

CASE 5768: OCC PLUGGING CASE
SERVICE DRILLING COMPANY
THE TRAVELERS INDEMNITY COMPANY

CASE NO.

5768

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

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 SERVICE DRILLING COMPANY, THE TRAVELERS INDEMNITY COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE GONZALES-PITTMAN WELL NO. 1, LOCATED IN UNIT M OF SECTION 24, TOWNSHIP 21 NORTH, RANGE 21 EAST, MORA COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

CASE NO. 5768
Order No. R-5337

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 27, 1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 21st day of December, 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 Service Drilling Company is the owner and operator of the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, NMPM, Mora County, New Mexico.

(3) That The Travelers Indemnity Company is the surety on the Oil Conservation Commission plugging bond on which Service Drilling Company is principal.

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

(5) That there is some question as to whether the subject well is capable of, or can be made capable of, producing gas in paying quantities.

(6) That the operator of the subject well should be afforded a reasonable period of time in which to ascertain whether said well is or can be made capable of producing gas in paying quantities.

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Case No. 5768
Order No. R-5337

(7) That 60 days from date of entry of this order is a reasonable period of time to make such determination.

(8) That in the event such determination has not been made 60 days after date of entry of this order, in order to prevent waste and protect correlative rights said Gonzales-Pittman 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 March 1, 1977.

IT IS THEREFORE ORDERED:

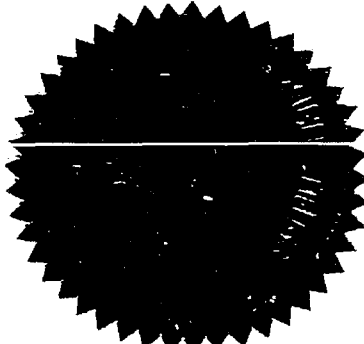
(1) That Service Drilling Company and The Travelers Indemnity Company are hereby ordered to plug and abandon the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, NMPM, Mora County, New Mexico, on or before March 1, 1977, unless it has been shown to the satisfaction of the Secretary-Director of the Commission within 60 days after date of entry of this order that said well is capable of producing gas in paying quantities.

(2) That Service Drilling Company and The Travelers Indemnity 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 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.

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

jr/

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE

NEW MEXICO

Hearing Date

OCTOBER 27, 1976

TIME: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Al Handrich	OCC	Carter
Al Handrich	Al Handrich Co.	El Paso
AMONIE EVERETT	Amoco Production Co.	Houston
JAMES E. PEASE	Amoco Production Co.	Houston
Victor T. Lyon	Conoco	Houston
P.T. McGee	U.S.G.S.	Farmington
Tom Muga	Muga Oil Corp.	"
Bill Tully	"	"
Jason Kellahan	Kellahan's Tex	Santa Fe
F. Gorman	Questar Pet	ABQ
Doug Lang	Rebo-Texas Corp.	Denver

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 27, 1976

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its own motion to permit Service Drilling Co., the Travelers Indemnity Co. and all interested parties to appear and show cause why the Gonzales-Pittman Well No. 1 should not be plugged and abandoned.

CASE
5768

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil Conservation Commission:	Lynn Teschendorf, Esq. Legal Counsel for the Commission State Land Office Building Santa Fe, New Mexico
For William Gruenerwald and Associates:	William C. Erwin, Esq. KASTLER, ERWIN & DAVIDSON Attorneys at Law Box 130 Raton, New Mexico

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1 MR. NUTTER: The hearing will come to order, please.
2 The first case this morning will be Case Number 5768 which is
3 in the matter of the hearing called by the Oil Conservation
4 Commission on its own motion to permit Service Drilling Company,
5 the Travelers Indemnity Company and other interested parties to
6 appear and show cause why a certain well in Mora County,
7 New Mexico should not be plugged and abandoned in accordance
8 with a Commission-approved plugging program.

9 I'll call for appearances in this case.

10 MS. TESCHENDORF: Lynn Teschendorf appearing for
11 the Oil Conservation Commission and I have one witness to be
12 sworn.

13 MR. ERWIN: William C. Erwin, Kastler, Erwin and
14 Davidson, Raton, New Mexico, appearing on behalf of William
15 Gruenerwald and Associates, Inc. I have one witness, Mr.
16 Gruenerwald, to be sworn.

