STATE, AND ZIP CODE Albuquerque, New Mexico 87112		
EXTRA SERVICES FOR ADDITIONAL FEES		
Return Receipt Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	Shows to whom, date, and where delivered <input type="checkbox"/> 35¢ fee	Deliver to Addressee Only <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1966		

NO INSURANCE COVERAGE PROVIDED— (See other side)
NOT FOR INTERNATIONAL MAIL



RECEIPT FOR CERTIFIED MAIL—30¢

No. 481691

SENT TO		POSTMARK OR DATE
American Insurance Agency, Inc.		
STREET AND NO. 805 Municipal Dr.		
P. O., STATE, AND ZIP CODE Farmington, New Mexico 87401		
EXTRA SERVICES FOR ADDITIONAL FEES		
Return Receipt Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	Shows to whom, date, and where delivered <input type="checkbox"/> 35¢ fee	Deliver to Addressee Only <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1966		

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SENDER: Be sure to follow instructions on other side

PLEASE FURNISH SERVICE(S) INDICATED BY CHECKED BLOCK(S)
(Additional charges required for these services)

☐ Return address
shown on label

☐ Deliver ONLY
to addressee

RECEIPT

Received the enclosed article described below

NAME OF ADDRESSEE (Must always be filled in)

Petroleum Development Corp.
NAME OF ADDRESSEE'S AGENT, IF ANY

Chas. O.
ADDRESS (Only if different from ZIP Code)

RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO		POSTMARK OR DATE
Petroleum Development Corp.		
STREET AND NO. 9720-B Candelaria N.E.		
P. O., STATE, AND ZIP CODE		
Albuquerque, New Mexico 87112		
EXTRA SERVICES FOR ADDITIONAL FEES		
Return Receipt Shows to whom and date delivered	Shows to whom, date, and where delivered	Deliver to Addressee Only
<input type="checkbox"/> 10¢ fee	<input type="checkbox"/> 35¢ fee	<input type="checkbox"/> 50¢ fee

POD Form 3800
Mar. 1966 NO INSURANCE COVERAGE PROVIDED— (See other side)
NOT FOR INTERNATIONAL MAIL

No. 481690



RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO		POSTMARK OR DATE
American Insurance Agency, Inc.		
STREET AND NO. 805 Municipal Dr.		
P. O., STATE, AND ZIP CODE		
Farmington, New Mexico 87401		
EXTRA SERVICES FOR ADDITIONAL FEES		
Return Receipt Shows to whom and date delivered	Shows to whom, date, and where delivered	Deliver to Addressee Only
<input type="checkbox"/> 10¢ fee	<input type="checkbox"/> 35¢ fee	<input type="checkbox"/> 50¢ fee

POD Form 3800
Mar. 1966 NO INSURANCE COVERAGE PROVIDED— (See other side)
NOT FOR INTERNATIONAL MAIL

No. 481691



OIL CONSERVATION COMMISSION.

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
December 22, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

Mr. Noel Reynolds
Box 356
Flora Vista, New Mexico 87415

Re: CASE NO. 5781
ORDER NO. 8-5335

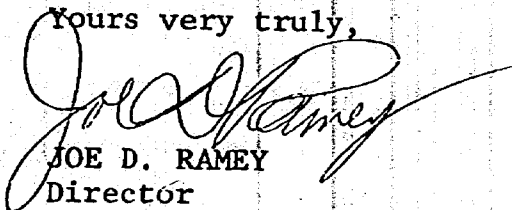
Applicant:

OCC (Petroleum Development Corp.)

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	<u>X</u>

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5781
Order No. R-5335

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
ON ITS OWN MOTION TO PERMIT PETROLEUM DEVELOPMENT CORPORATION,
AMERICAN EMPLOYERS INSURANCE COMPANY, AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY THE SAN LUIS FEDERAL WELL
NO. 1, LOCATED IN UNIT J OF SECTION 21, TOWNSHIP 18 NORTH,
RANGE 3 WEST, SANDOVAL COUNTY, NEW MEXICO, SHOULD NOT BE
PLUGGED AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED
PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1976,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 21st day of December, 1976, the Commission,
a quorum being present, having considered the record and the
recommendations of the Examiner, and being fully advised in
the premises,

FINDS:

That Case No. 5781 should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 5781 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

PHIL R. LUCERO, Chairman


EMERY C. ARNOLD, Member


JOE D. RAMBY, Member & Secretary


S E A L

dr/



P E D C O

XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXX

ENGINEERING OPERATIONS
9720-B CANDELARIA, NE
ALBUQUERQUE, NM 87112
TELEPHONE: (505) 293-4044

REPLY TO: ALBUQUERQUE

October 6, 1976

OIL CONSERVATION COMMISSION
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

RE: Case # 5781 - Petroleum Development Corporation -
San Luis Federal #1, J-21-18N-3W, Sandoval County,
New Mexico.

