

CASE 5765: OCC ON ITS OWN MOTION  
TO CONSIDER THE PARTIAL TEMPORARY  
SUSPENSION OF RULE 202B

CASE NO.

5765

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APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE NO. 5765  
Order No. R-5297

IN THE MATTER OF THE HEARING CALLED BY THE  
OIL CONSERVATION COMMISSION ON ITS OWN MOTION  
TO CONSIDER THE PARTIAL TEMPORARY SUSPENSION  
OF RULE 202B OF THE COMMISSION RULES AND  
REGULATIONS TO PERMIT APPROVED TEMPORARILY  
ABANDONED WELLS TO CONTINUE IN SUCH STATUS  
WITHOUT THE REQUIREMENT FOR NOTICE AND HEARING  
PENDING THE OUTCOME OF NEW BONDING AND PLUGGING  
LEGISLATION TO BE PROPOSED TO THE FIRST SESSION  
OF THE 33RD NEW MEXICO LEGISLATURE.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15,  
1976, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 12th day of October, 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 the two-year period of temporary abandonment as set  
forth in Rule 202 B of the Commission Rules and Regulations, as  
amended by Order No. R-5019, is about to expire for more than  
three thousand (3,000) wells.
- (3) That if further extensions are not granted by the  
Commission after notice and hearing, many of these wells could  
be ordered plugged and abandoned.
- (4) That statutory limits upon the amount the Commission may  
require for plugging bonds is no longer sufficient to cover the  
costs of plugging.
- (5) That a bill proposal has been formulated for introduction  
in the First Session of the 33rd N. M. Legislature which will  
increase bonding requirements and will create an oil and gas  
reclamation fund.
- (6) That, pending approval of such legislation, the  
Commission proposes to suspend for an indefinite period not to

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Case No. 5765  
Order No. R-5297

exceed one (1) year those portions of Rule 202 B that pertain to notice and hearing requirements for further extensions of temporary abandonment by the Commission.

(7) That all other provisions of Rule 202 B pertaining to permits for temporary abandonment should remain in full force and effect.

IT IS THEREFORE ORDERED:

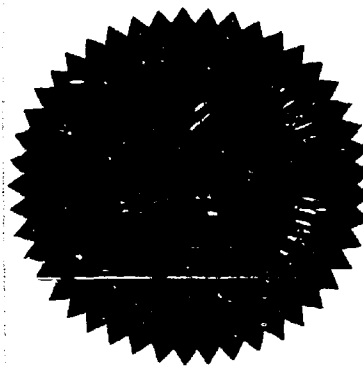
(1) That the third, fourth, fifth, and sixth paragraphs of Rule 202 B of the Commission Rules and Regulations, as amended, pertaining to notice and hearing requirements for further extension are hereby suspended until further order of the Commission or until October 1, 1977, whichever is first.

(2) That any extension to a permit for temporary abandonment, which extension has been approved by a District Supervisor of the Commission pursuant to the provisions of the second paragraph of the aforesaid Rule 202 B, shall be deemed valid until further order of the Commission or until October 1, 1977, whichever is first.

(3) That all other sections of Rule 202 B shall remain in full force and effect.

(4) 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, Chairman

  
EMERY C. ARNOLD, Member

  
JOE D. RAMEY, Member & Secretary

jr/

(3) That if further extensions are not granted by the Commission, these wells will be ordered plugged and abandoned.

(4) That premature plugging of these wells should be avoided in order to prevent waste.

(5) That the amount the Commission is authorized to require for bonds has become insufficient to cover the costs of plugging.

(6) That in response to the above-stated situation, a bill proposal has been formulated for introduction in the First Session of the 33rd N. M. Legislature. This proposal will increase the amount of the bonding requirements, provide for the plugging of dry and abandoned oil and gas wells, and create an oil and gas reclamation fund.

(7) That, pending <sup>approval of such legislation,</sup> ~~any action taken on this bill in the legislature,~~ the Commission proposes to suspend for an indefinite period not to exceed one (1) year ~~only~~ those portions of Rule 202 B that pertain to notice and hearing requirements for further extensions by the Commission.

(8) That all other provisions of Rule 202 B pertaining to permits for temporary abandonment should remain in full force and effect.

IT IS THEREFORE ORDERED:

(1) That <sup>the third, fourth, fifth, and sixth paragraphs</sup> ~~those sections~~ of Rule 202 B of the Commission Rules and Regulations, as amended, pertaining to notice and hearing requirements for further extensions are hereby suspended <sup>until further order of the Commission or until October 1, 1977,</sup> ~~for a period not to exceed one (1) year,~~

(2) That all other sections of Rule 202 B shall remain in full force and effect.