17 MR. NUTTER: Mr. Erwin, on the appearances, this
18 case called for Service Drilling Company, Travelers Indemnity
19 and other interested parties to appear and show cause. Do you
20 also represent Service Drilling by any chance?

21 MR. ERWIN: For the purposes of this hearing we will
22 represent Service Drilling Company.

23 MR. NUTTER: I would like the witnesses to stand and
24 be sworn, please.

25 (THEREUPON, the witnesses were duly sworn.)

1 Mr. NUTTER: Ms. Paschendorf.

2

3 CARL ULVOG

4 called as a witness, having been first duly sworn, was

5 examined and testified as follows:

6

7 DIRECT EXAMINATION

8 BY MS. TEXCHENDORF:

9 Q Will you state your name, position and place of
10 residence, please?

11 A Carl Ulvog, Senior Geologist for the Oil Conservation
12 Commission located here in Santa Fe.

13 Q Does District Four include the part of Mora County
14 involved in this case?

15 A That is correct.

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

19 A Yes, ma'am.

20 Q Are you familiar with the subject matter of Case
21 Number 5768?

22 A Yes, I am.

23 Q What is the purpose of this case?

24 A The purpose here is to determine whether or not this
25 well should, in fact, be plugged and abandoned in accordance

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1 with the regulations of the State of New Mexico.

2 Q Are you familiar with this particular well?

3 A Yes, I am.

4 Q Have you reviewed all of the reports filed with the
5 Commission concerning this well?

6 A I have.

7 Q Do you have these records with you?

8 A I do.

9 Q Please refer to these records and give us the
10 history of the well as reflected by the Oil Commission records?

11 A All right. The application for the permit to drill
12 this well which is located in Unit M of Section 24, Township
13 21 North, Range 21 East, New Mexico Prime Meridian, Mora
14 County, the C-101 was filed, it's dated September 15th but
15 it arrived in this office on September 12th, 1975. It was
16 approved and there were no other reports received. It stated
17 that the drilling was due to begin September 15th, 1975.

18 The next report that we received, after several
19 calls, was the Form C-103 which was received on October 20th,
20 1975 and it states that the well was spudded on September 25th
21 and a fifteen-inch hole drilled to four hundred and ten feet,
22 ten-and-three-quarter-inch surface casing set at four hundred
23 and ten feet, cemented with four hundred and fifty sacks,
24 eight-and-three-quarter-inch hole drilled to total depth of
25 twenty-nine, sixteen. On October 12, 1975 seven-inch casing

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1 was run and set at ten, fifty-nine, cemented with three
2 hundred sacks.

3 That was the only progress report, the only C-103
4 received in this case.

5 On March 18th, 1976 we received a Form C-104, which
6 was a request for an allowable and authorization to transport
7 oil and gas and a C-105 which is the well record.

8 Those are the only reports that have been received
9 in this office.

10 Q And on what date was the last official form filed
11 with the Commission?

12 A The last form was received here on March 18th, 1976,
13 dated March 2nd, 1976.

14 Q Do you have any other communications which are
15 relative to this case?

16 A Yes, I do. I called for reports and information --
17 these are records of our calls: October 7th, 1975; October 16th,
18 1975; October 27th, 1975; December 16th, 1975.

19 There are letters which are part of the file that
20 were sent, together with copies of the Rules on October 16th,
21 1975; February 20th, 1976 and on March 19th, 1976 I sent a
22 copy of the Form 104 and 105, indicating that they were
23 improperly completed.

24 MR. NUTTER: Those were the forms that you had just
25 received, is that correct?

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1 A. That is correct. They were never approved.

2 MR. NUTTER: And so you returned them to the
 3 operator?

4 A. Copies of them. Copies are retained in our files.

5 Q. (Ms. Teschendorf continuing.) Do you have any
 6 exhibits which you wish to offer?

7 A. I have the complete well file which is copies of
 8 the letters that were sent, notes of the telephone calls that
 9 were made and received, copies of the briefs of the Rules that
 10 were sent and pictures that were taken of the location.

11 Q. Could failure to plug this well cause waste?

12 A. Yes, it could.

13 Q. Have you formulated a plugging program for this
 14 well?

15 A. Based on the information that has been submitted,
 16 I would have to say that it would be a very extensive plugging
 17 program. As I said, based on the data which we have in the
 18 file which is incomplete. Upon more complete data I would be
 19 able to refine that plugging program.