In an agreement dated June 1, 1974, copy of which is
attached, Mr. Noel Reynolds agreed to take full responsi-
bility for the captioned well and to either run casing
and use the hole for a water supply well or to plug and
abandon.

Since that date, Petroleum Development Corporation has had
no interest in the well, nor do we retain any interest
in the lease. We understand that Mr. Reynolds still plans
to use the hole for a water supply well. Also attached
is a copy of a letter to Mr. Reynolds from the U. S. G. S.
on the same subject.

Sincerely,
PETROLEUM DEVELOPMENT CORPORATION

Charles W. Sanders
Charles W. Sanders, Vice President

CWS:Gmp

encls.

cc: Mr. Noel Reynolds
Box 356
Flora Vista, NM 87415

P. O. Box 1809
Durango, Colorado 81301

December 20, 1974

Noel Reynolds
Box 356
Flora Vista, New Mexico 87415

Dear Mr. Reynolds:

Petroleum Development Corporation, under Designation of Operator from Johnny M. Myers, drilled the No. 1 San Luis-Federal well in the NW 1/4 sec. 21, T. 18 N., R. 3 W., Sandoval County, New Mexico, on Federal oil and gas lease Santa Fe 081160-F. They forwarded a copy of an agreement letter to this office indicating that you have accepted responsibility for the well.

In order for you to assume operations of this well, you must submit an original and two copies of Designation of Operator to this office whereby Johnny M. Myers, record leasee, designates Noel Reynolds as operator of the applicable acreage for the well.

The subject well was temporarily abandoned on May 28, 1974, at a total depth of 4661 feet. Since four potentially productive oil and gas formations were penetrated and only 324 feet of surface casing was set in the well, it is essential that production casing be cemented in the hole or that the well be adequately plugged or abandoned without further delay.

Your cooperation in promptly submitting the required Designation of Operator instrument and an appropriate Sundry Notice to Set Production Casing or Plug and Abandon will be appreciated.

Sincerely yours,

(Orig. 8811 1. 1. 1.)

Edward A. Schmidt
Acting District Engineer

cc:
Petroleum Development Corp.
Attn: Charles W. Sanders
9720-B Candelaria N.E.
Albuquerque, New Mex. 87112

Form 9-331
(May 1963)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPLICATE*
(Other instructions on re-
verse side)

Form approved
Bureau No. 42-11424

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL <input type="checkbox"/> GAS WELL <input type="checkbox"/> OTHER <input checked="" type="checkbox"/>	2. NAME OF OPERATOR Petroleum Development Corporation	3. ADDRESS OF OPERATOR 0720 S. Candelaria N.E., Albuquerque, N.M. 87112	4. LOCATION OF WELL (Report location clearly and in accordance with the State requirements. See also space 17 below.) At surface 2310' FSL & 1980' FSL, Sec. 21, T-18N-, R-3W	5. LEASE DISPOSITION AND SERIAL NO. SF-051160F	6. INDIAN, ALIQUOT OR TRIBE NAME	7. UNIT AGREEMENT NAME	8. FARM OR LEASE NAME San-Luis Federal	9. WELL NO. 1	10. FIELD AND POOL, OR WILDCAT Wildcat	11. SEC., T., R., OR BLK. AND SURVEY OR AREA Sec. 21, T-18N, R-3W, NMPH	12. COUNTY OR PARISH Sandoval	13. STATE New Mexico
14. PERMIT NO.	15. ELEVATIONS (Show whether DF, ST, or, etc.) 6812 KB											

16. Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
TEST WATER SHUT-OFF <input type="checkbox"/>	PULL OR ALTER CASING <input type="checkbox"/>	WATER SHUT-OFF <input type="checkbox"/>	REPAIRING WELL <input type="checkbox"/>
FRACTURE TREAT <input type="checkbox"/>	MULTIPLE COMPLETE <input type="checkbox"/>	FRACTURE TREATMENT <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
SHOOT OR ACIDIZE <input type="checkbox"/>	ABANDON* <input type="checkbox"/>	SHOOTING OR ACIDIZING <input type="checkbox"/>	ABANDONMENT* <input type="checkbox"/>
REPAIR WELL <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	(Other) <input checked="" type="checkbox"/> Temporarily Abandoned	
(Other) <input type="checkbox"/>			

(NOTE: Report results of multiple completion or well Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.) *

This well was temporarily abandoned effective May 28, 1974 and was turned over to Mr. Noel Reynolds as per the attached Letter Agreement in which Mr. Reynolds agrees to assume all responsibility for further completion or plugging activities.

