

CASE 5743: OCC PLUGGING CASE
ADAMS & McGAHEY

CASE NO.

5743

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

RECEIPT FOR CERTIFIED MAIL—30¢

No. 481673

SENT TO Adams & McGahey		POSTMARK OR DATE
STREET AND NO. 1407 West 6th Avenue		
P. O., STATE, AND ZIP CODE Amarillo, Texas		
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INSURED NO.		2 <i>Debra Walsh</i>
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Case 5743

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Case 5743

NEW MEXICO OIL CONSERVATION COMMISSION

COMMISSION HEARINGSANTA FE, NEW MEXICOHearing Date NOVEMBER 4, 1976 TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
John W. Adams Ray D. Graham	Adams & McCahay State Land, Dept	Harding County

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
November 4, 1976

COMMISSION HEARING

IN THE MATTER OF:

The hearing called by the OCC on its)	CASE
motion to permit John W. Adams,)	5743
Executor of Estates of R. W. and June)	(DE NOVO)
Adams; and Ruth McGahey, Fred McGahey)	
and David McGahey dba Adams & McGahey,)	
American Employer's Insurance Company)	
and all other interested parties to)	
appear and show cause why the following)	
wells located in Township 21 North,)	
Range 30 East, Harding County,)	
New Mexico should not be plugged and)	
abandoned in accordance with a)	
Commission-approved plugging program.)	

BEFORE: Joe D. Ramey, Director
Emery Arnold, Member

Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

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Page

CARL ULVOG

Direct Examination by Ms. Teschendorf	4
Cross Examination by Mr. Nutter	18
Cross Examination by Mr. Ramey	20
Cross Examination by Mr. Arnold	21
Cross Examination by Mr. Adams	23
Recross Examination by Mr. Nutter	23

JOHN ADAMS

Testimony	38
Cross Examination by Mr. Ramey	47
Cross Examination by Mr. Ulvog	52

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1 MR. RAMEY: The hearing will come to order. We will
2 call Case 5743.

3 MS. TESCHENDORF: Case 5743 in the matter of the
4 hearing called by the Oil Conservation Commission on its own
5 motion to permit John W. Adams, Executor of Estates of R. W.
6 and June Adams; and Ruth McGahey, Fred McGahey and David McGahey
7 dba Adams & McGahey, American Employers' Insurance Company and
8 all other interested parties to appear and show cause why the
9 following wells located in Township 21 North, Range 30 East,
10 Harding County, New Mexico, should not be plugged and abandoned
11 in accordance with a Commission-approved plugging program:
12 Gonzales Well No. 2, located in Unit P of Section 9; Adams &
13 McGahey Well No. 1, located in Unit B of Section 16; and
14 Gonzales "A" Well No. 1, located in Unit H of Section 32.

15 MR. RAMEY: This is a hearing De Novo, right?

16 MS. TESCHENDORF: Yes, sir.

17 MR. RAMEY: I would ask for appearances.

18 MS. TESCHENDORF: Lynn Teschendorf appearing for the
19 Commission and I have one witness.

20 MR. RAMEY: I assume you are Mr. Adams?

21 MR. ADAMS: I'm John Adams, yes, sir.

22 MR. RAMEY: You may proceed.

23 (THEREUPON, the witness was duly sworn.)
24
25

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CARL ULVOG

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

DIRECT EXAMINATION

BY MS. TESCHENDORF:

Q Would you state your name, position and place of
residence for the record, please?

A Yes, Ma'am, I am the Senior Geologist for the Oil
Conservation Commission, Carl Ulvog, and I'm based here in
Santa Fe.

Q How long have you held this position?

A I've had this position for three years.

Q Have you previously testified before the Commission
and are your credentials a matter of record?

A Yes, I have.

Q Does District Four include that part of Harding
County involved in this case?

A That is correct.

Q Do your duties as District Supervisor include making
recommendations to the Commission as to when wells should
be plugged and abandoned?

A That is correct.

Q Are you familiar with the subject matter of Case
5743?

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1 A. Yes, I am.

2 Q. And what is the purpose of this case?

3 A. The purpose here is to determine whether or not the
 4 wells in question and described by the docket should be plugged
 5 and abandoned with a Commission-approved program.

6 Q. Have you reviewed all of the reports filed with the
 7 Commission concerning these wells?

8 A. Yes, I have.

9 Q. And do you have these records with you?

10 A. I do.

11 Q. Please refer to the records which pertain to
 12 the Gonzales Well No. 2 and summarize the history of this
 13 well?

14 A. The Gonzales Well No. 2. According to our files, the
 15 application for the permission to drill was dated June 1st,
 16 1961. That is our Form C-101. It was approved by this office
 17 on June 5th, 1961. It states that the Adams & McGahey No. 2
 18 Gonzales, located in Unit P of Section 9, Township 21 North,
 19 Range 30 East, was to be drilled to an approximate depth of
 20 one thousand feet. It also states the proposed casing to be
 21 put in the well.

22 We then have a Form C-103 that was received in this
 23 office on July 18th, 1961 which states that four hundred and
 24 eighty-seven feet of eight-and-five-eighths inch casing was
 25 set and cemented with a hundred and fifty sacks of cement; and

1 on July 8th, 1961, nine hundred and seven, point, four, three
2 feet of seven inch casing was set with fifty-five sacks of
3 cement.

4 Then we have a Form C-105 which is the well record
5 which was received in this office on July 24th, 1961. It states
6 that the well was completed at a depth of nine hundred and
7 twenty-eight feet, that it had ten-and-three-quarter inch set
8 at a hundred and ninety-one feet, that had been pulled. And
9 eight-and-five-eighths inch set at four hundred and eighty-
10 seven feet, all which was left in the hole. It had seven
11 inch set at nine hundred and seven, point, four, three feet,
12 also all left in the hole. There were fifty sacks of cement
13 reported for the seven inch casing.

14 It reports that the well was potentialed flowing
15 one million, eight hundred and fifty-five thousand, one
16 hundred and forty-eight MCF per day.

17 That is the extent of the reports that have been
18 filed with the Commission.

19 MR. RAMEY: What is the product from this well?

20 A. That is carbon dioxide, pardon me.

21 Those are all of the forms that we have on that well.

22 MR. NUTTER: Was that a million, eight hundred
23 thousand MCF or a million, eight hundred thousand cubic feet?

24 A. It states here one million, eight hundred and fifty-
25 five thousand, one hundred and forty-eight MCF.

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1 MR. ADAMS: That's not correct, it's cubic feet.

2 MR. NUTTER: It's cubic feet.

3 MR. RAMEY: A fantastic well.

4 MR. ADAMS: I wish it were.

5 A. Those are all of the reports that we have in the file
6 for that well.

7 Q (Ms. Teschendorf continuing.) Mr. Ulvog, what date
8 was the last official form filed with the Commission?

9 A. The last report filed with the Commission was
10 received July 24th, 1961. There is no date as to when this
11 form was completed but that's when it was received.

12 Q Do you have any other communications relative to
13 this case which should be called to the Commission's attention?

14 A. Only copies of the letters that I have sent to the
15 operator, which were not delivered.

16 Q In your opinion could the failure to plug this well
17 cause waste?

18 A. That is correct, I do believe so.

19 Q Would you elaborate, please, on how waste could be
20 caused?

21 A. Yes. This well was completed, according to our
22 files, in 1961. It apparently has not been produced for quite
23 sometime. It's common for some water to be produced along
24 with carbon dioxide. Carbon dioxide with water is corrosive.
25 It's conceivable that there is a good bit of water standing

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1 inside the casing at the present time unless it has been
2 blown out frequently and, as I say, I presume that it has not.
3 I have no way of knowing what the production is. I don't have
4 any production records so I don't know when the production
5 ceased. As I said, it apparently has not been produced for
6 sometime, therefore, it's possible for water to have come up
7 inside the casing and to have corroded it. Also it states
8 here that some of the casing was pulled out of the well.
9 Presumably there is an open space behind that casing, conse-
10 quently you can have communication between the zones so you
11 can have both waste and pollution of other formations
12 occurring.

13 MR. RAMEY: I assume the well was drilled with a
14 cable tool?

15 A. Yes, that is correct. It's a 36-L Bucyrus-Erie
16 spudder that drilled the well, so it was a cable tool.

17 MR. RAMEY: So the string of pipe they pulled was
18 probably a water shut-off string?

19 A. That is probably correct.

20 MR. ADAMS: May I rebut at this time or at a later
21 time?

22 MR. RAMEY: I think wait until we get enough with
23 the examination by the attorney of this witness and then you
24 can ask him any questions that you want to, Mr. Adams.

25 Q. (Ms. Teschendorf continuing.) Mr. Ulvog, are you

1 prepared to recommend a plugging program at this time or would
2 you prefer to describe the program at the actual time of
3 plugging?

4 A. I have worked out a tentative plugging program for
5 the well based on the data that is in our files. Yes, I have
6 a detailed plugging program.

7 Q Are there anymore questions on this particular well?

8 MR. ARNOLD: I had one. Are we going to have another
9 opportunity to question?

10 MS. TESCHENDORF: Yes, sir.

11 Q (Ms. Teschendorf continuing.) Would you now refer
12 to the records on the Adams & McGahey Well No. 1 and summarize
13 the history of this well?

14 A. Yes, I will. According to our files the Adams &
15 McGahey No. 1, and it is titled the No. 1 Minerals so I would
16 call this the Adams & McGahey No. 1 Adams & McGahey. Presumably
17 they owned the minerals. It was to be located in the northwest
18 quarter of the northeast quarter of Section 16, Township 21
19 North, Range 30 East and if I may digress for a moment.

20 I have prepared a plat to help you visualize what we
21 are talking about because we have a number of wells and so on.
22 I have prepared a plat here which describes these wells. The
23 one that we just discussed is located at this point right here.
24 I believe that's correct, No. 2 Gonzales, is that right?

25 Q Unit P of Section 9?

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1 A That's correct. We are now discussing this well
2 located at this point right here in Section 16.

3 The notice of the intention to drill this well, our
4 Form C-101, is dated October 20th, 1950. Unfortunately it was
5 not stamped in at this office so I can't tell you exactly when
6 it arrived but it was approved on October 26th, 1950. This
7 also was drilled with a cable tool rig, a Fort Worth spudder.

8 We have a Form C-103 that is dated November 29th,
9 1950. Again, I can't make out when it arrived here. It
10 states: We set eight hundred and nineteen feet of eight-and-
11 five-eighths inch casing at eight hundred and twenty-two feet,
12 cemented with a hundred and nine sacks of cement.

13 The next report in our file is a C-105 which is the
14 well record. It states that the well was completed at a depth
15 of eight hundred and forty-seven feet, that it had a ten inch
16 casing set that had been set at four, twelve, which had been
17 pulled. It had eight-and-five-eighths inch casing set at
18 eight hundred and nineteen feet without any cement reported for
19 it. Pardon me -- no, there is no cement reported for that
20 casing.

21 It was completed for a potential of, it states: One
22 million, two hundred and eighty-eight thousand, nine hundred
23 and seventy-four, without stating what units these are. I
24 would presume that is MCF but it doesn't say.

25 MR. RAMEY: Or cubic feet?

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1 A It says one million, two hundred and eighty-eight
2 thousand, nine hundred and seventy-four, carbon dioxide.

3 MR. RAMEY: Cubic feet rather than MCF?

4 A Pardon me, that's right.

5 MR. RAMEY: Mr. Ulvog, would you go back to Form
6 C-101 and what was their intent on casing on that?

7 A All right, Form C-101 states: They intended to set
8 twelve-and-a-half inch casing at eighty-seven feet, landed.
9 They intended to set ten inch at four hundred feet, landed.
10 They intended to set five-eighths inch at seven hundred and
11 seventy-five feet, cemented with one hundred sacks.

12 MR. RAMEY: Thank you.

13 A You're welcome. That's all of the reports that we
14 have in the file.

15 MR. RAMEY: Would you say that a hundred and nine
16 sacks would be sufficient on this eight-and-five-eighths to
17 circulate or do they report it circulating?

18 A No, they do not report circulated. I made a
19 calculation here that with the amount of cement reported on
20 the C-105.

21 MR. RAMEY: The 103.

22 A This is correct. On the eight-and-five-eighths
23 inch casing set at eight hundred and nineteen, a hundred and
24 seventy-five sacks of cement should have brought it up to
25 approximately two hundred and twenty feet, I would say. This

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1 assumes, of course, that the ten inch casing was in the hole
2 at the time it was cemented. But, however, the C-105 states
3 that the ten inch casing which had originally been set at
4 four hundred and twelve was pulled. Of course, I don't know
5 when it was pulled. I presume it was before the eight-and-five-
6 eighths inch was set. However, I do not know that. It could
7 have been shot off. It should have been set to cut off water
8 which was reported at three hundred and sixty-five to three
9 hundred and eighty-five feet. That presumably was why the
10 ten inch casing was set at four, twelve, to shut off that
11 water zone. Therefore, if that casing was in the hole at the
12 time that the eight-and-five-eighths was set and cemented,
13 there would have been enough cement to come up inside that
14 ten inch casing, in other words, to above the water zone. If
15 the casing had been pulled before then, of course, it could
16 conceivably not have covered the water zone.

17 MR. RAMEY: Did you say that there was a hundred and
18 seventy-five sacks or a hundred and nine sacks?

19 A. A hundred and seventy-five sacks, pardon me, were
20 supposedly used.

21 MR. NUTTER: Well, you read a hundred and nine but
22 your calculation was based on a hundred and seventy-five,
23 Mr. Ulvog.

24 A. Okay, let me go back to the 101.

25 MR. NUTTER: That was on the 103 that you got your --

1 A. The 103? Let me go back to the 103. The 103 says:
2 We set eight hundred and nineteen feet of eight-and-five-
3 eighths inch OD casing at eight, twenty-two, cemented with a
4 hundred and nine sacks of cement and on the hundred and seventy-
5 five I get that from the C-105. There it states that eight-
6 and-five-eighths was set at eight, nineteen with a hundred and
7 seventy-five sacks of cement.

8 Now, I don't know which is correct but if it was,
9 in fact, a hundred and seventy-five sacks of cement, then it
10 would have come up over the top of the water zone which was
11 encountered at three hundred and sixty-five feet.

12 MR. NUTTER: That is based on what, the amount of
13 fill up?

14 A. This is based on --

15 MR. NUTTER: A hundred percent fill up?

16 A. That is correct. That is the maximum height to
17 which it could have come. Now, if we only had a hundred and
18 nine sacks of cement, obviously it would not have come that
19 high.

20 MR. NUTTER: Or if you had any wash out or caving it
21 wouldn't have come that high?

22 A. That is correct. Well, I based my calculations on
23 a sixty-six percent fill up inside that hole but then inside
24 of the casing, inside of the ten inch casing, of course, that
25 would calculate to be one hundred percent there.