20 Q. Do you have any exhibits which you wish to offer
 21 into evidence?

22 A. I have several plats that I have prepared for my
 23 own information in the case in question which I would be glad
 24 to offer but I only have one copy of each and if they are
 25 required I would be glad to submit them.

1 MS. TUSCHENDORF: That concludes our examination.
 2 MR. NUTTER: Do you have any questions, Mr. Erwin?
 3 MR. ERWIN: Yes, sir.
 4

5 CROSS EXAMINATION

6 BY MR. ERWIN:

7 Q The C-105 which you say was returned as improperly
 8 completed?

9 A Right.

10 Q Wasn't that re-submitted to you subsequent to the
 11 notice of the initial hearing in this case?

12 A It was. The copy that I returned was re-submitted,
 13 I don't have the date it was re-submitted, it was brought in
 14 here personally.

15 Q And the information on that C-105 which your counsel
 16 has asked you to specify needed to be completed or revised,
 17 had been completed, had it not?

18 A It was completed but unsatisfactorily. It is not
 19 complete. It had some information added.

20 Q At that time when the C-105 was re-submitted to
 21 you, was not a request made through your counsel where you
 22 specified what it was that you thought was unsatisfactory
 23 about the C-105?

24 A That is correct.

25 Q And at that time you then refused to specify what

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1 information it was that you were requesting?

2 A. That is not correct.

3 Q. Did you specify that to your counsel and submit
 4 that information through your counsel to me for Mr. Gruenerwald
 5 or Service Drilling so we could furnish it?

6 A. I did not specify where the information was to go,
 7 I merely specified what information was needed.

8 Q. Wasn't your answer in the presence of your counsel
 9 simply, "Read the rules."

10 A. No, it was not.

11 Q. Did you make any written report to your counsel or
 12 to me with respect to what information it was that you were
 13 requesting?

14 A. No written reports. This had already been taken
 15 care of by three letters and four telephone calls to the
 16 operator.

17 Q. Subsequent to that, when the report was re-submitted,
 18 all of the blanks that you had requested be filled in, all
 19 the information was complete on this report, was it not?

20 A. No, sir.

21 Q. Do you have that report?

22 A. I do.

23 Q. Is it part of a file?

24 A. It is.

25 Q. Do you have a date on that that it was re-submitted?

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1 A No, sir, it was not dated, I don't believe. It was
2 only stamped in when originally received here March 18, 1976
3 and it's dated in two places, one, the date of the test,
4 2-31-76, the other date when it was signed by Mr. Zimmerman
5 as agent for Roy Reece of Service Drilling Company, that date
6 is March 2nd, 1976. There are no other dates appearing on
7 this form.

8 Q Are you holding the form you are referring to?

9 A That is correct.

10 Q May I see it, please?

11 MR. ERWIN: I would ask that this form be marked
12 for identification so it can be referred to in the record.

13 MR. NUTTER: This would be marked as OCC Exhibit A
14 in this case.

15 (THEREUPON, OCC Exhibit A was marked for
16 identification.)

17 Q (Mr. Erwin continuing.) Do you have your file
18 with the correspondence there?

19 A Yes, I do.

20 Q Did you receive a letter dated March 16th, 1976
21 from Mr. William Gruenerwald?

22 A Yes, sir.

23 Q Enclosing information with respect to the well?

24 A I have that in the file, right.

25 Q The last sentence of that letter requests that

1 information furnished be held confidential by the State, does
2 it not?

3 A. That is correct.

4 MR. ERWIN: I would ask that this letter be marked
5 as an exhibit.

6 A. You want this from our file?

7 MR. ERWIN: Please.

8 MR. NUTTER: The letter of March 16th, 1976 will
9 be identified as Exhibit B in this case.

10 (THEREUPON, Oil Conservation Commission

11 Exhibit B was marked for identification.)

12 Q. (Mr. Erwin continuing.) Are there other gas wells
13 located in the vicinity of the well in question here, the
14 Gonzales-Pittman No. 1?