18. I hereby certify that the foregoing is true and correct

SIGNED Charles W. Hendrix TITLE Vice President Engineering
(This space for Federal or State office use)

DATE 12/12/74

APPROVED BY _____
CONDITIONS OF APPROVAL, IF ANY:

TITLE _____

DATE _____

*See Instructions on Reverse Side



PEDCO

DRILLING OPERATIONS
P. O. BOX 2201
FARMINGTON, N. M. 87401
TELEPHONE: (505) 326-5675

ENGINEERING OPERATIONS
3705 GENERAL CHENAUT, N.E.
ALBUQUERQUE, N. M. 87111
TELEPHONE: (505) 299-6029

REPLY TO: Engineering Operations

June 1, 1974

Noel Reynolds
P. O. Box 388
Aztec, New Mexico 87410

Re: Pedco San Luis Federal #1
Section 21-18N-3W
Sandoval County, New Mexico

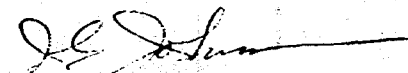
Dear Mr. Reynolds:

As per our telephone conversation of May 27, 1974, Noel Reynolds agrees to accept full responsibility of the above-captioned well. The well is being turned over to Mr. Reynolds at a total depth of 4661 feet with drilling fluid left in the hole. Mr. Reynolds agrees to run casing and promptly cement same to be used as a water supply well.

In the event Mr. Reynolds elects not to run casing, he agrees to promptly plug and abandon the well as directed by the Durango, Colorado USGS office.

Please indicate your acceptance of the responsibility for the captioned well by signing below.

Very truly yours,


J. C. Johnson
Vice President

Accepted and Agreed to this 3rd
day of June, 1974.

NOEL REYNOLDS

By: 

Docket No. 27-76

Dockets Nos. 29-76 and 30-76 are tentatively set for hearing on October 27 and November 10, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 13, 1976

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Mutter, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for November, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for November, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5773: (Continued from September 29, 1976, Examiner Hearing)

Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Millman Unit Area comprising 2,017 acres, more or less, of State lands in Township 19 South, Range 28 East, Eddy County, New Mexico.

CASE 5783: Application of Palmer Oil and Gas Company for an unorthodox gas well location and a non-standard proration unit, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 335.66-acre non-standard proration unit, comprising all of Sections 6 and 7, Township 26 North, Range 2 West, Blanco Mesaverde Pool, Rio Arriba County, New Mexico, to be dedicated to a well to be drilled at an unorthodox location 1850 feet from the South line and 700 feet from the West line of said Section 7.

CASE 5784: Application of Atlantic Richfield Company for four unorthodox locations and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to simultaneously dedicate a previously approved 320-acre Jalmat gas proration unit comprising the NW/4, SW/4 NE/4, E/2 NE/4, NE/4 SE/4 of Section 35, Township 23 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, to its John P. Combast Wells Nos. 1, 2, 3, and 4 located at unorthodox locations in Units H, G, A, and E, respectively, of said Section 35.

CASE 5785: Application of Doyle Hartman for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Seven Rivers-Queen formation underlying the NE/4, NE/4, NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4 of Section 19, Township 24 South, Range 37 East, Langlie-Mattix Pool, Lea County, New Mexico, to form four 40-acre proration units to be dedicated to four oil wells to be drilled at standard locations on said tracts. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof, as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 5786: Application of Texaco Inc. for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project on its New Mexico "BZ" State Lease, Langlie-Mattix Pool, Lea County, New Mexico, by the injection of water into the Seven Rivers-Queen formation through seven injection wells located in Unit L of Section 15 and Units B, D, F, H, J, and P of Section 16, Township 23 South, Range 37 East.