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1 MR. ARNOLD: Mr. Ulvog, you aren't necessarily
2 indicating that you thought there was a Commission rule that
3 would require that they put cement back across the water zone,
4 this would be a production string, wouldn't it?

5 A. This is a production string, that is correct.

6 MR. ARNOLD: In other words, there is no rule that
7 requires that they have cement come back up there necessarily,
8 that isn't what you are indicating, is it?

9 A. No, the question here is: Was the ten inch casing in
10 the hole at the time that the eight-and-five-eighths was
11 cemented. That's really the question. If it had been reported
12 that the ten inch casing was shot off and pulled then I would
13 be satisfied that it was still through the water zone. However,
14 it doesn't say that. It simply says that it was pulled.

15 MR. RAMEY: So there is no surface pipe in this well?

16 A. That's the way I would have to read it.

17 MR. RAMEY: So if there is no surface pipe there
18 should be sufficient cement then on the oil string to cover
19 fresh water?

20 A. But it could not conceivably reach the surface, the
21 cement could not reach the surface.

22 MR. NUTTER: Did you have any water reported on
23 that Gonzales well?

24 A. Let me check back and see.

25 MR. NUTTER: I didn't think you mentioned any water

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1 in that.

2 A. Yes, we had water reported from three hundred and
3 eighty-seven to three hundred and ninety-six, three barrels per
4 hour. We had water reported at a hundred and thirty to a
5 hundred and thirty-seven feet, half a bailer per hour.

6 MR. NUTTER: Thank you.

7 A. Yes, sir.

8 MR. ARNOLD: On the No. 2 Gonzales you said it had
9 seven inch at seven hundred and four feet and it was cemented
10 with fifty sacks, so it is still in the --

11 A. You are questioning the No. 2 Gonzales?

12 MR. ARNOLD: The No. 2 Gonzales.

13 A. Yes, the No. 2 Gonzales on the well record it states
14 that ten-and-three-quarter inch casing was set at a hundred
15 and ninety-one feet. It was pulled. Eight-and-five-eighths
16 inch was set at four hundred and eighty-seven feet. None was
17 pulled, none was perforated. It was cemented with a hundred
18 and fifty sacks of cement.

19 MR. ARNOLD: The eight-and-five-eighths at four,
20 eight-seven was cemented with --

21 A. There were four hundred and eighty-seven feet of
22 eight-and-five-eighths set but the base of that pipe was at
23 four hundred and ninety-two. Then there was seven inch casing
24 set at nine hundred and five. There were nine hundred and
25 seven feet set. Obviously it reached the surface, cemented

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1 with fifty sacks.

2 MR. NUTTER: How many sacks on the eight and five?

3 A. The eight-and-five-eighths was a hundred and fifty.

4 Q. (Ms. Teschendorf continuing.) Mr. Ulvog, on what
5 date was the last official form filed with the Commission on
6 the Adams & McGahey Well No. 1?

7 A. The only date on it would be when it was signed,
8 which was November 29th, 1950. So in this case the drilling
9 was underway two weeks before the application for the permit
10 to drill was received and the well was completed two weeks
11 before the report of setting casing, the 103 was received.

12 Q. Do you have any other communications relative to
13 this well which should be called to the Commission's attention?

14 A. Only the copies of the letters that I had sent to
15 the operator but which were not delivered.

16 Q. In your opinion could failure to plug this well
17 cause waste?

18 A. Yes, and for the same reasons that I previously
19 mentioned with respect to the other well.

20 Q. Are you prepared to recommend a plugging program at
21 this time or would you prefer to prescribe the program at the
22 actual time of plugging?

23 A. I have a detailed program worked out based on the
24 data in our files.

25 Q. Would you now refer to the records on the Gonzales

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1 "A" Well No. 1 and describe the history of this well?

2 A Yes, I will. This well, which is located in
3 Section 32, shown on the plat, is at this point right here.

4 MR. RAMEY: In the northwest or the northeast?

5 A Pardon me, the northeast, I'm sorry.

6 MR. RAMEY: That's in Unit II of Section 32.

7 A The Form C-101, which was the application for the
8 permit to drill, states that the well should be located
9 nineteen hundred and eighty feet from the north line and six
10 hundred and sixty feet from the east line of Section 32 of
11 Township 21 North, Range 30 East. This also was drilled with
12 a spudder. It was received in this office on May 11th, 1944,
13 but dated April 28th, 1944.

14 It states that the intent was to set fifteen-and-a-
15 half inch casing at eighty feet and twelve-and-a-half inch
16 casing to be set at four hundred feet, landed; eight-and-five-
17 eighths inch casing to be set at eight hundred and fifty
18 feet, cemented.

19 That is the only report we received on that well. We
20 have no completion data or anything else.

21 Q And on what date was that form filed?

22 A That form -- it was dated April 28th, 1944 and
23 received in this office May 11th, 1944.

24 Q Do you have any other communications relative to
25 this case which should be called to the Commission's attention

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1 at this time?

2 A. No, with the exception of the copies of letters
3 which were sent and returned.

4 Q. In your opinion could the failure to plug this well
5 cause waste?

6 A. Yes, for the same reasons I mentioned before, plus
7 the fact that we have some casing that was supposedly just
8 landed, not cemented at all, plus the fact that I do not know
9 what is in the hole.

10 Q. So you cannot make a recommendation as to a plugging
11 program at this time?

12 A. There is no way that I could. I don't know the
13 depth of it, I don't know what the pipe is or anything else
14 about the hole. I couldn't come up with any program at this
15 time.

16 MS. TESCHENDORF: I have nothing further.

17

18

CROSS EXAMINATION

19 BY MR. NUTTER:

20 Q. Mr. Ulvog, now you've got a notice of intention for
21 the Gonzales "A" No. 1, do you have a well there?

22 A. Yes.

23 Q. You have made an on-site inspection to determine
24 that there is a well at that point?

25 A. I have been there and there is a well there at that

1 point. It has a wellhead on it and it appears to be connected
2 to a pipeline.

3 Q How about the other wells, what is the surface
4 condition of the other wells there, of the equipment that is
5 present?

6 A I inspected these wells twice, I'll refer to my
7 notes here. On January 22nd, 1975 and on July 15th and 16th
8 of 1976 I inspected these locations.

9 On the No. 2 Gonzales Well, which is located in
10 Unit D of Section 9, the wellhead in place. It is obviously
11 shut in and has not produced for sometime, the location is
12 clean and level and as I mentioned, it appears to be connected
13 to a pipeline.

14 The No. 1 Adams & McGahey likewise was inspected
15 January 22nd of '75 and then again in July of this year. There
16 I found that the wellhead is in place and there is a pipeline
17 connection and the location is clean and level.

18 The No. 1 "A" Gonzales likewise was inspected on
19 the same days. There the location is clean and level, it is
20 connected to a pipeline, the wellhead all seems to be intact.

21 Q So you do have the three wells, they all have well-
22 heads installed on them, they all appear to be connected?

23 A That is correct.

24 Q Where did the pipeline go?

25 A It leads apparently, I did not walk out the entire

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1 pipeline, but from what I saw it appears to lead to the plant
 2 which is located in the northwest of the southwest of Section
 3 27.

4 Q That's what kind of a plant, a carbon dioxide plant?

5 A I would assume that is a carbon dioxide plant.

6 Q Is that plant operating?

7 A No, sir. It was not operating at any of the times
 8 I was there and it was apparent that it had not operated for
 9 sometime.

10 Q I see.

11 MR. NUTTER: That's all.

12

13 CROSS EXAMINATION

14 BY MR. RAMEY:

15 Q I assume that these wells have all produced at
 16 some time?

17 A Well, I assume that, however, I do not have any
 18 information regarding their production.

19 Q We don't keep production information on CO 2
 20 wells?

21 A I went back for four years and didn't find any
 22 reports of production here.

23 Q So you feel that the wells have been shut in for
 24 at least four years?

25 A Yes.

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1 Q At one time there was a plant operating in the
 2 area?

3 A That is correct.

4 Q The wells were probably tied to it?

5 A Yes, sir.

6 Q Was any attempt made to get additional forms for
 7 the Gonzales "A" No. 1?

8 A Well, I don't have any record of what transpired
 9 before I began working on it but I was not able to contact
 10 the operator to get any additional information.

11 MR. RAMEY: Do you have any questions?

12

13

CROSS EXAMINATION

14 BY MR. ARNOLD:

15 Q Do you actually have any evidence of waste, is
 16 there any leaking?

17 A No, I did not detect any evidence of waste, however,
 18 there is in some of the communication, I would have to search
 19 for it, but it is in connection with some of the wells in the
 20 area -- there are other wells in the area as the plat
 21 indicates -- and I would have to search the files but there
 22 is correspondence concerning leakage in some of the wells in
 23 the area. I was not able to detect this when I was there, no.

24 MR. RAMEY: Are there pressure gauges on the wells?

25 A Is there what?

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1 MR. RAMEY: Any pressure gauges so you know what the
 2 shut-in pressure is?

3 A. No, there were not gauges installed on the wells, on
 4 any of them.

5 MR. RAMEY: You didn't attempt to open any valves?

6 A. No, I did not attempt to open any valves. There
 7 are meters there but none of them have any -- they are not
 8 operating, haven't operated for sometime, I mean, there are
 9 cobwebs and so on and so forth in them so it is obvious that
 10 those meters have not operated but they are not gauges, they
 11 are recording meters.

12 Q (Mr. Arnold continuing.) Do you have any kind of
 13 water analysis on the kind of water you were talking about,
 14 the depth, or is any of it being used as domestic water?

15 A. I have no data regarding the water except that there
 16 are water wells in the area, a number of them in the area, I
 17 didn't count them, I think four or five water wells, windmills,
 18 in the area of these wells. I'm assuming that the water
 19 intervals that were reported in connection with these two
 20 wells we discussed would be where the ranchers get their water.

21 MR. RAMEY: But you don't know the depths of these
 22 water wells?

23 A. No, I didn't determine that, unfortunately.

24 MR. RAMEY: Mr. Adams, did you have questions of
 25 Mr. Ulvog?

1 MR. ADAMS: Yes, sir, I do. One moment, please.

2

3

CROSS EXAMINATION

4 BY MR. ADAMS:

5 Q Mr. Ulvog, I submit that the presence of water in
6 these wells is a theory and not a fact and I also submit that
7 our office, while we have moved our office twice in the last --

8 MR. RAMEY: Mr. Adams, are you asking the witness
9 questions or if you have testimony you will have to wait until
10 you are sworn. We will wait and have you sworn if you have
11 any testimony.

12 MR. ADAMS: All right, not at this time I don't
13 have any questions for Mr. Ulvog.

14

15

RE CROSS EXAMINATION

16 BY MR. NUTTER:

17 Q Mr. Ulvog, you haven't made any determination as
18 to whether these particular wells produced water, you haven't
19 been able to, I presume?

20 A No, I haven't been able to determine that. On these
21 particular wells I haven't been able to determine they
22 produced water.

23 Q Are there other carbon dioxide wells in this area?

24 A Yes.

25 Q And have you been able to determine if any of those

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1 wells produced water or not?

2 A Yes, I have.

3 Q What have been the results of the effort that you
4 have made?

5 A I have a series of well files here, I can discuss
6 particular wells if you like that have made water along with
7 the carbon dioxide and if the wells are not produced con-
8 tinuously they do have a problem getting rid of the water
9 before they go back on production. I have some well files
10 here that discussed that. As a matter of fact, they have set
11 bleeder strings into the wells for the purpose of getting rid
12 of the water so that it won't bother them during the
13 production.

14 I have also drill stem tests and production tests
15 of other wells which gave the exact amount of water that was
16 reported produced along with carbon dioxide when they took the
17 potential.

18 Q How close are these particular wells to the wells
19 that you are talking about?

20 A Some of the correspondence in our files pertains to
21 wells, and again I would have to search the record, but I
22 have five more wells in the immediate area that, according to
23 our files, are owned by the Neill Oil and Gas Company, one in
24 Section 9 and another one in Section 27 and I'm not sure but
25 according to our files there are two in the north half of

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1 Section 32. I was only able to find the location of this one.
2 There may only be one but our files indicate there were two;
3 and there is a fifth one located in the southwest of
4 the southwest of Section 1 of Township 20 North, Range 21 East.
5 Any or all of these could conceivably have been connected to
6 this plant because of the time they were drilled and so on and
7 so forth. However, I do not know for sure that they all were
8 connected. I do know that this one appears to be connected.

9 Q Which one is that?

10 A Pardon me, the one in Section 27 which is located
11 just north of the plant site.

12 It appears that the one in the southeast of the south-
13 west of Section 9 is connected to that pipeline also. They
14 still have wellheads on them.

15 Q Are any of these wells, the wells that reported
16 producing water or that you have any record of water having
17 been produced on the drill stem tests --

18 A We have communications concerning that on some of
19 these other Neill Oil and Gas wells. As I say, I would have to
20 go back and go through the files to find that communication.

21 Q Well, now, I see that the well that you are
22 referring to, the Neill well in Section 32, is a diagonal
23 offset to the Gonzales "A" No. 1 which is the subject of this
24 hearing?

25 A Right.

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1 Q Does that Neill well show any evidence of any water
2 in that?

3 A I don't recall, I can go to the file and see.

4 Q And then you also made a reference to up in Section
5 9, which is approximately a half-a-mile west of the Gonzales
6 Well No. 2 which is the subject of this hearing. Did that
7 Neill well a half-a-mile west in Section 9 show any water?

8 A I would have to go to the file?

9 Q Would you do that, please?

10 MR. ADAMS: May I just say that what we call the
11 State Well, the one just north of the plant, belongs to
12 Adams & McGahey. The one up north, the west well up north,
13 that we call the Galliger, belongs to Adams & McGahey.

14 A We have no evidence of that in our files.

15 MR. ADAMS: Clyde B. Neill has been dead many years
16 and before he died these wells were conveyed to Adams &
17 McGahey.

18 Q (Mr. Nutter continuing.) You are going by the
19 names you have on the well files?

20 A That's all I can go by, the operator of record in
21 our files is the Neill Oil and Gas. Those wells were the
22 subject of a different hearing which was Case 5744.

23 MR. RAMEY: What was the result of that hearing?

24 A The result of that hearing was that those wells were
25 ordered plugged and abandoned in accord with a Commission

1 program. All five of those wells which I have just pointed
2 out on the plat that belonged to the Neill Oil and Gas were all
3 ordered plugged.

4 Let me digress for just a moment. I neglected to
5 mention that a letter, copies of which were in all of the well
6 files of the Adams & McGahey wells that we have discussed,
7 plus all of the five wells that according to our files are
8 owned by the Neill Oil and Gas Company. There were copies of
9 letters dated September 22nd, 1952 from the Chief Engineer
10 of the Oil Conservation Commission in which he lists all of
11 the wells owned by Clyde Neill or drilled under his bond that
12 have not been plugged and abandoned. As I say, this was
13 dated September 22nd, 1952 and all of the wells owned by
14 Neill in this case are listed on this list as not having been
15 plugged and abandoned with the Commission records so this
16 would really be the most recent information that we have in
17 the files on these wells.