15 A. That is correct, there are.

16 Q. Who is the operator on those wells?

17 A. The wells nearest to the well in question here are
18 all operated by Brooks Exploration Company.

19 Q. Is there currently production from that area by
20 Brooks Exploration Company?

21 A. Yes, there is.

22 Q. Do you know without having to refer to any documents
23 that you don't have in your possession, approximately what
24 production is being had from the wells?

25 A. Yes, I do.

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1 Q What is that?

2 A I would have to go to the files to find the exact
3 production. I don't believe I brought that with me but I
4 can get it.

5 MR. NUTTER: Do you have an approximation, Mr.
6 Ulvog, as to what the wells are producing?

7 A All right, there are four wells connected to the
8 pipeline and producing. There are two additional wells that
9 are shut in and not producing. Of the producing wells, last
10 month the total production from those four wells that are
11 connected to the pipeline was in the vicinity of eleven
12 million cubic feet for the month.

13 Q Do these operate off of a compressor?

14 A That is correct, they are all hooked up to a
15 compressor. It is a matter of public record what the
16 production is.

17 Q Did you discuss any of the information presented
18 to you by Mr. Gruenerwald with Mr. Brooks or anyone in his
19 company?

20 A The only discussion I've had with anyone concerning
21 this particular well is, as far as I knew it was simply
22 abandoned. We had no tests to show that it was capable
23 of producing. This you will find in the forms, we do not
24 have that information.

25 Q Who was this discussion with?

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1 A I've had discussions with numerous people about
2 this well.

3 Q Would that include Mr. Brooks?

4 A Oh, yes.

5 Q Were you furnished with logs from this well?

6 A Yes, sir.

7 Q Did you discuss those with Mr. Brooks?

8 A No, sir, other than the fact that we had received
9 them, of course.

10 Q The purpose then of your petition here to plug this
11 well is simply to prevent waste, is that correct?

12 A To prevent waste and to prevent communication of
13 fluids from one zone to another.

14 A This could also be accomplished if the well is put
15 into production, could it not?

16 A If the well is put on production that is correct.

17 Q At this point it would serve the Commission's
18 purpose equally well for the well to be made productive?

19 A Yes, but I would hasten to add that we do need to
20 have the information that is called for by our Statutes
21 which tells us the results of the perforating and testing
22 that went on and whether or not the different zones that are
23 in communication have been segregated and what type of a
24 plugging program was used in plugging back and gauged
25 measurements of all this.

1 Q Then if this information that you have just specified
2 is furnished to you, you would have no reason to want the well
3 plugged on behalf of the Commission if it is going to be made
4 productive, is that correct?

5 A Other than the fact that this information has been
6 requested now for a period of eight or nine months.

7 Q Looking at things as they stand now, it would serve
8 your purpose equally well for the well to be made productive,
9 wouldn't it?

10 A That is correct, if we had the rest of the information
11 that is lacking.

12 MR. ERWIN: No further questions.

13
14 CROSS EXAMINATION

15 BY MR. NUTTER:

16 Q Mr. Ulvog, you made reference to several things I
17 would like to elaborate on. First you said if you had the
18 information as to the manner in which the well was plugged
19 back. To what total depth was the well originally drilled?

20 A That well was originally drilled to two thousand,
21 nine hundred and sixteen feet.

22 Q And then it was plugged back to some lesser depth?

23 A One thousand and fifteen according to the C-105.

24 Q And how was the well plugged back, is that your
25 question?

1 A That is my question, because there are numerous
2 formations involved below that depth and I can only assume from
3 this that they are all in communication, unless the hole is
4 filled with cement, of course.

5 Q You never received any report on the method in which
6 the well is plugged back?

7 A No, sir.

8 Q Only the plugged back depth of ten, fifteen?

9 A Ten, nineteen. Pardon me, it is ten, fifteen. That
10 is all that the form says. It could be a bridge plug.

11 Q Okay, now, what have you got in the well in the line
12 of casing, Mr. Ulvog?

13 A We have reported a ten-and-three-quarter inch set at
14 four-hundred-and-ten feet and we have a seven inch set at ten-
15 hundred-and-forty feet.

16 Q Which is below the plug back total depth on the
17 well then?

18 A That is correct.

19 Q Now, has that casing been perforated?

20 A Yes, it has.

21 Q What is the interval that it is perforated in?

22 A Actually there are numerous perforations. It is
23 perforated over a four-hundred-and-thirty-eight foot gross
24 interval in which there are sixty-nine feet net perforations
25 scattered throughout that zone. I can give them all to you

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1 if you like.