(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.

(2) That any extension to a permit for temporary abandonment, which extension has been approved by a District Supervisor of the Commission pursuant to the provisions of the second paragraph of the aforesaid Rule 202 B, shall be deemed valid until further order of the Commission or until October 1, 1977, whichever is first.

Dockets Nos. 26-76 and 27-76 are tentatively set for hearing on September 29 and October 13, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 15, 1976

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for October, 1976, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

(2) Consideration of the allowable production of gas for October, 1976, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5766: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the amendment of Rule 116 of the Commission Rules and Regulations, NOTIFICATION OF FIRES, BREAKS, LEAKS, SPILLS, AND BLOWOUTS, to include the requirement for notification of breaks, blowouts, and spills at fluid injection or disposal wells or at facilities related thereto, or other escape of injected water or other fluids.

CASE 5764: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the revision of Commission Form C-105, WELL COMPLETION OR RECOMPLETION REPORT AND LOG, to provide space for the reporting of depths of oil and/or gas sands or zones and important water sands.

CASE 5765: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the partial temporary suspension of Rule 202B of the Commission Rules and Regulations to permit approved temporarily abandoned wells to continue in such status without the requirement for notice and hearing pending the outcome of new bonding and plugging legislation to be proposed to the First Session of the 33rd New Mexico Legislature.

CASE 5753: Application of A. H. Rains for amendment of Order No. R-5217, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5217 to provide an administrative procedure for the approval of substitute or additional salt water disposal wells on applicant's Pure State Lease in Section 15, Township 21 South, Range 27 East, Magruder-Yates Pool, Eddy County, New Mexico.

CASE 5754: Application of Burleson & Huff for compulsory pooling and a non-standard proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yates-Seven Rivers formation underlying the E/2 NE/4 of Section 21 and the W/2 NW/4 of Section 22, Township 25 South, Range 37 East, to form a 160-acre non-standard gas proration unit in the Jalmat Pool, Lea County, New Mexico, to be dedicated to applicant's Arco Well No. 2-Y located 1770 feet from the North line and 660 feet from the East line of Section 21. 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 5755: Application of Burleson & Huff for salt water disposal well, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Queen formation through the perforated interval from 4014 feet to 4290 feet in its Cinco de Mayo Well No. 1 located in Unit C of Section 24, Township 18 South, Range 32 East, Shinnery-Queen Pool, Lea County, New Mexico.

CASE 5756: Application of Burleson & Huff for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Rustler formation through the open-hole interval from approximately 937 feet to 1200 feet in its Arco Well No. 2 located in Unit H of Section 21, Township 25 South, Range 37 East, Jalmat Pool, Lea County, New Mexico.

CASE 5757: Application of Western Oil Producers, Inc. for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Maljamar-Pennsylvanian Oil Pool, in Section 5, Township 17 South, Range 33 East, Lea County, New Mexico, including a provision for 160-acre spacing and proration units.

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

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

*don*  
CASE NO. 5765

Order No. R-~~5298~~ 5297

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION  
ON ITS OWN MOTION TO CONSIDER THE PARTIAL TEMPORARY SUSPENSION OF RULE 202B  
OF THE COMMISSION RULES AND REGULATIONS TO PERMIT APPROVED TEMPORARILY  
ABANDONED WELLS TO CONTINUE IN SUCH STATUS WITHOUT THE REQUIREMENT FOR  
NOTICE AND HEARING PENDING THE OUTCOME OF NEW BONDING AND PLUGGING LEGISLATION TO  
BE PROPOSED TO THE FIRST SESSION OF THE 33RD NEW MEXICO LEGISLATURE.  
ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 15,  
19 76, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this        day of September, 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 the two-year period of temporary abandonment as set  
forth in Rule 202.B of the Commission Rules and Regulations, as  
amended by Order No. R-5019, is about to expire for more than  
three thousand (3,000) wells.

BEFORE THE  
NEW MEXICO OIL CONSERVATION COMMISSION  
Santa Fe, New Mexico  
September 15, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its own motion to consider the partial temporary suspension of Rule 202B of the Commission Rules and Regulations. CASE 5765

BEFORE: Richard L. Stamets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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

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



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LYNN TESCHENDORF

Direct Examination by Mr. Carr

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Cross Examination by Mr. Stamets

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1 MR. STAMETS: We will call next Case 5765.