18 I don't believe, I'm just looking at the well
19 records of these Neill wells now, and as I recall, none of
20 them have reported water on the potential, when the well is
21 potentialized, but this is common because this is true also of
22 the wells here that I have that did make water along with
23 carbon dioxide. Normally it is not reported on the potential.

24 There is no report on the Neill No. 1 Galliger
25 located in the southeast of the southeast of Section 9. There

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1 just isn't any report on it.

2 Q (Mr. Nutter continuing.) I believe that would be
3 southeast-southwest.

4 A Pardon me, that is correct, the southeast of the
5 southwest. The No. 1 Galliger is located in the southeast
6 of the southwest of Section 9.

7 There is no report of water having been produced
8 by the Neill Oil and Gas Company No. 1 Harris-Gonzales located
9 in the northwest of the northeast of Section 32.

10 MR. ADAMS: Which well is that, sir, on the map?

11 MR. NUTTER: That would be one location northwest
12 of the Gonzales 1 "A".

13 A There is just no report on that.

14 Q (Mr. Nutter continuing.) He's talking about that
15 well.

16 A As a matter of fact, there is no well record in
17 the file on that well, it is only the notice of intent to
18 drill and a C-103. There is no record of a plugging or a
19 completion or anything else.

20 Q So in other words, Mr. Ulvog, in checking the
21 records of these particular wells that are the subject of
22 the hearing today and checking the record of the Neill wells
23 which are immediately adjacent to these wells, you find no
24 record of water having been reported on the initial potential
25 tests or of subsequent production from the carbon dioxide zone,

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1 is that correct?

2 A. That is correct. I'm looking at one more well to
3 make sure that we have covered them all. That is correct.

4 Q. But that in your mind does not necessarily preclude
5 the possibility of there being water produced with the
6 carbon dioxide, I presume?

7 A. No, it does not.

8 Q. Why do you feel that water could be produced with
9 the carbon dioxide. We heard it mentioned earlier that it is
10 just a theory. Have you, in fact, had production reports
11 or potential reports from carbon dioxide wells in the general
12 area in which water is produced?

13 A. That is correct.

14 Q. From a carbon dioxide zone?

15 A. That is correct.

16 Q. What kind of reports were those?

17 A. All right, I will refer to the well files. I have
18 here the well file on the Amoco Production Company No. 1 FC
19 State, located in Section 18 of 20 North, 30 East, which is
20 the same township which we discussed with respect to the
21 southernmost Neill well.

22 MR. ADAMS: I didn't understand that. You say
23 the Amoco well is the same as the southernmost Neill well?

24 A. It's in the same township.

25 MR. ADAMS: I beg your pardon. Is that a different

1 depth than the original Neill well?

2 A. Yes, I would say that it is. I would have to go
3 back and check that Neill file to determine the depth on that.

4 That would be Section 1, that's the Smith Miera well,
5 the Neill Oil and Gas No. 1 Smith Miera well is located in the
6 southwest of the southwest of Section 1 of 20 North and 30
7 East and their total depth was reported at eight hundred and
8 eighty-eight feet.

9 The Amoco No. 1 State FC was completed at from
10 twenty-one, twelve to twenty-eight, oh, six and they reported
11 on the potential that it produced two hundred and seventy-
12 three MCF of gas, plus two barrels of water per twenty-four
13 hours.

14 MR. ADAMS: At what depth, sir, does it say?

15 A. This would be at the depth of twenty-one, twelve
16 to twenty-eight, oh, six.

17 MR. ADAMS: Would there be any correlation between
18 the approximate eight hundred foot Neill well and the twenty-
19 one hundred foot Amoco well?

20 A. No, I would not think so. It's just another
21 carbon dioxide producer in the area.

22 MR. ADAMS: Would it be the same sands?

23 A. Well, I wouldn't think so, no. Of course, I have
24 no logs on any of the wells that we have been discussing, the
25 Neill wells or the Adams & McGahey wells, we have no logs at all.

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1 I have no tops reported for any of those wells.

2 Now, the Amoco Production Company No. 1 EN located
3 in Unit J of Section 23, Township 20 North, Range 33 East,
4 this would be off to the east of this area, reported on a
5 potential of one thousand, eight hundred and fifty-six MCF
6 per day, plus seven barrels of water.

7 Q (Mr. Nutter continuing.) What depth is that from?

8 A That's completed at a depth of twenty-four, oh,
9 seven to twenty-six, sixty-one.

10 Q So again this is probably a different horizon than
11 the subject wells are completed in?

12 A Probably so. We have two wells located -- these
13 are producers now, as a matter of fact -- both in Section 31
14 of Township 20 North, Range 31 East, which would be the
15 township adjoining Township 21 North, Range 31 East to the
16 southeast. They are producing now at Schwartz Carbonic
17 Company. These are wells which were worked over and they put
18 bleeder strings in them to take care of the water problem
19 that was causing problems in their production and they
20 solved this by putting bleeder strings in the wells.

21 MR. ADAMS: What depth are these wells, sir?

22 A All right. The Schwartz Carbonic No. 1 Libbey is
23 completed, according to the C-105, it's completed at a depth
24 of -- the total depth is two thousand and forty-eight feet.
25 The eight-and-a-quarter inch casing was set at two thousand

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1 and seven, so we have to assume that it is open hole from
2 two thousand and seven to two thousand and forty-eight.

3 Q (Mr. Nutter continuing.) Which again would appear
4 to be possibly another horizon from the subject wells?

5 A That's possible.

6 MR. ADAMS: Mr. Ulvog, do you have any pressures
7 on these wells, the deeper wells of Schwartz and Amoco,
8 shut-in pressures?

9 A There was a pressure on this well, the No. 1 Libbey
10 well is reported at five hundred and twenty pounds per square
11 inch.

12 MR. ADAMS: I see.

13 A I will refer back to the Amoco wells if you like.
14 The Amoco No. 1 State EN which was located in Section 23 of 20
15 North, 33 East reported a pressure, a flowing pressure, of
16 seventy-six pounds per square inch. We have a shut-in
17 pressure of a hundred and eighty-eight pounds per square inch.
18 That's the one that made seven barrels of water a day.

19 MR. ADAMS: Thank you.

20 A The Amoco No. 1 FC in Section 18 of 20 North,
21 Range 30 East reported on the C-105 simply a pressure of a
22 hundred and twelve pounds. This is the well that made two
23 barrels of water a day in the producing zone.

24 I have one more of the wells in the Schwartz
25 Carbonic area which is the No. 2 De Baca, it is also located

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1 in Section 31 of 20 North, 31 East. This is a well that had
2 a considerable amount of trouble with water. I have quite
3 a bit of correspondence in the file and in the most recent --
4 no, not the most recent communications -- well, the most
5 recent letter in the files, is a communication from the Oil
6 and Gas Inspector of District Four, dated August 3rd, 1954
7 and it is a discussion of the problem they were having with
8 the water and I will simply read one paragraph. (Reading.)
9 If bleeder strings are installed all data on these operations
10 will be expected, such as the size of the tubing, length of
11 the tubing and the effectiveness with respect to elimination
12 of water from the pay zone. As I have stated before, it is
13 essential that proper individual gauges be installed on each
14 well. If after installation of the bleeder strings you
15 continue having water troubles in the measurement of your
16 gas, then it would be advisable to install a gas-water
17 separator before the gas reaches the plant. End of quotation.

18 And I'm assuming from the form and so on that
19 followed that this is what was done.

20 Q. (Mr. Nutter continuing.) Okay, he mentions the
21 pay there, what is the approximate depth of the pay on that?

22 A. All right, let me find that. Well, we don't
23 actually have a C-105 in this well file but we do have a
24 C-103 which is a report on repairing the well so this is
25 probably the depth of the producing zone. Hole was cleared

1 to twenty-one, eighteen feet where there was still part of
2 a pipeliner which was put in the well sometime ago. Then
3 it says: A perforated liner of four inch of a hundred and
4 forty feet was put in the well. A bleeder string was put in
5 the well of a hundred and forty feet of one-inch pipe,
6 nineteen hundred and fifty-five feet of two-inch upset
7 tubing, making a total of two thousand ninety-five feet of
8 bleeder string.

9 So I would have to assume that the total depth is
10 approximately two thousand and ninety-five and where the top
11 of the pay is, I do not know.

12 Pardon me, here is a notation, five and three-
13 sixteenths set at nineteen, eighty-nine. That's probably the
14 top of the pay.

15 Q Now, these various wells that we have just been
16 going through, Mr. Ulvog, indicate one pay that appears
17 rather prevalent in the area, that would be a carbon dioxide
18 pay from two thousand to twenty-four hundred feet?

19 A In that range.

20 Q Now, we have these subject wells we are talking
21 about today and apparently all three of these wells may have
22 made carbon dioxide but two of them, at least we know, made
23 their carbon dioxide from eight hundred to a thousand feet.
24 Do you have any production in the range from eight hundred to
25 a thousand feet on which you have evidence of water?

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1 A. Yes, we do. I didn't bring those files with me,
2 I don't believe, but we have four wells that produced in what
3 was known as the Des Moines Carbon Dioxide Field which would
4 be from a geologic formation equivalent to the formation we
5 are talking about in this case and all four of those wells made
6 great quantities of water when they were produced. In fact,
7 such that a water separation facility was installed right
8 next to the plant to knock out the water before the carbon
9 dioxide was compressed.

10 Q. Those are rather far distant removed from these
11 wells?

12 A. That is correct, that is up in Union County. That
13 would be in Townships 29 and 30 North and Range 29 East.

14 MR. ARNOLD: Could I interrupt? You say it is an
15 equivalent formation and you don't know what formation this
16 is?

17 A. I'm just estimating that this has got to be Triassic
18 formation on the basis of the data that we have on other
19 wells. I have no logs on any of these wells. I have no logs
20 on any of the wells in the other field but from the correla-
21 tion of other well logs, I have to assume that it is in the
22 Triassic.

23 MR. ARNOLD: So it is equivalent to that extent?

24 A. That's correct.

25 Q. (Mr. Nutter continuing.) But, Mr. Ulvog, from the

1 information that you've got presently available on these wells,
2 you don't know that these zones do make water?

3 A. No, and that was not my testimony.

4 Q. But you do know that the reaction of carbon dioxide
5 with water is the formation of carbonic acid?

6 A. That is correct.

7 Q. And the carbonic acid, though it is a mild acid,
8 is a very corrosive acid?

9 A. That's correct.

10 Q. And if it stands on a well for extended periods of
11 time it would have a deteriorating effect on the casing?

12 A. That is correct.

13 Q. Now, in order for you to know that these wells
14 don't make water, you would have to see these wells opened up,
15 produced, or some other test made of them to know that these
16 are, in fact, dry carbon dioxide zones, wouldn't you?

17 A. That is correct.

18 Q. But that information hasn't been made available to
19 you and you have no way of getting that information?

20 A. That is correct.

21 MR. NUTTER: Okay.

22 MR. ADAMS: Mr. Ulvog, did you see any water
23 separators on any of the subject wells in this case, way
24 to knock out water or dehydrators or separators on any of
25 the wells, the Gonzales "A" 1, the Gonzales 2 or the Minerals

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1 well?

2 A. No, sir, there was no facility such as that on the
3 individual wells but I don't know what's at the plant and in
4 the case of the Des Moines Carbon Dioxide plant the water
5 separation facility was right at the plant site.

6 MR. ADAMS: Thank you. May I ask you one other
7 question? This is a general question and wouldn't necessarily
8 be in your experience as a geologist but are wells so-called
9 on structure more likely to be dry than wells that are off
10 structure or on the edge of a structure as far as water is
11 concerned?

12 A. I don't have any information on that. As a matter
13 of fact --

14 MR. ADAMS: This is a very general question.

15 A. Yes, the wells that I have looked at, as nearly as
16 I have been able to determine were in just a stratigraphic
17 trap position. I could not detect that there was a structure
18 present. There could have been but I couldn't detect it from
19 the information that I have.

20 MR. ADAMS: One other question. Approximately
21 how far are these mentioned Schwartz wells from our subject
22 wells?

23 A. They would be in the vicinity of -- let's see, I'll
24 have to figure that out -- they are in Section 31 of 20
25 North and 31 East so they would be approximately -- well, it

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1 would be about five miles from this Neill well in Section 1.
2 They would be then about seven miles, roughly from six to
3 seven miles from the No. 1 "A" Gonzales in Section 32.

4 MR. ADAMS: Thank you. To your knowledge are there
5 any faults between our area where our subject wells in question
6 here are and the Schwartz wells?

7 A. I'm not aware of it. It could very well be but I
8 have not seen it on any maps that have been prepared and I have
9 not been able to map it in detail to determine whether there
10 are, in fact, faults involved. I wouldn't know.

11 MR. RAMEY: Any further questions of the witness?
12 He may be excused.

13 (THEREUPON, the witness was excused.)

14 MR. RAMEY: Do you want to testify, Mr. Adams?

15 MR. ADAMS: Yes, sir, thank you.

16 (THEREUPON, the witness was duly sworn.)

17 MR. ADAMS: I can certainly understand Mr. Ulvog's
18 concern in his shortage of information. I'm amazed that he
19 has no more information than this and I'm sure he is too. I
20 can only say I don't know why.

21 We have moved our office. First let me say that
22 my father was administrator of this company and partner and
23 ran it, so to speak, all of his life. He passed away in
24 1972 at which time I was made the independent executor of
25 his estate and I have looked after it, to the best of my

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1 ability, Adams & McGahey's business since that time.

2 To go back a little bit on history, not as an
3 excuse but as a partial explanation maybe. This plant and
4 these wells -- the plant has operated and the wells have
5 produced on an intermittent basis since 1941. My father built
6 the plant after not being able to find someone interested in
7 building it and operating it, producing it. It had the gas.
8 B. E. McGahey and my father were knowledgeable oil and gas
9 men but not experienced in the manufacture of dry ice, liquid
10 CO 2. However, he built the plant and struggled along with
11 a very poor sales record. He had two salesmen out and two
12 trucks making a circle through northeast New Mexico, into
13 Kansas, around Oklahoma City and back through Amarillo and
14 back to the plant. It wasn't a money making deal.

15 Joe Witt who had a dry ice plant at Moriarty and
16 was running out of gas started in 1942 or 3 to buy ice which
17 was delivered from the Adams plant to the Joe Witt plant at
18 Moriarty and later their gas gave out altogether and this
19 ice that Joe Witt was buying was to supplant their demand
20 for ice which they could not meet because of wells that were
21 petering out, depleting, they were not very good wells to
22 begin with.