CASE 5787: Application of Boyd Operating Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Grayburg-Jackson Pool, Eddy County, New Mexico, by the injection of water into the Grayburg-San Andres formation through its Robinson Well No. 8 located in Unit N of Section 25 and its Brinson Wells Nos. 2 and 3 located, respectively, in Units A and C of Section 36, Township 16 South, Range 31 East, Eddy County, New Mexico. Applicant further seeks an administrative procedure for expansion of the project by approval of additional injection and production wells at orthodox and unorthodox locations.

CASE 5574: (Reopened)

In the matter of Case 5574, being reopened pursuant to the provisions of Order No. R-5118 which order established a temporary special depth bracket allowable of 750 barrels of oil per day for the Eagle Mesa-Entrada Oil Pool, Sandoval County, New Mexico. All interested parties may appear and show cause why said special depth bracket allowable should not be rescinded.

Examiner Hearing - Wednesday - October 13, 1976
-2-

CASE 5780:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Northwest Production Corporation, Federal Insurance Company, and all other interested parties to appear and show cause why the Blanco 30-12 Well No. 1, located in Unit A of Section 4, Township 30 North, Range 12 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5781:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Petroleum Development Corporation, American Employers Insurance Company, and all other interested parties to appear and show cause why the San Luis Federal Well No. 1, located in Unit J of Section 21, Township 18 North, Range 3 West, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5782:

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit U. S. Frigidice, Inc., Fireman's Fund Indemnity Company, and all other interested parties to appear and show cause why the U. S. Frigidice Well No. 1, Clyde Berlier (Kayser), located in Unit A of Section 14, Township 19 North, Range 21 East, Mora County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5788:

Southeastern New Mexico nomenclature case calling for the creation, contraction, extension and abolishment of certain pools in Lea, Eddy, and Roosevelt Counties, New Mexico:

a) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Angell Ranch-Morrow Gas Pool. The discovery well is the Penroc Oil Corporation Wright Federal Well No. 1 located in Unit O of Section 6, Township 20 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 6: All

b) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the West Burton Flat-Strawn Gas Pool. The discovery well is the David Pasken El Paso Federal Well No. 3 located in Unit H of Section 1, Township 21 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 1: Lots 1 through 8

c) CREATE a new pool in Roosevelt County, New Mexico, classified as a gas pool for Canyon production and designated as the North Chaverco-Canyon Gas Pool. The discovery well is the Union Oil Company of California Roberts Well No. 1, located in Unit D of Section 9, Township 7 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 7 SOUTH, RANGE 33 EAST, NMPM
Section 9: W/2

d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Foster Ranch-Morrow Gas Pool. The discovery well is the Mark Production Company Foster Well No. 1 located in Unit J of Section 21, Township 20 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 24 EAST, NMPM
Section 21: E/2

e) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Cherry Canyon production and designated as the Nash Draw Cherry-Canyon Pool. The discovery well is the Mesa Petroleum Company Nash Unit Well No. 4 located in Unit A of Section 13, Township 23 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 29 EAST, NMPM
Section 13: NE/4

f) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the Ojo Chiso-Strawn Gas Pool. The discovery well is the American Quasar Petroleum Company of New Mexico Ojo Chiso Unit Well No. 1, located in Unit E of Section 23, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 23: W/2

g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Cisco production and designated as the North Vacuum-Cisco Gas Pool. The discovery well is the Marathon Oil

Company State Section 7 Com Well No. 1, located in Unit G of Section 7, Township 17 South, Range 35 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 7: E/2

h) CONTRACT the vertical limits of the Kernitz-Pennsylvanian Pool in Lea County, New Mexico, to the Cisco formation only, redesignating said pool the Kernitz-Cisco Pool and redefining said pool to comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 13: N/2 and SE/4

i) CONTRACT the vertical limits of the Sombrero-Pennsylvanian Gas Pool in Lea County, New Mexico, to the Atoka formation only, redesignating said pool the Sombrero-Atoka Gas Pool and redefining said pool to comprise:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 12: W/2
Section 13: W/2 and SE/4

j) ABOLISH the East Shugart-Queen Pool in Lea County, New Mexico, described as:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 6: NE/4

k) ABOLISH the Watkins-Seven Rivers Pool in Eddy and Lea Counties, New Mexico, described as:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 36: E/2