2 MR. CARR: Case 5765, in the matter of the hearing  
3 called by the Oil Conservation Commission on its own motion  
4 to consider the partial temporary suspension of Rule 202B of  
5 the Commission Rules and Regulations to permit approved  
6 temporarily abandoned wells to continue in such status  
7 without the requirement for notice and hearing pending the  
8 outcome of new bonding and plugging legislation to be  
9 proposed to the First Session of the 33rd New Mexico Legislature.

10 Mr. Examiner, I'm William F. Carr appearing for  
11 the Commission and I have one witness to be sworn.

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

13 (THEREUPON, the witness was duly sworn.)  
14

15 LYNN TESCHENDORF

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

18 DIRECT EXAMINATION  
19

20 BY MR. CARR:

21 Q Will you state your name and position for the  
22 record, please?

23 A. Lynn Teschendorf, Law Clerk with the Oil Conservation  
24 Commission.

25 Q Ms. Teschendorf, are you familiar with the subject

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1 matter of this case?

2 A. Yes, I am.

3 Q Will you please summarize for the Examiner what the  
4 Commission is proposing?

5 A. The Commission is proposing to partially suspend  
6 Rule 202. The reasons for that are as follows: The two-year  
7 period of temporary abandonment under Rule 202 is about to  
8 run on more than three thousand wells at the present time. The  
9 Commission would like to avoid plugging these wells prematurely.  
10 At the same time the amount of the bond that the Commission  
11 can require is insufficient to cover plugging costs.

12 The plugging statute that will be before the  
13 Legislature this session is a response to the situation. We  
14 would like to change the present statute to increase the amount  
15 of bond required and make other provisions to remedy the  
16 problems of plugging.

17 The Commission proposes to partially suspend Rule 202B  
18 by granting a blanket extension pending the outcome of the  
19 bill in the legislature and this suspension would be only as  
20 to the notice and hearing requirements for the further  
21 extension in Rule 202B as it now stands. This extension would  
22 be an indefinite extension not to exceed one year, that the  
23 extension depends on whether the bill in the legislature has  
24 an emergency clause. If it does have an emergency clause the  
25 bill would go into effect in January and the Commission could

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1 then take action on this suspension and make it for a definite  
2 time period, otherwise the bill wouldn't become effective  
3 until July 1st '77.

4 I would recommend that the notice of hearing require-  
5 ments, that section of Rule 202B, be suspended indefinitely  
6 for a period not to exceed one year.

7 Q Do you have anything further to add to your  
8 testimony?

9 A No, I do not.

10 MR. CARR: I have not further questions at this time.

11  
12 CROSS EXAMINATION

13 BY MR. STAMETS:

14 Q Ms. Teschendorf, does the staff desire that operators  
15 not be required to report on temporarily abandoned wells?

16 A No, the other requirements of Rule 202 will continue  
17 in effect, it is only the notice and hearing requirements that  
18 would be suspended.

19 Q So if an operator fails to file on temporarily  
20 abandoned wells he is in violation of the Commission Rules  
21 and Regulations?

22 A That's correct.

23 Q Would a suspension of this part of 202B pending,  
24 say, a follow-up hearing, be an acceptable order for the  
25 Commission staff?

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1 A Yes, I think it would be.

2 MR. STAMETS: Are there any other questions of the  
3 witness? She may be excused.

4 (THEREUPON, the witness was excused.)

5 MR. STAMETS: Is there anything further in this  
6 case? The case will be taken under advisement.

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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*  
Sidney F. Morrish, C.S.R.

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Phone (505) 982-9212

I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 5765  
heard by me on 9-29-76  
*Richard L. Ham*, Examiner  
New Mexico Oil Conservation Commission

Cave — in the matter of the hearing called by  
~~Application of the OCC for a~~  
~~partial suspension of Rule~~  
~~202 B, Commission Rules and~~  
~~Regulations.~~

→ the Oil Conservation Commission on its own motion  
to consider.

~~The Commission~~ <sup>says</sup> the partial temporary  
suspension of Rule 202 B of the Commission's  
Rules and Regulations to permit  
approved temporarily abandoned  
wells to continue in such status  
pending the outcome of new bonding  
and plugging legislation to be proposed  
to the <sup>next</sup> session of the 33<sup>rd</sup>  
legislature. ~~Such~~ <sup>said</sup> suspension ~~of~~  
would permit ~~said~~ wells to continue  
in a temporarily abandoned status  
without the requirement for notice  
and hearing.

Case 5765