23 Joe Witt, probably in 1944, leased his plant for
24 five years and subsequently leased it for three more terms
25 of five years, making twenty years in all under lease to

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1 Witt Ice and Gas Company. Three years prior to the time of
2 the expiration of the fourth five-year lease, Joe Witt was
3 in bad health and he sold out to Cardox Corporation, a
4 division of Chematron Corporation, I think.

5 Cardox did not wish to operate this plant and
6 bought out the remainder of the term of the lease under which
7 they had -- the lease that they had acquired when they bought
8 Joe Witt's company out.

9 My father at that time took over the operation of
10 the plant himself and operated it. He had two customers. It
11 was an intermittent, part-time operation, very expensive. He
12 had two customers and opened the warehouse again in Amarillo
13 to retail dry ice in Amarillo. When he lost his best customer,
14 from a man in Houston who was buying approximately two truck
15 loads -- that's not right -- about one truck load, say forty
16 thousand pounds a week of dry ice, when he died and his
17 company changed hands and they no longer wanted that product
18 from his plant, he shut the plant down and the SEC Corporation
19 which owns the Schwartz plant and the so-called Mitchell
20 plant at Solano leased this plant from my father in 1969 on
21 a one-year's basis, at which time we cleaned out everyone of
22 these wells, all five of them, the three wells in question
23 here today and as Mr. Ulvog's information shows, two wells
24 belonging to Clyde B. Neill. They haven't for many years --
25 Clyde B. Neill was a partner in some of these wells and sold

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1 out to Adams and McGahey through the years.

2 The so-called State well, which is just a few feet
3 north of the plant, that is State land, a State lease.

4 MR. RAMEY: That would be the well in Section 27?

5 MR. ADAMS: Yes, sir. I believe that's right.

6 And the Gonzales well were sold to Adams & McGahey.

7 Let's see, no, the Galliger well is the one I'm
8 just now learning today you have ordered plugged as being owned
9 by Clyde B. Neill, the State and the Galliger.

10 David McGahey and I, the original B. E. McGahey's
11 son, we are both sons of the original owners, cleaned out
12 these wells in 1969. We found water in the Galliger well
13 and determined that the pipe had a hole in it at some four
14 hundred feet, this is from memory, and we considered this to
15 be from electrolysis from water sands in that area. We ran
16 a string of seven inch pipe, we plugged off the gas and
17 killed the gas entirely.

18 Incidentally, the gas pressure on these wells are
19 forty pounds. The virgin pressure was forty-one pounds and
20 if they are shut in for a long length of time they will very
21 nearly approximate that forty-one pounds. Roughly the
22 pressure is forty pounds on the north structure.

23 The structure to the south, the State well next
24 to the plant and the Gonzales "A" 1 are different structures.
25 There is a fault between them which was drilled on, we found

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1 it by drilling right on it. It was a dry hole. But they
2 are in a different structure and the virgin pressure on those
3 wells were thirty-seven and a half pounds and the shut-in
4 pressure today approximates that pressure again, but there
5 is about three to three and a half pounds difference in the
6 virgin pressures on those two structures and I contend that
7 they have nothing to do with the deeper pays. We've been
8 told from geologists that we have the twenty-one hundred foot
9 sand under these shallow wells that we have but they have
10 never been explored at that depth.

11 The Schwartz structures and Mitchell's to the west
12 of us are entirely different sands and different structures.

13 In 1969 in cleaning out these wells and in repairing
14 the water leak in the casing -- not repairing the leak but
15 running another string of pipes, cementing it, we shut off
16 the water that was getting into that well that was causing it
17 to fail.

18 The Gonzales 1, which you say you have no plugging
19 record on, was owned at the time it was plugged and my notes
20 on these, I know exactly where they are, they are laying on
21 my dining room table in Amarillo, that I went off and left,
22 but that well was plugged in -- I'm going to say in the
23 forties but I'm not sure about that and Gonzales "A" 1 was
24 drilled to replace it. It was properly plugged. I don't
25 know why Mr. Ulvog doesn't have all of these records. I don't

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1 think anybody could plug a well in New Mexico without doing
2 it the way it is supposed to be done under the supervision
3 of a Commission man. I feel sure that I wasn't there but I
4 feel sure it was properly plugged and approved by the
5 Commission. This was not a fly-by-night little company. You
6 have almost no information but I hope to rectify that.

7 We have moved the offices, we have moved to 47 --
8 no 57 something. I can't remember the address in Amarillo.
9 It was 57 and about -- well, several years ago, some four or
10 five years ago -- we moved to the Bank of the Southwest
11 Building in Amarillo and both times I have made a special
12 effort to have -- we have a full-time bookkeeper and secretary
13 and she has been quite diligent in sending out changes of
14 address to everybody we do business with so I'm at a loss to
15 explain why you didn't have our proper address.

16 I submit that our wells are in good shape and also
17 let me say that we have found that wells, producing Co 2 wells
18 make some water. Ours don't make very much, a little bit of
19 water and I would have to estimate that it's very, very
20 small. I mean, like a gallon or so a day maybe and I have
21 considered that as maybe condensate water from changes in
22 temperature of the gas flow. Our wells, as far as we know,
23 are dry. They are on structure and there is no -- we don't
24 have any water problems. We don't have any facility and with
25 a forty-pound well if you were making any water you would soon

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1 be flooded out if you didn't bail them every day or so. We
2 don't have any water.

3 My request in this hearing to this Commission is
4 to allow us to get current on our reports, to come up with
5 what's missing, to do the best we can to do so. We've got
6 well records, we've got files full of information and again
7 I don't know why the Commission doesn't have what they require.

8 Again from memory, our office was moved -- I say
9 our office but my father and I were partners in a drilling
10 contracting business and in production of our own separate
11 from Adams & McGahey. Until he died I had no interest,
12 monetary interest or owned any interest in Adams & McGahey.
13 I did work for them, I helped him with his work and I cleaned
14 out those wells in 1969 but the records are hard to keep up
15 with and I don't know why you don't have your property
16 records in shape, why they're not current and it is probably
17 our fault and if so, I would hope to rectify that and get
18 back in your good graces. I don't want to plug those wells.

19 Let me say again, the last time that plant operated
20 was in 1971, SEC chose no longer to run it. They had improved
21 their own situation to where they were able to in their two
22 plants at Solano and the Schwartz plant, to handle their
23 business, I guess, to handle their demand.

24 Our plant is small. In the time that they ran it
25 they made liquid, they pressed no ice, and the best month they

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1 had, I believe, was three million pounds in one summer month
2 in the last year that they ran it, thirty tons a day approxi-
3 mately. It's a small plant, it's remote, more remote than
4 the Schwartz a little bit and I don't choose to run that plant.
5 I would love to do something with that gas. It's still got a
6 great potential. It has made a lot of gas, the wells have made
7 a lot of gas, the plant has made a lot of ice and liquid over
8 its lifetime. It's a shame it's not running but the effort of
9 a small operation, a retail operation, is almost an impossibility
10 against major suppliers of CO 2, it's a tough business.

11 But I do have a feeler, nothing has worked out at
12 this time but I do have a feeler from a major retailer, not
13 SEC, who I feel wants to run our plant in the future and we
14 don't have anything worked out yet but I'm very hopeful of
15 doing so.

16 If we do not, in fact, have water in our wells, if
17 the pipe is in good shape and I'm willing to test them any
18 way that Mr. Ulvog sees fit, within reason, I think it would
19 be a shame to plug them.

20 While we are not talking about natural gas or oil,
21 which are pollutants, in my mind CO 2 is not a pollutant. You
22 drink it every time you drink a bottle of soda pop. And it's
23 not like salt water. We have no salt water in the area. It's
24 fresh water, all of the water is above.

25 The windmills -- you asked Mr. Ulvog about the

1 surface wells there, there are windmills in there and
2 Ute Creek runs down this. We are in a valley, Ute Valley,
3 and Ute Creek runs very close, not more than half a mile
4 from each one of these wells and very close to some of them
5 and the windmill water is approximately -- oh, less than a
6 hundred feet on most of them. There is a water sand that is
7 in the area of four hundred feet.

8 Mr. Ulvog made some statements about the pipe being
9 pulled from the records, reading from the records, not
10 statements, he was reading from the records, but this pipe
11 was pulled and cement wouldn't reach these water sands and
12 he is probably correct. I don't know what the requirements
13 of the State were when these wells were drilled. The old
14 practice on cable tool practice was to run surface strings
15 or whatever, to shut off caves and water until you got the
16 well completed and then pull all of those strings. That
17 wouldn't work today, I'm sure, but that would substantiate
18 Mr. Ulvog's case that the wells may not be properly protected
19 in there. I am willing to open them up if he would like to
20 blow them to show him what they are, to first of all before
21 they are opened to take shut-in pressure tests on them, and if
22 in fact, the wells on the north structure does not approximate
23 forty pounds shut-in and the ones on the south structure do
24 not approximate thirty-seven pounds or better, I would be in
25 a hurry to do something about it because I would figure I had

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1 trouble. I think that if the wells did approximate these
2 pressures with a shut-in gauge, it might not be to Mr. Ulvog,
3 but to me it would prove positive that those wells are not
4 flooded with water and that the gas wasn't going off somewhere.

5 Do you have any questions, sir, that I can answer?
6 I've been rambling on here and trying to state my case.

8 CROSS EXAMINATION

9 BY MR. RAMEY:

10 Q Now, you are the operator of, in addition to the
11 three wells which are the subject of this case, two other
12 wells in the area which our records show belong to Neill?

13 A Yes, sir, evidently. I didn't know that until I
14 came here this morning. Yes, we operate and own what we
15 call the Galliger well which is west of the Gonzales "A"
16 No. 2. The Galliger well is this well.

17 Q That's in Section 9?

18 A In Section 9. It looks like it would be the
19 southeast of the southwest.

20 MS. TESCHENDORF: In Unit M according to our
21 numbering.

22 Q (Mr. Ramey continuing.) And what other wells?

23 A And the New Mexico State Well we call it, which is --

24 Q Is that the one near the plant site?

25 A Yes, it is right here.

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1 Q It would be in Section 27?

2 A Yes, sir.

3 Q Do you know the status of the other three wells
4 that are in red on that map?

5 A Well, I don't know this name, this B. B. Harris,
6 is it?

7 MR. ULVOG: V. V. Harris.

8 A I've never heard the name Harris. You understand
9 I'm not familiar with all of this, all of the years it has
10 been going on. I knew Clyde Neill. This Harris Gonzales
11 was Adams & McGahey's later. It belonged to Neill. I don't
12 think it -- it was drilled by Neill and then McGahey and I
13 suppose the reports came in as operated by Neill. This is
14 what we call the No. 1 Gonzales which was plugged and
15 abandoned. I'm sorry I can't give you the year right here,
16 and this well was drilled to replace that one.

17 We do have a pipeline from here to the plant as
18 Mr. Ulvog stated. We have a gathering line, a pipeline,
19 from these three wells to the plant and, of course, this one
20 comes in on a little short line.

21 Q (Mr. Ramey continuing.) How about the well in
22 Section 1 of 20 North?

23 A I don't know anything about that, sir. Your
24 records show that it was drilled by Neill or owned by Neill?

25 MR. ULVOG: Neill Oil and Gas Company, that's right.

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1 A. I'm not familiar with that one, sir. I know there
2 has never been any gas -- there have been several wells not
3 shown on this map that have been drilled and abandoned as
4 not being productive or not enough. There was, in fact,
5 another ice plant right about here and there was a well there
6 on the deep structure, around two thousand feet.

7 MR. NUTTER: There was another plant in about
8 Section 2 of 20 North?

9 A. Approximately. It could have been even in the
10 southeast of 34.

11 MR. NUTTER: A mile or two southeast of the
12 existing plant?

13 A. Of this plant, yes, sir. I can't remember the
14 name. It was a man from Illinois.

15 MR. ULVOG: Timmons.

16 A. Timmons, that's right.

17 Q. (Mr. Ramey continuing.) Would you be willing,
18 Mr. Adams, to get together with Mr. Ulvog as soon as this
19 hearing is over to determine what paperwork is necessary to
20 update our files?

21 A. I sure would, I would be happy to.

22 Q. And you say you would be willing to perhaps meet
23 Mr. Ulvog in the field at the site of these wells and
24 perform some tests to determine that they are --

25 A. Yes, sir. Mr. Ulvog, in your mind on this low-

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1 pressure gas, as low as it is would shut-in pressures --
2 I can show you files that show the pressures on these wells
3 through the years and always they have come back if the plant
4 was shut down for a period of time, they would come back to
5 very nearly the virgin pressure and I submit that that was
6 about thirty-seven and a half on the south structure and
7 forty-one pounds on the north structure. In your mind would
8 a gauged test on these wells be enough or would you like --
9 we can open them, of course, if you like. I think most of
10 them will flow any water that might be in them. I'm trying
11 to remember what wells will raise the water and what won't.
12 That's a very low pressure and I'll talk to you about that
13 later. I think that one or two of them will flow the water
14 that's in them.

15 To your mind would a pressure approximating the
16 original pressure be sufficient to tell you that there was not
17 a great amount of water in the wells or not a hole in the
18 pipe somewhere?

19 MR. ULVOG: Well, by your statement you say that
20 they won't flow very much water from the well.

21 MR. ADAMS: I mean with that amount of pressure,
22 you can't raise water that high. We are talking about nine
23 hundred feet, roughly, in most of them, eight hundred to
24 nine hundred feet.

25 MR. ULVOG: What I'm saying is that a pressure test

1 wouldn't tell you whether or not there was water in the
2 well.

3 MR. ADAMS: That's true, it wouldn't tell you. It
4 would tell you if you had a casing leak and it was getting
5 away somewhere.

6 MR. ULVOG: But it wouldn't answer the question
7 as to whether or not there is water coming from your producing
8 formation.

9 MR. ADAMS: No, you are right there.

10 MR. ULVOG: Which is another question which we
11 need answered somehow.

12 MR. RAMEY: Mr. Adams, the well that you say you
13 had a casing leak in and ran seven inch pipe, what is the
14 status of that well that made you suspicious of it? Would
15 the well produce?

16 MR. ADAMS: No, sir.

17 MR. RAMEY: Was it completely dead?

18 MR. ADAMS: Not completely but very, very -- when
19 the plant started up and it didn't produce on the chart we
20 knew something was wrong so I believe we ran a float in
21 there on a measuring line in the first place and found water,
22 a great amount of water in it and subsequently found after
23 we bailed the water out and found it was making a lot of
24 water, we found by one means or another while thieving with
25 the bailer with a packer, so to speak, a homemade packer, on

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1 the top where any water, you know, you've probably done
2 that, Mr. Ulvog, which you can find the approximate location
3 of a leak in the pipe which we knew we must have because
4 these wells do not make water when they are shut in and
5 pressure on them and make so little when they are producing
6 that it has never been a factor. If it had been a factor
7 we would have all sorts of separators and dryers and so on
8 up there. We have never had to bail them as a matter of
9 production, of being able to produce them. I ramble,
10 excuse me.