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM
Section 31: All

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 6: N/2

l) EXTEND the vertical limits of the Watkins-Grayburg Pool in Lea County, New Mexico, to include the Yates, Seven Rivers, and Queen formations, redesignating said pool the Watkins Yates-Seven Rivers-Queen-Grayburg Pool and redefining said pool to comprise:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 31: NW/4 and S/2

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 6: N/2

m) EXTEND the Blinbry Oil and Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 38 EAST, NMPM
Section 18: SE/4

n) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 1: S/2

o) EXTEND the North Burton Flats-Wolfcamp Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 10: W/2
Section 15: W/2
Section 16: E/2

p) EXTEND the South Carlsbad-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPM
Section 20: E/2

TOWNSHIP 24 SOUTH, RANGE 26 EAST, NMPM
Section 3: W/2

- q) EXTEND the North Dagger Draw-Upper Pennsylvanian Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 25 EAST, NMTM
Section 30: SE/4

- r) EXTEND the Dayton-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 26: SW/4

- s) EXTEND the East Empire Yates-Seven Rivers Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 27: NE/4 and N/2 NW/4

- t) EXTEND the Hoag Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 23: All

- u) EXTEND the Middle Lynch Yates -Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM
Section 28: N/2 N/2

- v) EXTEND the Maljamar-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM
Section 32: W/2

- w) EXTEND the Peterson-Pennsylvanian Associated Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 5 SOUTH, RANGE 33 EAST, NMPM
Section 20: SW/4

- x) EXTEND the Red Lake Queen -Grayburg - San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 13: SE/4 SE/4
Section 24: NE/4

- y) EXTEND the Sawyer-San Andres Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
Section 13: SW/4

- z) EXTEND the Shugart Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 26: NW/4
Section 27: NE/4

- aa) EXTEND the Vacuum-Queen Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 2: SW/4
Section 3: SE/4

OIL CONSERVATION COMMISSION

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

October 1, 1976

**CERTIFIED - RETURN
RECEIPT REQUESTED**

**Petroleum Development Corporation
9720-B Candalaria N.E.
Albuquerque, New Mexico 87112**

**American Insurance Agency, Inc.
Shell Building - Rm. 102-104
805 Municipal Dr.
Farmington, New Mexico 87401**

**Re: Petroleum Development Corp.
San-Luis Federal Well No. 1,
located in Unit J of Section
21, Township 18 North, Range
3 West, Sandoval County
Plugging Bond**

Gentlemen:

**Enclosed is a copy of the docket of the Examiner Hearing
to be held on Wednesday, October 13, 1976, at 9 o'clock a.m.
in the Oil Conservation Commission Conference Room, State
Land Office Building, Santa Fe, New Mexico. Case 5781 con-
cerns the above captioned subject matter.**

Very truly yours,

**LYNN TESCHENDORF
Legal Division**

**LT/fd
enc.**

cc: Al Kendrick Aztec



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS RD. - AZTEC

87410
LAND COMMISSIONER
PHIL R. UCERO
September 9, 1976



STATE GEOLOGIST
EMERY C. ARNOLD

Case 5781

Ms. Lynn Teschendorf
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Petroleum Development Corporation

San Luis Federal #1

J-21-18N-3W, Sandoval County

Dear Ms. Teschendorf:

Please docket a case to allow the operator of the subject well and other interested parties to appear and show why the well should not be properly plugged and abandoned.

If there are questions please contact us.

Yours very truly,

A. R. Kendrick
A. R. Kendrick
Supervisor, District #3

cc: Operator: Petroleum Development Corporation
9720-B Candelaria, N.E.
Albuquerque, New Mexico 87112

XXXXXXXXXXXXXXXXXXXX

U.S.G.S., Durango

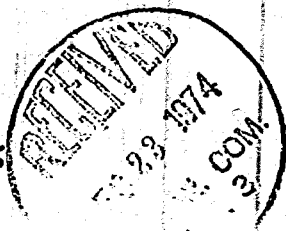
American Employers Insurance Co.

Case 5781

P. O. Box 1809
Durango, Colorado 81301

December 20, 1974

Noel Reynolds
Box 356
Flora Vista, New Mexico 87415



Dear Mr. Reynolds:

Petroleum Development Corporation, under Designation of Operator from Johney M. Myers, drilled the No. 1 San Luis-Federal well in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ sec. 21, T. 18 N., R. 3 W., Sandoval County, New Mexico, on Federal oil and gas lease Santa Fe 081160-F. They forwarded a copy of an agreement letter to this office indicating that you have accepted responsibility for the well.