11 I would be happy to do anything that would
12 satisfy Mr. Ulvog.

13 MR. RAMEY: It is very definite that we need
14 additional information and if you are the operator of the
15 wells that aren't in your name we definitely need a change
16 of ownerships on those and then something to show what the
17 current status of these wells are and on one of the wells I
18 think all we had was a Form C-101, so I would like for you
19 to get together with Mr. Ulvog and have him determine just
20 what is necessary on each of the wells which you operate.

21 Anybody else have any questions?

22 MR. ULVOG: I have a couple of questions I would
23 like to ask if it is permissible.

24 CROSS EXAMINATION

25 BY MR. ULVOG:

1 Q You mentioned a couple of the wells that according
2 to our files are owned by Clyde Neill that you own them now.
3 Did you take over all of the Neill properties?

4 A Well, we are talking about my father and Bud McGahey.
5 I don't know, I don't think so. I don't know. Clyde Neill
6 was a promoter type who couldn't really hang onto anything.
7 I have no idea what all Clyde Neill owned. I have looked
8 through some abstracts, I have looked through some records.
9 No, I would say definitely that Adam & McGahey did not take
10 over all that Clyde Neill owned. He had fingers in many pies
11 and at one time had a tremendous amount of acreage under
12 lease up there.

13 Q In several of the well files, there is correspondence
14 in the well files, it mentions that acreage in the area is
15 owned jointly by Clyde Neill and Mr. R. W. Adams.

16 A They did own -- they drilled wells for an interest.
17 Clyde Neill, his No. 1 State Well in 1937, he had that well to
18 four hundred feet and couldn't get another inch deeper with
19 it and he interested my dad and Bud McGahey to go in up there
20 for an interest in the well and quite a bit of acreage to
21 drill that well on to the gas, which they did. Bud McGahey
22 went up there and completed the well and then they moved to
23 Gonzales No. 1 and drilled that for acreage, for a half
24 interest in the well, as I remember. The No. 1 State, I
25 think, was completed for a half interest in the well and a

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1 considerable amount of leases.

2 Q But do you have records to substantiate which of
3 the Neill interests you did acquire and which ones you don't
4 have?

5 A I think we could come up with all of those records,
6 yes. They are about that thick some of them.

7 Q And by way of, you mentioned that you wouldn't have
8 done anything without notification to the Commission, I would
9 just like to mention in connection with one of the wells,
10 this has to do with the Harris Gonzales No. 1 in Section 32,
11 which we referred to before, and the Smith and Miera Well which
12 is in Section 1, which has been referred to before in a
13 letter dated May 27th, 1952 from the Commission, from the
14 Oil and Gas Inspector of District Four, I would like to just
15 quote a portion of that letter. I have it here in its
16 entirety, which is a matter of record, which states: (Reading.)
17 I have your reports on the result of plugging of the above-
18 captioned wells and am sorry to say that your detailed
19 account of work done and results obtained are too meager for
20 our purposes, especially considering the fact that none of
21 our men witnessed these jobs. (End of reading.) It goes
22 on to say --

23 A Excuse me, sir, who was this letter addressed to?

24 Q Mr. Neill, and the reason I mention this is because
25 one of the most recent things that we have in connection with

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1 any of the wells, you see, as I stated I visited these two
2 locations last week and found the marker pipe on the Smith
3 Miera well filled with earth on the inside and cement visible
4 outside the pipe on the surface which, of course, wouldn't
5 be a plugging job. This is after they reported it plugged.

6 A. I really don't know a thing about the Smith Miera.

7 Q. The point is we don't have any good information
8 concerning the plugged wells. This is the point that I'm
9 making at this point and the next correspondence following
10 this letter saying that the plugging was unsatisfactory is
11 the letter dated September 22nd, which I previously referred
12 to, from the Chief Engineer and that's the last thing we have
13 in our file and these two wells are listed in that report as
14 not being plugged in accordance with our programs so we don't
15 have information that any of the wells that were supposedly
16 plugged that I find that are not producers, don't have well-
17 heads on them, we don't have any information that they were
18 properly plugged.

19 A. Well, I can't help you on that well, I don't know,
20 I don't even remember it. And there are great gaps in years
21 when I was running five rigs and paid not much attention to
22 what was going on up there, so I don't know.

23 I think that we've got a lot more information in
24 our files than you do and I hope we can get together and
25 straighten out some of this stuff. I've been through them,

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1 my dad was still living and still active and able to take
2 care of his business the last time this plant was operated and
3 there is nothing happened since he died and I'm not going to
4 take responsibility for what happened before he died and I
5 have probably been remiss in not checking up on our being
6 together with the Commission or anything since he died but I
7 hope we can back up and make that right.

8 MR. NUTTER: Mr. Adams, when was the last time
9 that the plant was operated?

10 A. In 1971, in September, I think.

11 MR. NUTTER: Now, is the plant still intact? That
12 is, I realize that maybe repairs would have to be made but
13 are all of the components still in place or has it been
14 cannibalized or stripped?

15 A. Well, it has been vandalized some but the major
16 important components are there and nothing in the way of
17 machinery except an air compressor and a motor that was set
18 on a concrete block on a little steel form for it -- I can't
19 think of the word I want to say -- it was a unit and that
20 was stolen and to my mind and knowledge the stuff there
21 last month, maybe August I believe, I went through the plant
22 and, no, it would be operable within a week's time. It
23 would take a lot of cleaning up.

24 MR. NUTTER: Do you have any estimate of when the
25 plant may go back in operation?

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1 A. Well, if what I mentioned before takes place, it
2 will do so before the summer rush comes on for ice and liquid.

3 MR. NUTTER: On this possible customer?

4 A. Yes, sir, which would probably start in April or
5 May, early May if not in April. I don't know, it could happen
6 before but I -- although the beef packing industry has gone
7 great guns for pellets for freezing and shipping of meat, 't
8 is still a Coca Cola product, I mean, that's the biggest
9 demand for it and that's a sentinel business.

10 MR. NUTTER: Well, we appear to be entering a new
11 era as far as carbon dioxide is concerned with so much of it
12 now being used for secondary recovery in the oil fields.

13 A. Well, I'm not familiar with that. I'm familiar
14 with Amoco's vast exploratory strat tests around the country,
15 in Harding and Union Counties, that's all I'm familiar with
16 and I understand that is their purpose in looking for this
17 gas.

18 This gas at twenty-one hundred, they're not
19 interested in nine hundred foot gas because it's low pressure.
20 The gas at twenty-one hundred is about six hundred to six
21 hundred and fifty pounds virgin pressure and this is all that
22 Schwartz has and that's all that the SEC plant at Solano has.
23 That's all they are interested in. It saves one stage of
24 compression to run a plant to make ice, to make liquid and
25 then into ice or just to make the liquid CO 2 is nothing but

1 a process of compression and cooling to change the gas to a
2 liquid and when liquid CO 2 is released into a press it goes
3 into the press in the form of a snow, it looks like snow
4 when it is released into the air. It doesn't immediately
5 come off as a gas. I guess it is gas but it looks like
6 snow, anyway, liquid CO 2 flown into a press to make ice is
7 in the form of snow.

8 MR. RAMEY: Any other questions of Mr. Adams?
9 If not, he may be excused and we will take the case under
10 advisement. The hearing is adjourned.

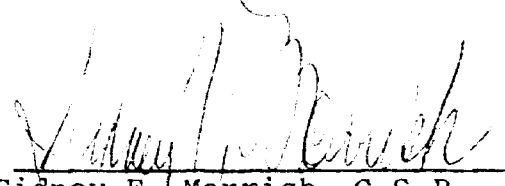
11 (THEREUPON, the witness was excused
12 and the hearing adjourned.)
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REPORTER'S CERTIFICATE

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

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OIL CONSERVATION COMMISSION

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



STATE GEOLOGIST
EMERY C. ARNOLD

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
August 6, 1976

CERTIFIED - RETURN
RECEIPT REQUESTED

John W. Adams, Executor of Estates
of R. W. and June Adams; and Ruth
McGahey, Fred McGahey and David
McGahey dba Adams & McGahey
1407 West 6th Avenue
Amarillo, Texas

American Employers' Insurance Company
110 Milk Street
Boston, Massachusetts 02107

Re: Gonzales Well No. 2, located in
Unit P of Section 9; Adams &
McGahey Well No. 1, located in
Unit B of Section 16; Gonzales
"A" Well No. 1, located in Unit
H of Section 32, all in Township
21 North, Range 30 East, Harding
County
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner Hearing
to be held on Wednesday, August 18, 1976, at 9:00 a.m. in the
Oil Conservation Commission Conference Room, State Land Office
Building, Santa Fe, New Mexico. Case 5743 concerns the above
captioned matter.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/fd
enc.

- CASE 5735: Application of Continental Oil Company to amend Order No. R-1234, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 19 of the Special Rules for the Warren Tubb Gas Pool promulgated by Order No. R-1234, to provide for an increase in the gas-oil ratio limitation for oil wells in said pool to some figure not to exceed 10,000 to one.
- CASE 5736: Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5737: Application of Howard Boatright Company for amendment of Order No. R-5203, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5203 which authorized salt water disposal into the Delaware formation through applicant's State CS Well No. 1 located in Unit L of Section 17, Township 21 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to increase the maximum wellhead injection pressure for said well from 400 psi to 800 psi.
- CASE 5709: Application of Tahoe Oil and Cattle Company for an exception to the provisions of Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate an earthen salt water disposal pit in the NE/4 SW/4 of Section 2, Township 20 South, Range 30 East, Eddy County, New Mexico.
- CASE 5738: Application of Hayes Oil Company for a non-standard proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard gas proration unit comprising the NE/4 and N/2 SE/4 of Section 18, Township 20 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a Morrow test well proposed to be drilled at an unorthodox location for said unit at a point 1980 feet from the South line and 660 feet from the East line of said Section 18.
- CASE 5739: Application of William G. McCoy for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its McCord Well No. 1 to be drilled at a point 660 feet from the North and East lines of Section 22, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5740: Application of Gulf Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 28, Township 24 South, Range 26 East, Eddy County, New Mexico, to be dedicated to applicant's White City Penn Gas Com. Unit No. 3 Well No. 1, to be drilled at a point 2310 feet from the North and West lines of said Section 28. Also to be considered will be the cost of drilling and completing said well 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 well and a charge for risk involved in drilling said well.
- CASE 5741: Application of Gulf Oil Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of three wells on its Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33, Township 21 South, Range 37 East, as follows: Well No. 406, surface location 3200 feet from the South line and 1470 feet from the East line, bottom-hole location 2390 feet from the South line and 870 feet from the East line; Well No. 407, surface location 1475 feet from the South line and 1440 feet from the East line, bottom-hole location 1110 feet from the South line and 700 feet from the East line; Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location 1790 feet from the North line and 1030 feet from the East line. All of the above wells would be bottomed within 100 feet of the above-described bottom-hole locations.
- CASE 5742: Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard Blinberry gas proration unit comprising the NE/4 and NW/4 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's Eunice King Wells Nos. 5 and 24, located, respectively, 1874 feet from the North and West lines, and 2086 feet from the North line and 760 feet from the West line of said Section 28. Applicant further seeks authority to later substitute its Eunice King Well No. 15, located 2086 feet from the North and West lines of said Section 28 for the aforesaid Well No. 5 in the above-described simultaneous dedication.
- CASE 5743: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers Insurance Company, and all other interested parties to appear and show cause why the following wells located in Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:
- Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT JOHN W. ADAMS, EXECUTOR OF ESTATES OF R. W. AND JUNE ADAMS; AND RUTH MCGAHEY, FRED MCGAHEY AND DAVID MCGAHEY dba ADAMS & MCGAHEY, AMERICAN EMPLOYERS' INSURANCE COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY CERTAIN WELLS LOCATED IN TOWNSHIP 21 NORTH, RANGE 30 EAST, HARDING COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

CASE NO. 5743
Order No. R-5336

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 4, 1976, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 21st day of December, 1976, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey are the owners and operators of the Gonzales Well No. 2, located in Unit P of Section 9, the Adams & McGahey Well No. 1, located in Unit B of Section 16, and the Gonzales "A" Well No. 1, located in Unit H of Section 32, all in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico.

(3) That American Employers' Insurance Company is the surety on the Oil Conservation Commission plugging bond on which John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey, and David McGahey, dba Adams & McGahey are principals.

(4) That in order to prevent waste and protect fresh waters, said wells were ordered to be plugged and abandoned pursuant to Commission Order No. R-5270 following notice and hearing.

-2-

Case No. 5743
Order No. R-5336

(5) That applicant made timely application for a De Novo hearing.

(6) That the evidence offered at said hearing was insufficient to prove that said wells are capable of production, are not endangering fresh waters, or are not causing waste of carbon dioxide gas.

(7) That in order to provide the Commission with data sufficient to show whether or not said wells are capable of production, are an endangerment to fresh waters, or may cause waste of carbon dioxide gas, Forms C-103 and C-104 properly completed and containing missing well data should be filed with the Santa Fe office of the Commission on or before January 15, 1977, for each of said three wells; Form C-105 properly completed and containing missing well data should be filed on or before January 1, 1977, for the Gonzales "A" Well No. 1; and each of said wells should have a potential production test conducted thereon with liquid samples being taken.

(8) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams and McGahey are also the owners and operators of the State Well No. 1 located in Unit L of Section 27 and the Galliiger Well No. 1 located in Unit N of Section 9, both in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico.

(9) That in order to prevent waste and protect fresh waters, said wells were ordered to be plugged and abandoned pursuant to Commission Order No. R-5271 following notice and hearing.

(10) That the Commission has retained jurisdiction over these wells according to the provisions of Order No. R-5271, and therefore properly considered testimony relating to their producing capacity and the possibility of their endangerment to fresh waters and their potential for causing waste of carbon dioxide gas at the above-mentioned De Novo hearing.

(11) That the evidence offered at said hearing was insufficient to prove that said wells are capable of production, are not endangering fresh waters, or may not cause waste of carbon dioxide gas.

(12) That in order to provide the Commission with data sufficient to show whether or not said wells are capable of production, are an endangerment to fresh waters or may cause waste of carbon dioxide gas, Forms C-103 and C-104 properly completed and containing missing well data should be filed with the Commission on or before January 15, 1977, for each of said two wells; and each of said wells should have a potential production test conducted thereon with liquid samples being taken.

(13) That the well tests and liquids sampling required should be completed on or before April 1, 1977.

(14) That the operator should notify the Santa Fe office of the Commission in sufficient time so that the Commission at its option can witness said tests.

(15) That if any of the provisions of this Order are not complied with, Orders Nos. R-5270 and R-5271 should be reinstated as they pertain to each of the five above-described wells.

IT IS THEREFORE ORDERED:

(1) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey, and David McGahey dba Adams & McGahey shall file Forms C-103 and C-104 properly completed and containing missing well data with the Santa Fe office of the Commission on or before January 15, 1977, for each of the following wells in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico:

Gonzales Well No. 2, located in Unit P of Section 9;
Adams & McGahey Well No. 1, located in Unit B of
Section 16;

Gonzales "A" Well No. 1, located in Unit H of Section 32;
State Well No. 1, located in Unit L of Section 27; and
Galliger Well No. 1, located in Unit N of Section 9.

(2) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey, and David McGahey dba Adams & McGahey shall file Form C-105 properly completed and containing missing well data with the Santa Fe office of the Commission on or before January 15, 1977, for the Gonzales "A" Well No. 1 located in Unit H of Section 32, Township 21 North, Range 30 East, NMPM, Harding County, New Mexico.

(3) That the operator of the five above-described wells shall test each of said wells on or before April 1, 1977, to determine their producing potential and shall take water

-4-

Case No. 5743
Order No. R-5336

samples.

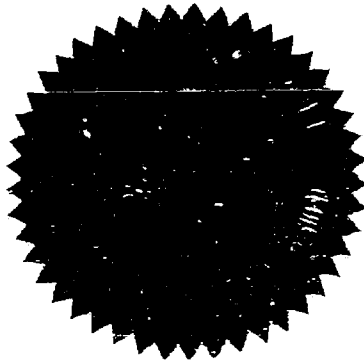
(4) That the operator shall notify the Santa Fe office of the Commission of the date and time of such tests in sufficient time so that the Commission at its option may witness said tests.

(5) That if Orders (1), (2), (3), or (4) of this Order are not complied with, Orders Nos. R-5270 and R-5271 shall be reinstated as they pertain to each of the five above-described wells.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT JOHN W. ADAMS, EXECUTOR OF ESTATES OF R. W. AND JUNE ADAMS; AND RUTH MCGAHEY, FRED MCGAHEY AND DAVID MCGAHEY dba ADAMS & MCGAHEY, AMERICAN EMPLOYERS' INSURANCE COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY CERTAIN WELLS LOCATED IN TOWNSHIP 21 NORTH, RANGE 30 EAST, HARDING COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

CASE NO. 5743
Order No. R-5270

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 18, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 31st day of August, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey are the owners and operators of the Gonzales Well No. 2, located in Unit P of Section 9, the Adams & McGahey Well No. 1, located in Unit B of Section 16, and the Gonzales "A" Well No. 1, located in Unit H of Section 32, all in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico.

(3) That American Employers' Insurance Company is the surety on the Oil Conservation Commission plugging bond on which John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey, and David McGahey, dba Adams & McGahey are principals.

(4) That the purpose of said bond is to assure the state that the subject well(s) will be properly plugged and abandoned when not capable of commercial production.

-2-

Case No. 5743
Order No. R-5270

(5) That in order to prevent waste and protect fresh waters said Gonzales Well No. 2, Adams & McGahey Well No. 1, and Gonzales "A" Well No. 1 should be plugged and abandoned in accordance with a program approved by the Santa Fe district office of the New Mexico Oil Conservation Commission on or before November 1, 1976, or the wells should be returned to active drilling status or placed on production.

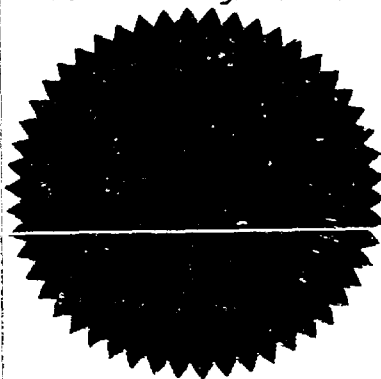
IT IS THEREFORE ORDERED:

(1) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey and American Employers' Insurance Co. are hereby ordered to plug and abandon the Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32, all in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico, on or before November 1, 1976.

(2) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey and American Employers' Insurance Company, prior to plugging and abandoning the above-described wells, shall obtain from the Santa Fe office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Santa Fe office of the date and hour said work is to be commenced upon each well whereupon the Commission may, at its option, witness such work.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

jr/

ADAMS & MCGAHEY
513 Bank Of The Southwest Bldg.
Amarillo, Texas 79109

January 11, 1977

Oil Conservation Commission
State Of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Joe D. Ramey

Re: Case No. 5743
Order No. R-5336

Dear Sir:

In compliance with the above, please find enclosed:

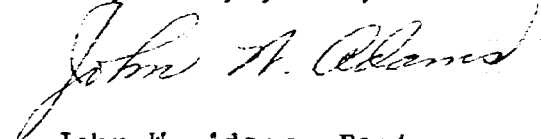
1. Forms C-104 in quintuplicate for each of the five wells listed in the order. No originals were found in our files. Information was taken from daily reports and is believed to be accurate.
2. Forms C-103 for Gonzales # 2 and Minerals # 1 are photo copies of endorsed copies found in our files, and are also supplied in quintuplicate.
3. Forms C-103 for Gonzales "A" # 1, State # 1 and Gallagher # 1, in quintuplicate, are based on information taken from daily reports.

Form C-105 for Gonzales "A" # 1, as required in above order, was mailed under cover letter of December 1, 1976 to Mr. Ulvog. Under same letter, we sent Form C-104 for State # 1 and Gallagher # 1 showing change of ownership from Clyde B. Neill to Adams & McGahey. Also under same letter, we sent Forms C-103 for Gonzales "A" # 1 and Gallagher # 1 which supplied subsequent casing and cementing information protecting these wells from water caused by leaking pipe.

We believe the enclosed forms fulfill the requirements of the order for the January 15, 1977 deadline.

We will take shut in pressures and water samples before April 1, 1977.

Very truly yours,



John W. Adams, Partner

JWA/np

ADAMS & MCGAHEY
513 Bank Of The Southwest Bldg.
Amarillo, Texas 79109

December 1, 1976

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. C. G. Ulvog

Dear Mr. Ulvog:

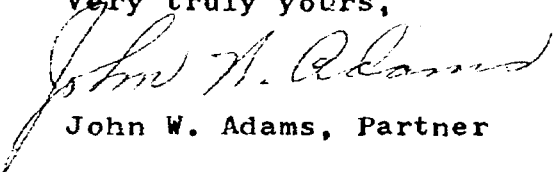
I think the enclosed reports bring us up to date with the Commission requirements. If not, Please inform me of anything missing and I will do my best to comply.

Wishing to help you in any way possible and also interested in protecting the gas sands in our area from any possible improperly abandoned wells; I have searched our records for any clues and came up with nothing. However, David McGahey tells me that, failing to move Tom Harlan, the rancher owning the land which Russell now owns, my father was fearful of water encroachment and Adams & McGahey plugged two wells belonging to Timmons. David describes the location of one well as being in the plant site and the other as being in a westerly direction from the plant. David knows of the well just a few hundred feet southeast of the plant, but knows nothing of any plugging operation.

Mr. Benny Edney was an operator and later manager of the Adams CO₂ Plant for some twenty or more years and was always aware of any and all activity in the valley. He is retired and the last address we have is 3126 Headrow Lane, Falls Church, Virginia 22042. If you care to write him concerning your search for lost wells, I feel he would be helpful.

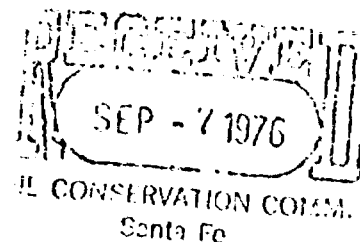
We had no completion report for Gonzales A-1 in our files. The information on the enclosed forms was extracted from daily drilling reports and I believe the information is accurate.

Very truly yours,


John W. Adams, Partner

JWA/np

ADAMS & MCGAHEY
513 Bank Of The Southwest Bldg.
Amarillo, Texas 79109



September 2, 1976

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Gonzales Well No. 2, located in
Unit P of Section 9; Adams &
McGahey Well No. 1, located in
Unit B of Section 16; Gonzales
"A" Well No. 1, located in Unit
H of Section 32, all in Township
21 North, Range 30 East, Harding
County -- Plugging Bond

Call 5743

Gentlemen:

This matter was only recently brought to our attention by our bonding company. Due to the fact that you do not seem to have our present address, we did not receive prior notification.

In addition to the above mentioned wells, we also have the New Mexico State Well No. 1 (C-158) in Section 27 and the Gallagher Well No. 1 in Section 9, both in Township 21 North, Range 30 East, Harding County.

These five wells have been shut in because we have not had a market for the CO₂ gas but we expect this situation to change within the year. We expect to lease the dry ice plant located in Section 27 and we will be selling the CO₂ gas to the Lessee.

We hope that this is sufficient to explain why those wells should not be plugged. If we still need to make an appearance please notify us.

The current address for Adams & McGahey is 513 Bank Of The Southwest Bldg., Amarillo, Texas 79109.

Very truly yours,

Adams & McGahey

By: Nella Parker
(Mrs.) Nella Parker,
Bookkeeper



DIRECTOR
JOE D. RAMEY

OIL CONSERVATION COMMISSION

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

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

July 26, 1976

Adams and McGahey
1407 West 6th Avenue
Amarillo, Texas

Attention: Mr. John W. Adams

Subject: Abandoned wells, Harding
County, New Mexico, Unit
P, Section 9, Township
21 North, Range 30 East,
Gonzales #2, Unit B, Section
16, Township 21 North, Range
30, Adams & McGahey #1,
Unit H, Section 32, Township
21 North, Range 30 East,
Gonzales "A" #1.

Dear Sir:

It has been called to our attention that wells at the above described locations have been shut in or abandoned without proper plugging for a considerable length of time. As the attached copy of a memorandum (which was sent to all operators in New Mexico more than one year ago) indicates, such abandonments are not permissible. See also Rule 303 of the Commission's Regulations pertaining to non-productive un-plugged wells.

Because of the alarming increase in the number of abandoned wells in this state, a concentrated effort to eliminate or minimize the pollution and/or waste potential is required. For this reason, a public hearing scheduled for August 18, 1976, will consider the matter of your wells identified above. A copy of the docket will be mailed to you prior to that date.

If you have questions concerning the foregoing or have reason to believe that the proposed hearing is uncalled for, do not hesitate to contact this office.

Yours truly,

CARL ULVOG
District IV Supervisor

CU/og

cc: American Employers' Ins. Co.
Kelly Insurance Agency

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 2, 1976

Adams & McGahey
513 Bank of The Southwest Bldg.
Amarillo, Texas 79109

Attention: Mrs. Nella Parker

Re: Gonzales Well No. 2, located in
Unit P of Section 9; Adams & McGahey
Well No. 1, located in Unit B of
Section 16; Gonzales "A" Well No. 1,
located in Unit H of Section 32, all
in Township 21 North, Range 30 East,
Harding County - Plugging Bond

Gentlemen:

On August 31, 1976, the New Mexico Oil Conservation
entered Order No. R-5270 which ordered the above-captioned wells
plugged and abandoned before November 1, 1976, in accordance
with a Commission-approved plugging program.

Section 65-3-11.1, New Mexico Statutes Annotated, 1953
Compilation, provides in part:

When a matter or proceeding is referred to an
examiner and a decision is rendered thereon,
any party adversely affected shall have the
right to have said matter heard de novo before
the Commission upon application filed with the
Commission within 30 days from the time any such
decision is rendered.

I have enclosed for your review a copy of the order entered
in this case. You must either abide by the terms of this order
or file for hearing de novo on or before September 30, 1976.

If you have any questions, feel free to contact me at the
Commission's Santa Fe office.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/dr



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
September 1, 1976

STATE GEOLOGIST
EMERY C. ARNOLD

Adams & McGahey
1407 West 6th Avenue
Amarillo, Texas

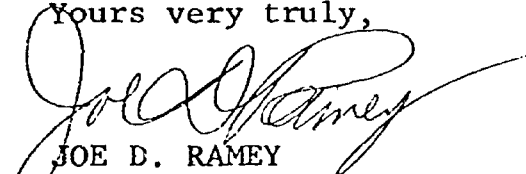
Re: CASE NO. 5743
ORDER NO. R-5270

Applicant:
John W. Adams, Executor of Estates
of R. W. and June Adams; and Ruth
McGahey, Fred McGahey and David
McGahey dba Adams & McGahey

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 x
Artesia OCC x
Aztec OCC

Other American Employers' Ins. Co.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

August 6, 1976

CERTIFIED - RETURN
RECEIPT REQUESTED

John W. Adams, Executor of Estates
of R. W. and June Adams; and Ruth
McGahey, Fred McGahey and David
McGahey dba Adams & McGahey
1407 West 6th Avenue
Amarillo, Texas

American Employers' Insurance Company
110 Milk Street
Boston, Massachusetts 02107

Re: Gonzales Well No. 2, located in
Unit P of Section 9; Adams &
McGahey Well No. 1, located in
Unit B of Section 16; Gonzales
"A" Well No. 1, located in Unit
H of Section 32, all in Township
21 North, Range 30 East, Harding
County
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner Hearing
to be held on Wednesday, August 18, 1976, at 9:00 a.m. in the
Oil Conservation Commission Conference Room, State Land Office
Building, Santa Fe, New Mexico. Case 5743 concerns the above
captioned matter.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/fd
enc.

Case 5743

John W. Adams, Executor of Estates
of E.W. and Jan Adams; and Ruth
McLaney, Fred McLahey and David
McLahey dba Adams & McLahey
513 Bank of the Southwest Building
Amarillo, Texas 79109

phone (806) 353-1001

mailed 9/1/76.

Enclosure -

Please send ~~of~~ a copy of the order entered
in this case to the above address.

Jim

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT JOHN W. ADAMS, EXECUTOR OF ESTATES OF R. W. AND JUNE ADAMS; AND RUTH MCGAHEY, FRED MCGAHEY AND DAVID MCGAHEY dba ADAMS & MCGAHEY, AMERICAN EMPLOYERS' INSURANCE COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY CERTAIN WELLS LOCATED IN TOWNSHIP 21 NORTH, RANGE 30 EAST, HARDING COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

CASE NO. 5743
Order No. R-5270

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on August 18, 1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 31st day of August, 1976, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey are the owners and operators of the Gonzales Well No. 2, located in Unit P of Section 9, the Adams & McGahey Well No. 1, located in Unit B of Section 16, and the Gonzales "A" Well No. 1, located in Unit H of Section 32, all in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico.

(3) That American Employers' Insurance Company is the surety on the Oil Conservation Commission plugging bond on which John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey, and David McGahey, dba Adams & McGahey are principals.

(4) That the purpose of said bond is to assure the state that the subject well(s) will be properly plugged and abandoned when not capable of commercial production.