In order for you to assume operations of this well, you must submit an original and two copies of Designation of Operator to this office whereby Johney M. Myers, record lessee, designates Noel Reynolds as operator of the applicable acreage for the well.

The subject well was temporarily abandoned on May 28, 1974, at a total depth of 4661 feet. Since four potentially productive oil and gas formations were penetrated and only 324 feet of surface casing was set in the well, it is essential that production casing be cemented in the hole or that the well be adequately plugged or abandoned without further delay.

Your cooperation in promptly submitting the required Designation of Operator instrument and an appropriate Sundry Notice to Set Production Casing or Plug and Abandon will be appreciated.

Sincerely yours,

(Orig. Sent by E.A. Schmidt)

Edward A. Schmidt
Acting District Engineer

cc:

New Mexico Oil Conservation Commission ✓
1000 Rio Brazos Road
Aztec, New Mexico 87410

(May 1983)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

SUBMIT IN TRIPPLICATE*
(Other instructions on re-
verse side)

Form approved.
Budget Bureau No. 42-R1424.

6. LEASE DESIGNATION AND SERIAL NO.

SF-081160F

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME

San-Luis Federal

9. WELL NO.

10. FIELD AND POOL, OR WILDCAT

Wildcat

11. SEC., T., R., M., OR BLK. AND
SURVEY OR AREA

Sec. 21, T-18N, R-3W, NMPH

12. COUNTY OR PARISH 13. STATE

Sandoval New Mexico

SUNDY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir.
Use "APPLICATION FOR PERMIT" for such proposals.)

1. OIL WELL ☐ GAS WELL ☐ OTHER ☒ D&A

2. NAME OF OPERATOR

Petroleum Development Corporation

3. ADDRESS OF OPERATOR

0720-B Candelaria N.E., Albuquerque, N.M. 87112

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

2310' FEL & 1980' FSL, Sec. 21, T-18N-, R-3W

14. PERMIT NO.

15. ELEVATIONS (Show whether OF, RT, OR, etc.)

6812 KB

Check Appropriate Box To Indicate Nature of Notice, Report, or Other Data

16.

NOTICE OF INTENTION TO:

TEST WATER SHUT-OFF
FRACTURE TREAT
SHOOT OR ACIDIZE
REPAIR WELL
(Other)

FULL OR ALTER CASING
MULTIPLE COMPLETE
ABANDON*
CHANGE PLANS

WATER SHUT-OFF
FRACTURE TREATMENT
SHOOTING OR ACIDIZING
(Other)

SUBSEQUENT REPORT OF:

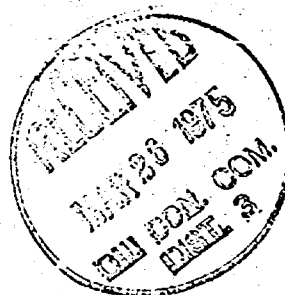
REPAIRING WELL
ALTERING CASING
ABANDONMENT*

Temporarily Abandoned

(NOTE: Report results of multiple completion or well
Completion or Recompletion Report and Log form.)

17. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

This well was temporarily abandoned effective May 28, 1974 and was turned over to Mr. Noel Reynolds as per the attached Letter Agreement in which Mr. Reynolds agrees to assume all responsibility for further completion or plugging activities.



18. I hereby certify that the foregoing is true and correct

SIGNED

(This space for Federal or State office use)

APPROVED BY
CONDITIONS OF APPROVAL, IF ANY:

TITLE

Office President Engineering

DATE 12/12/74

DATE

*See Instructions on Reverse Side

(Handwritten initials)
DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

(Handwritten signatures)

CASE NO. 5781

Order No. R- 5335

(Handwritten initials)
IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS
OWN MOTION TO PERMIT PETROLEUM DEVELOPMENT CORPORATION, AMERICAN EMPLOYERS
INSURANCE COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE
WHY THE SAN LUIS FEDERAL WELL NO. 1, LOCATED IN UNIT J OF SECTION 21, TOWNSHIP 18
NORTH, RANGE 3 WEST, SANDOVAL COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND
ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 13, 1976,
at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of December, 1976, the Commission,
a quorum being present, having considered the record and the recom-
mendations of the Examiner, and being fully advised in the premises,

FINDS:

That Case No. 5781 should be dismissed.

IT IS THEREFORE ORDERED:

That Case No. 5781 is hereby dismissed.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.