-2-

Case No. 5743
Order No. R-5270

(5) That in order to prevent waste and protect fresh waters said Gonzales Well No. 2, Adams & McGahey Well No. 1, and Gonzales "A" Well No. 1 should be plugged and abandoned in accordance with a program approved by the Santa Fe district office of the New Mexico Oil Conservation Commission on or before November 1, 1976, or the wells should be returned to active drilling status or placed on production.

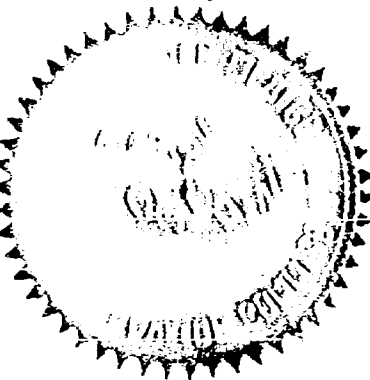
IT IS THEREFORE ORDERED:

(1) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey and American Employers' Insurance Co. are hereby ordered to plug and abandon the Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32, all in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico, on or before November 1, 1976.

(2) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey and American Employers' Insurance Company, prior to plugging and abandoning the above-described wells, shall obtain from the Santa Fe office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Santa Fe office of the date and hour said work is to be commenced upon each well whereupon the Commission may, at its option, witness such work.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

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:

CASE NO. 5743

Order No. R- 5270

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO PERMIT JOHN W. ADAMS, EXECUTOR
OF ESTATES OF R. W. AND JUNE ADAMS; AND RUTH MCGAHEY, FRED MCGAHEY
AND DAVID MCGAHEY dba ADAMS & MCGAHEY, AMERICAN EMPLOYERS'
INSURANCE COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND
SHOW CAUSE WHY THE FOLLOWING WELLS LOCATED IN TOWNSHIP 21 NORTH,
RANGE 30 EAST, HARDING 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 August 18,
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

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

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

John W. Adams, Executor of Estates of R. W. and June
(2) That/Adams; and Ruth McGahey, Fred ~~or is~~ the owner and
McGahey and David McGahey dba Adams & McGahey
operators of the Gonzales Well No. 2, located in Unit P of Section 9,
the Adams & McGahey Well No. 1, located in Unit B of Section 16, and the Gonzales "A" Well No. 1,
located in Unit H of Section 32, all in Township 21 North
Range 30 East, NMPM, Harding County, New Mexico.

(3) That American Employers' Insurance Company is the
surety on the Oil Conservation Commission plugging bond on which
John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey,
and David McGahey, dba Adams & McGahey are principals.

(4) That the purpose of said bond is to assure the state
that the subject well(s) will be properly plugged and abandoned

which not capable of commercial production.

(5) That in order to prevent waste and protect ~~correlative~~ ^{fresh water} rights said/ "A" Well No. 1 should be plugged and abandoned in accordance with a program approved by the Santa Fe District Office of the New Mexico Oil Conservation Commission on or before November 1, 1976, or the wells should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey,
(1) That/ Fred McGahey and David McGahey dba Adams & McGahey and

American Employers' Insurance Co. are hereby ordered to plug and abandon the
Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in
Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32, all, in

~~located in Unit~~ XXXXXX of Section XXXXXX, Township 21 North,
Range 30 East, NMPM, Harding County, New Mexico, on or
before November 1, 1976.

-2-

Case No. _____
Order No. R- _____

John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth
McGahey, Fred McGahey and David McGahey dba Adams & McGahey and American Employers
(2) That Insurance Company

_____, prior to plugging and abandoning the above-
described well, shall obtain from the Santa Fe office of the
Commission, a Commission-approved program for said plugging and
abandoning, and shall notify said Santa Fe office of the date
and hour said work is to be commenced ^{upon each well} whereupon the Commission may,
at its option, witness such work.

(3) That jurisdiction of this cause is retained for the
entry of such further orders as the Commission may deem necessary.

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

DRAFT

LT/jr

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING CALLED BY THE OIL
CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT
JOHN W. ADAMS, EXECUTOR OF ESTATES OF R. W. AND JUNE
ADAMS; AND RUTH McGAHEY, FRED McGAHEY AND DAVID McGAHEY
dba ADAMS & McGAHEY, AMERICAN EMPLOYERS' INSURANCE COMPANY,
AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE
WHY CERTAIN WELLS LOCATED IN TOWNSHIP 21 NORTH, RANGE 30
EAST, HARDING COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED
AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED
PLUGGING PROGRAM.

CASE NO. 5743
Order No. R- 8336

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on November 4, 1976
at Santa Fe, New Mexico, before the Oil Conservation Commission
of New Mexico, hereinafter referred to as the "Commission."

NOW, on this _____ day of November, 1976, the Commission,
a quorum being present, having considered the testimony presented
and the exhibits received at said hearing, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
Law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey are the owners and operators of the Gonzales Well No. 2, located in Unit P of Section 9, the Adams & McGahey Well No. 1, located in Unit B of Section 16, and the Gonzales "A" Well No. 1, located in Unit H of Section 32, all in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico.

(2) That American Employers' Insurance Company is the surety on the Oil Conservation Commission plugging bond on which John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey, and David McGahey, dba Adams & McGahey are principals.

(4) That in order to prevent waste and protect fresh waters, said wells were ordered to be plugged and abandoned pursuant to Commission Order No. R-5270 following notice and hearing.

(5) That applicant made timely application for a De Novo hearing.

(6) That the evidence offered at said hearing was insufficient to prove ~~whether or not~~ these wells are capable of production, ^{as it} endangering fresh waters, or causing waste of ^{carbon dioxide gas.} ~~hydrocarbons.~~

(7) That in order to provide ^{the Commission with} data sufficient to show whether or not said wells are capable of production, ^{as an} endangering fresh waters, or ^{may} causing waste ^{carbon dioxide gas, properly completed and containing missing well data} of ~~hydrocarbons~~, Forms C-103 and C-104 should be filed with the Santa Fe

office of the Commission on or before January ¹⁵ 1977, for each of said three wells; ^{properly completed and containing missing well data} and Form C-105 should be filed on or before January 1, 1977, for the

Gonzales "A" Well No. 1; ^{and each of said wells should have a potential production test conducted thereon with liquid samples being taken.}

(8) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams and McGahey are also the owners and operators of the State Well No. 1 located in Unit L of Section 27 and the Galliger Well No. 1 located in Unit N of Section 9, both in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico.

(9) That in order to prevent waste and protect fresh waters, said wells were ordered to be plugged and abandoned pursuant to Commission Order No. R-5271 following notice and hearing.

(10) That the Commission has retained jurisdiction over these wells according to the provisions of Order No. R-5271, and therefore properly considered testimony relating to their producing capacity and the possibility of their endangering fresh waters ^{and} causing waste of ^{carbon dioxide gas} hydrocarbons at the above-mentioned De Novo hearing.

(11) That the evidence offered at said hearing was insufficient to prove whether or not these wells are capable of production, endangering fresh waters, or causing waste of ^{carbon dioxide gas} hydrocarbons.

(12) That in order to provide ^{The Commission with data} data sufficient to show whether or not said wells are capable of production, endangering fresh waters or causing waste of ^{carbon dioxide gas} hydrocarbons, Forms C-103 and C-104 ^{are or} should be filed with the ^{may} Commission on or before January 15, 1977, for each of said two wells; ^{Carbon dioxide gas properly completed and containing missing well data} and each of said wells ^{should have a potential production test conducted thereon with liquid samples} should be tested to determine producing potential and to take water samples ^{well tests and liquids sampling required} on or before April 1, 1977.

(14) That the operator should notify the Santa Fe office of the Commission in sufficient time so that the Commission at its option can witness said tests.

(15) That if any of the provisions of this Order are not complied with, ^{Operator should be ordered to appear and show cause why each of the five above-described wells should not be plugged and abandoned in accordance with a Commission-approved plugging program.} the operator should be ordered to appear and show cause why each of the five above-described wells should not be plugged and abandoned in accordance with a Commission-approved plugging program.

IT IS THEREFORE ORDERED:

(1) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey, and David McGahey dba Adams & McGahey shall file ^{properly completed and containing missing well data} Forms C-103 and C-104 with the Santa Fe office of the Commission on or before January 15, 1977, for each of the following wells in Township 21 North, Range 30 East, NMPM, Harding County, New Mexico:

Gonzales Well No. 2, located in Unit P of Section 9;
Adams & McGahey Well No. 1, located in Unit B of Section 16;
Gonzales "A" Well No. 1, located in Unit H of Section 32;
State Well No. 1, located in Unit L of Section 27; and
Galliger Well No. 1, located in Unit N of Section 9.

-4-
Case No. 5743
Order No. R-

*properly completed and containing missing
well data*

(2) That John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey, and David McGahey dba Adams & McGahey shall file ~~containing~~ *on or before Jan 15, 77* Form C-195 with the Santa Fe office of the Commission for the Gonzales "A" Well No. 1 located in Unit H of Section 32, Township 21 North, Range 30 East, NMPM, Harding County, New Mexico.

(3) That the operator of the five above-described wells shall test ^{*each of*} said wells on or before April 1, 1977, to determine producing potential and ^{*their*} ~~to~~ take water samples. ^{*(4) The*} ~~and~~ the operator shall notify the Santa Fe office of the ^{*of the date and time of such tests*} Commission in sufficient time so that the Commission at its option ~~can~~ ^{*may*} witness said tests.

(5) That if ^{*Order*} ~~provisions~~ (1), (2), or (3) of this Order are not complied with, the operator shall be ordered to appear and show cause why these wells should not be plugged and abandoned in accordance with a Commission-approved plugging program.

(6) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.



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. John W. Adams
Adams & McGahey
513 Bank of the Southwest Bldg.
Amarillo, Texas 79109

Re: CASE NO. 5743
ORDER NO. R-5336

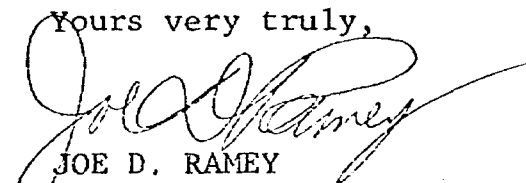
Applicant:

Adams & McGahey

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 x
Artesia OCC x
Aztec OCC x

Other _____

ADAMS & MCGAHEY
513 Bank Of The Southwest Bldg.
Amarillo, Texas 79109

September 2, 1976

Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Gonzales Well No. 2, located in
Unit F of Section 9; Adams &
McGahey Well No. 1, located in
Unit B of Section 16; Gonzales
"A" Well No. 1, located in Unit
H of Section 32, all in Township
21 North, Range 30 East, Harding
County -- Plugging Bond

Call 5743

Gentlemen:

This matter was only recently brought to our attention by our bonding company. Due to the fact that you do not seem to have our present address, we did not receive prior notification.

In addition to the above mentioned wells, we also have the New Mexico State Well No. 1 (C-158) in Section 27 and the Gallagher Well No. 1 in Section 9, both in Township 21 North, Range 30 East, Harding County.

These five wells have been shut in because we have not had a market for the CO₂ gas but we expect this situation to change within the year. We expect to lease the dry ice plant located in Section 27 and we will be selling the CO₂ gas to the Lessee.

We hope that this is sufficient to explain why these wells should not be plugged. If we still need to make an appearance please notify us.

The current address for Adams & McGahey is 513 Bank Of The Southwest Bldg., Amarillo, Texas 79109.

Very truly yours,

Adams & McGahey

By: Nella Parker
(Mrs.) Nella Parker,
Bookkeeper

ADAMS & MCGAHEY
513 Bank Of The Southwest Bldg.
Amarillo, Texas 79109

September 28, 1976

Oil Conservation Commission
State Of New Mexico
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Ms. Lynn Teschendorf

Re: Case No. 5743
Order No. R-5270

Dear Ms. Teschendorf,

This letter is an application for hearing de nova concerning the above mentioned case and order.

We do not wish to plug these wells because we expect to have a market for the gas within the next year. They are commercial wells and have been shut in only because we have not had a market for the gas. The well casings are in good shape so the wells are not endangering fresh waters.

Very truly yours,

John W. Adams
John W. Adams, Partner

JWA/np

cc: American Employers Ins. Co.
P. O. Box 2066
El Paso, Texas 79998

10-4-76
This was called in
earlier to meet the
30 day deadline.
JS

- CASE 5735: Application of Continental Oil Company to amend Order No. R-1234, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Rule 19 of the Special Rules for the Warren Tubb Gas Pool promulgated by Order No. R-1234, to provide for an increase in the gas-oil ratio limitation for oil wells in said pool to some figure not to exceed 10,000 to one.
- CASE 5736: Application of BCO Inc. for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle production from the Basin Dakota Gas Pool and Lybrook-Gallup Oil Pool and undesignated Greenhorn and Mancos production in the wellbore of its Dunn Well No. 2, located in Unit F of Section 10, Township 23 North, Range 7 West, Rio Arriba County, New Mexico.
- CASE 5737: Application of Howard Boatright Company for amendment of Order No. R-5203, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5203 which authorized salt water disposal into the Delaware formation through applicant's State CS Well No. 1 located in Unit L of Section 17, Township 21 South, Range 27 East, Eddy County, New Mexico. Applicant seeks to increase the maximum wellhead injection pressure for said well from 400 psi to 800 psi.
- CASE 5709: Application of Tahce Oil and Cattle Company for an exception to the provisions of Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks, as an exception to the provisions of Commission Order No. R-3221, permission to construct and operate an earthen salt water disposal pit in the NE/4 SW/4 of Section 2, Township 20 South, Range 30 East, Eddy County, New Mexico.
- CASE 5738: Application of Hayes Oil Company for a non-standard proration unit and an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 240-acre non-standard gas proration unit comprising the NE/4 and N/2 SE/4 of Section 18, Township 20 South, Range 26 East, Eddy County, New Mexico, to be dedicated to a Morrow test well proposed to be drilled at an unorthodox location for said unit at a point 1980 feet from the South line and 660 feet from the East line of said Section 18.
- CASE 5739: Application of William G. McCoy for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox gas well location of its McCord Well No. 1 to be drilled at a point 660 feet from the North and East lines of Section 22, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, Eddy County, New Mexico.
- CASE 5740: Application of Gulf Oil Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying Section 28, Township 24 South, Range 26 East, Eddy County, New Mexico, to be dedicated to applicant's White City Penn Gas Com. Unit No. 3 Well No. 1, to be drilled at a point 2310 feet from the North and West lines of said Section 28. Also to be considered will be the cost of drilling and completing said well 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 well and a charge for risk involved in drilling said well.
- CASE 5741: Application of Gulf Oil Corporation for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for the directional drilling of three wells on its Central Drinkard Unit, Drinkard Pool, Lea County, New Mexico, all in Section 33, Township 21 South, Range 37 East, as follows: Well No. 406, surface location 2200 feet from the South line and 1470 feet from the East line, bottom-hole location 2390 feet from the South line and 870 feet from the East line; Well No. 407, surface location 1475 feet from the South line and 1440 feet from the East line, bottom-hole location 1110 feet from the South line and 700 feet from the East line; Well No. 420, surface location 2300 feet from the South line and 1520 feet from the East line, bottom-hole location 1790 feet from the North line and 1030 feet from the East line. All of the above wells would be bottomed within 100 feet of the above-described bottom-hole locations.
- CASE 5742: Application of Gulf Oil Corporation for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 160-acre non-standard Blinbry gas proration unit comprising the S/2 NW/4 and W/2 NE/4 of Section 28, Township 21 South, Range 37 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's Eunice King Wells Nos. 5 and 24, located, respectively, 1874 feet from the North and West lines, and 2086 feet from the North line and 760 feet from the West line of said Section 28. Applicant further seeks authority to later substitute its Eunice King Well No. 15, located 2086 feet from the North and West lines of said Section 28 for the aforesaid Well No. 5 in the above-described simultaneous dedication.
- CASE 5743: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells located in Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32.

CASE 5776: (Continued & Readvertised)

Application of Continental Oil Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its James Ranch Unit Well No. 8 to be drilled at a point 1930 feet from the North line and 660 feet from the West line of Section 31, Township 22 South, Range 31 East, Los Medanos-Morrow Gas Pool, Eddy County, New Mexico, the N/2 of said Section 31 to be dedicated to the well.

CASE 5794: Application of Continental Oil Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 31, Township 22 South, Range 31 East, Los Medanos Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location in Unit L of said Section 31. Also to be considered will be the cost of drilling and completing said well 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 well and a charge for risk involved in drilling said well.

CASE 5795: Application of Continental Oil Company for an exception to the provisions of Order No. R-1670, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 21(A) of the General Rules and Regulations for the prorated gas pools of Northwestern New Mexico contained in Order No. R-1670, to permit the reporting of Basin Dakota production from wells on its Northeast Haynes Lease in Township 24 North, Range 5 West, Rio Arriba County, New Mexico, without the necessity of separately measuring the production from each well.

CASE 5777: (Continued & Readvertised)

Application of Gifford & Mitchell and M. B. Wisenbaker for pool creation, pool rules, and a non-standard gas spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Pennsylvanian production for its Horse Back Well No. 1 located 1000 feet from the South line and 1930 feet from the East line of Section 33, Township 26 South, Range 36 East, Lea County, New Mexico, the promulgation of pool rules therefor, including a provision for 640-acre spacing and approval for a 589.52-acre non-standard gas spacing unit comprising all of partial Sections 33 and 34 of the aforesaid township.

Docket No. 30-76

Dockets Nos. 31-76 and 32-76 are tentatively set for hearing on November 10 and November 23, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - NOVEMBER 4, 1976

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

CASE 5743: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams; and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells located in Township 21 North, Range 30 East, Harding County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Gonzales Well No. 2, located in Unit P of Section 9; Adams & McGahey Well No. 1, located in Unit B of Section 16; and Gonzales "A" Well No. 1, located in Unit H of Section 32.

Upon application of John W. Adams, this case will be heard De Novo pursuant to the provisions of Rule 1220.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 18, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its own motion to permit John W. Adams, Executor of Estates of R. W. and June Adams and Ruth McGahey, Fred McGahey and David McGahey dba Adams & McGahey, American Employers' Insurance Co. and all interested parties to appear and show cause why the following wells in T 21 North, R 30 East, Harding County, New Mexico should not be plugged and abandoned.

CASE
5743

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	William F. Carr, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

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

I N D E X

Page

- 1
- 2
- 3
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CARL ULVOG

Direct Examination by Mr. Carr

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1 MR. STAMETS: We will call next Case 5743, being
2 a hearing called by the Oil Conservation Commission on its
3 own motion to permit John W. Adams, Executor of Estates of
4 R. W. and June Adams; and Ruth McGahey, Fred McGahey and David
5 McGahey dba Adams & McGahey, American Employers' Insurance
6 Company and all other interested parties to appear and show
7 cause why the following wells located in Township 21 North,
8 Range 30 East, Harding County, New Mexico, should not be
9 plugged and abandoned in accordance with a Commission-approved
10 plugging program, being the Gonzales Well No. 2, located in
11 Unit P of Section 9; Adams & McGahey Well No. 1, located
12 in Unit B of Section 16; and Gonzales A Well No. 1, located
13 in Unit H of Section 32.

14 Call for appearances in this case.

15 MR. CARR: William F. Carr appearing for the
16 Commission and I have one witness to be sworn.

17 MR. STAMETS: Will you stand and be sworn, please?

18 (THEREUPON, the witness was duly sworn.)
19

20 CARL ULVOG

21 called as a witness, having been first duly sworn, was
22 examined and testified as follows:
23

24 DIRECT EXAMINATION

25 BY MR. CARR:

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1 Q Would you state your name and position for the
 2 record, please?

3 A Carl Ulvog, Senior Geologist for the Oil Conservation
 4 Commission and Supervisor of District Four.

5 Q Mr. Ulvog, does District Four include that part of
 6 Harding County which is involved in this case?

7 A Yes, it does.

8 Q Do your duties as District Supervisor include
 9 making recommendations to the Commission as to when wells
 10 should be plugged and abandoned?

11 A That is correct.

12 Q Are you familiar with the subject matter in Case
 13 5743?

14 A Yes, I am.

15 Q What is the purpose of this case?

16 A The purpose of this case is to determine whether or
 17 not these wells should be plugged and abandoned with the
 18 Commission-approved program.

19 Q Are you familiar with these wells?

20 A I am.

21 Q Have you reviewed all files and all reports filed
 22 with the Commission concerning these wells?

23 A Yes, I have.

24 Q Do you have these records with you?

25 A I do.

1 Q Will you please refer to the records which pertain
2 to the Gonzales Well No. 2 and summarize for the Examiner what
3 is reflected by these records?

4 A Yes, sir. The well in question is known as the
5 Adams & McGahey No. 2 Gonzales, it is located four hundred
6 feet from the south line and six hundred and seventy-five
7 feet from the east line of Section 9 of Township 21 North,
8 Range 30 East, New Mexico Prime Meridian, Harding County.

9 According to the file the application for the permit
10 to drill was dated June 1st, 1961. In the file there is a
11 Form C-103 which was received July 18th, 1961 which reports
12 that there were four hundred and eighty-seven feet of eight-
13 and-five-eighths-inch casing set with a hundred and fifty
14 sacks of cement. That should have been enough to cement to
15 the surface. There was nine hundred and seven feet of seven-
16 inch casing set, supposedly with fifty-five sacks. The well
17 record, C-105, was received July 24th, 1961 for its total
18 depth of nine hundred and twenty-eight feet. The initial
19 potential was one million, eight hundred and fifty-five
20 thousand, one hundred and forty-eight cubic feet of carbon
21 dioxide per day. This also reports that water was encountered
22 at one hundred and thirty feet to a hundred and thirty-seven
23 and at three hundred and eighty-seven feet to three hundred
24 and ninety-six feet. Those are the only reports that we have
25 on the well.

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1 Q Mr. Ulvog, what was the date on the last form filed
2 with the Commission?

3 A The last form filed with the Commission was -- it's
4 not dated, the date on it is not given by the operator but
5 it was received in this office on July 24th of 1961.

6 Q Do you have any other communication relative to this
7 well which should be called to the Examiner's attention?

8 A No, sir, I have attempted to reach the operator and
9 was unsuccessful in doing so. I inspected the well location on
10 July 15th, 1976. The wellhead is in place, it appears to
11 be connected to a pipeline and it has obviously not been
12 operated for some time.

13 I checked with the State Land Office and the Oil
14 and Gas Accounting Commission indicates that the last time
15 the well was produced was October of 1971.

16 Q Mr. Ulvog, in your opinion could failure to plug
17 this well possibly cause waste?

18 A Yes, I would think it could.

19 Q What kind of a plugging program do you recommend
20 for the well?

21 A In this case I have worked out a very complete
22 plugging program, where the plugs should be set and so on
23 and so forth and, of course, I do not know for sure what
24 casing is in the well but I worked out several plugging programs
25 to take care of not only the water intervals that were reported

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1 but also the approximate depth at which ground water is
2 encountered in the area, which is somewhat shallower than
3 this and where the plug should be set to cover the open-hole
4 section below the casing.

5 Q Are you prepared to make a recommendation to the
6 Commission at this time as to the plugging program?

7 A Yes, sir, I would recommend that we completely plug
8 out this well.

9 Q Are you interested in the order containing the
10 depths of the various plugs or would you prefer to prescribe
11 those at the time the well is actually plugged?

12 A I would be happy to give you exactly what I have
13 worked out pending what we find out in the well. If the well
14 is as reported I recommend that we have at least a fourteen-
15 sack plug put at the bottom of the well.

16 Q Carl, I think we better go off the record.

17 (THEREUPON, a discussion was held
18 off the record.)

19 Q (Mr. Carr continuing.) Mr. Ulvog, are you prepared
20 to make detailed recommendation at this time or would you
21 prefer to prescribe the program at the actual time of the
22 plugging?

23 A I would prefer to wait until we actually get a
24 work-over rig on the well and then get in the plugging program
25 but I am prepared to give it in any event.

1 Q Do you have anything further to offer in regard to
2 this particular well?

3 A No, sir.

4 Q Would you now refer to the records on the Adams &
5 McGahey Well No. 1 located in Unit B of Section 16 and outline
6 for the Examiner what the official records filed with the
7 Commission reflect as to the status of the well?

8 A Yes, sir. This well was apparently drilled on
9 acreage that was purchased by Adams & McGahey because it is
10 known as the Adams & McGahey No. 1 Adams & McGahey. It is
11 located in the northwest quarter of the northeast quarter of
12 Section 16, Township 21 North, Range 30 East, New Mexico
13 Prime Meridian, Harding County.

14 The application for the permit to drill this well
15 is dated October 20th, 1950. A progress report on the well,
16 a C-103, is dated November 29th, 1950, reports that eight-and-
17 five-eighths-inch casing was set at eight hundred and twenty-
18 two feet with a hundred and nine sacks. That's the only report
19 that we had on that well until the well record or the C-105,
20 which is dated November 29th also of 1950 gives a total depth
21 of eight hundred and forty-seven feet and an initial potential
22 of one million, two hundred and eighty-eight thousand, nine
23 hundred and seventy-five cubic feet of carbon dioxide per day.
24 This record reports that ten-inch casing, which incidentally
25 was not previously reported. A ten-inch casing which was set

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1 at four hundred and twelve feet had been pulled from the
2 well. It also reports that water was encountered at three
3 hundred and sixty-five to three hundred and eighty-five feet.
4 Obviously that ten-inch casing was set to shut off that water.
5 When it was pulled I don't know what happened to the water
6 zone. I don't have a report.

7 It is obvious that this well was drilled before the
8 reports were filed, of course, so there was probably no
9 inspection made at the time. I do not know the condition
10 therefore.

11 We have no other reports filed. I inspected the well
12 location on July 15th of this year. The wellhead is in place,
13 there is a pipeline connection and it is apparent that the well
14 has not been produced for sometime.

15 Q In your opinion could failure to plug this well
16 result in waste?

17 A Yes, sir, not only that but there is a possibility
18 of pollution occurring.

19 Q Is it your desire to recommend to the Commission
20 at this time a plugging program or would you prefer to wait
21 until the well is actually plugged?

22 A Again I have worked out several potential plugging
23 programs and I am prepared to discuss them in detail if you
24 like but I would prefer to wait and see what we find at the
25 location.

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1 Q Do you have any further data to call to the Examiner's
2 attention concerning this well?

3 A Only that I have attempted to contact the operator
4 and was unsuccessful in doing so.

5 Q Okay, Mr. Ulvog, would you now refer to the records
6 you have that relate to the Gonzales "A" Well No. 1 located in
7 Unit H of Section 32 and summarize for the Examiner what is
8 reflected by the official records?

9 A Yes, sir. According to our file the only report that
10 we ever received was the notice of intent to drill, a Form
11 C-101 which is dated April 28th, 1944. There are no other
12 reports in the file. According to this report they proposed
13 setting a fifteen-and-a-half-inch casing at eighty feet with
14 forty-one sacks of cement. They proposed a twelve-and-a-half
15 inch casing set at four hundred feet with no cement and an
16 eight-and-five-eighths-inch casing set at eight hundred and
17 fifty feet with a hundred sacks. The total depth was projected
18 at nine hundred feet. That is all of the information that we
19 have in the file.

20 I inspected that location on July 15th of this
21 year. The wellhead is in place, the location is clean and
22 level and it is connected to a pipeline.

23 Q Mr. Ulvog, in your opinion could failure to plug
24 this well result in waste?

25 A Yes, it would.

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1 Q Would you prefer to recommend at this time a
2 plugging program to the Commission or do you prefer to do that
3 at the time the well is actually plugged?

4 A In this instance I could not give a detailed
5 plugging program for the simple reason that I do not know how
6 the well was completed.

7 Q So you recommend that a program be prescribed at the
8 time the well is actually being plugged?

9 A That is correct.

10 Q Do you have anything further to offer which relates
11 to any of the wells involved in this case?

12 A Yes, I would say that I think it is important that
13 all three of these wells that we have discussed are connected
14 to a pipeline which apparently leads to a processing plant
15 which is located in the northwest quarter of the southwest
16 quarter of Section 27, Township 21 North, Range 30 East. An
17 inspection of this plant, also on July 15th and 16th of this
18 year indicates that plant has not operated for a number of
19 years. I wouldn't know just when it did operate last but the
20 reports from the Oil and Gas Accounting Commission indicate
21 that October of 1971 was the last time that it operated.

22 Q Do you have anything further to offer?

23 A No, sir.

24 MR. CARR: We have nothing further, Mr. Examiner.

25 MR. STAMETS: Any questions of the witness? He may

1 be excused.

2 (THEREUPON, the witness was excused.)

3 MR. STAMETS: Anything further in this case?

4 MR. CARR: Nothing further.

5 MR. STAMETS: The case will be taken under advise-
6 ment.

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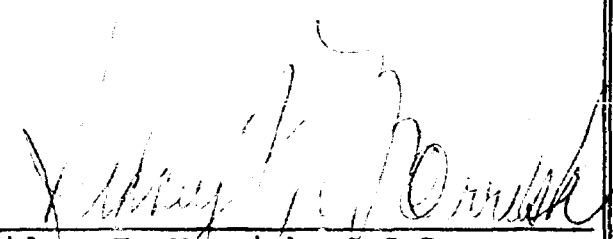
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REPORTER'S CERTIFICATE

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.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5743
heard by me on 8-18 1976


Richard H. Starnes, Examiner
New Mexico Oil Conservation Commission

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