2 Q Are they in groups or are they just completely
3 scattered up and down the hole?

4 A There are eight different intervals perforated in
5 this group.

6 Q I think we can afford to put the perforated intervals
7 in this well in the record, Mr. Ulvog, would you please?

8 A Yes, sir. They were perforated from, according to
9 the C-105, nine hundred and thirty to nine hundred and thirty-
10 four, two shots per foot; eight hundred and twenty-eight to
11 eight hundred and thirty-two, two shots per foot; seven hundred
12 and eighty-six to seven hundred and ninety-two, two shots per
13 foot; seven, fifty-four to seven, fifty-eight, two shots per
14 foot; seven, thirty-one and a half to seven, thirty-seven and
15 a half, two shots per foot; six hundred and eighty-four to
16 six, ninety-six, two shots per foot; six hundred and six to
17 six hundred and nine, two shots per foot; four hundred and
18 ninety-six to five hundred and twenty-six, two shots per foot.

19 Q Okay, so the uppermost perforation then was what?

20 A The uppermost perforation is at four hundred and
21 ninety-six.

22 Q And the lowermost perforations again was?

23 A Nine hundred and thirty-four.

24 Q Okay, now, you mentioned that there are other wells
25 in this area that are producing. What is the producing interval

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1 in those wells?

2 A. The producing intervals nearest to the well in
 3 question, one well is located one-half mile away, approximately
 4 and another well is located approximately two-thirds of a mile
 5 away and the third one is approximately three-fourths of a
 6 mile away. Those are producing from the Dakota formation.

7 Q. And what depth would that be?

8 A. I don't have the exact depths of those wells but it's
 9 in the vicinity of four hundred to five hundred feet, all of
 10 them.

11 Q. Now, you have seen the logs on those wells, have
 12 you not?

13 A. That is correct.

14 Q. And you have seen the log on the subject well?

15 A. That is correct.

16 Q. Is the perforated interval, the productive interval
 17 in the adjacent well, correlative to any of these perforated
 18 intervals in this well?

19 A. On that point it is a matter of conjecture. I'm
 20 assuming that it does but the reason I cannot say for sure is
 21 that the logs of this well did not run very far above this
 22 Dakota formation so I cannot correlate exactly with the other
 23 logs. They did not penetrate the Dakota, you see. None of
 24 the other wells near by completely penetrated the Dakota
 25 formation.

1 Q What do you mean penetrated, go into it or go
2 through it?

3 A Go through it. When I say completely penetrated I
4 mean all the way through it. So, therefore, I do not have a
5 good correlation with this log since it stops immediately
6 above that formation. There are no logs further on up the
7 hole so I can't get a good correlation.

8 Q And the logging that you have is below the producing
9 interval of the other wells then, essentially?

10 A That is correct.

11 Q Okay, now, where is the top of the Dakota in the
12 other wells?

13 A All right.

14 Q At approximately what depth?

15 A I can tell you that. The three wells that I had
16 reference to, the top of the Dakota in one is at three hundred
17 and fifteen. Another one is at three hundred and twenty and
18 another one is at three hundred and seventy-four. Would you
19 like the subsea points of that? Those are drilling depths to
20 the top of the formation.

21 Q Well, I don't know if I need that or not. How about
22 the terrain here, is the terrain substantially the same?

23 A Very flat in this immediate area.

24 Q So just depths from surface down is sufficient for
25 our needs here. The top of the Dakota was in the three

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1 hundreds then in these other wells?

2 A. That's right.

3 Q. And you don't have a log on this well in the three
4 hundred foot interval?

5 A. Well, no, in fact, the top of this log stops at
6 about four hundred and twenty.

7 Q. And you are already in the Dakota, is that it?

8 A. No, the Dakota is encountered at four hundred and
9 eighty, according to the operator's report, at least. Now,
10 whether there is additional sand above that I'm not able to
11 determine. It looks like there could be but I will have to
12 take the operator's report for this since I can't prove
13 otherwise.

14 Q. So then by the operator's report on the top of the
15 Dakota and your interpretation of the top of the Dakota on
16 the other wells, this well is running low compared to the
17 other wells, is that it?

18 A. Oh, yes, I would have to say that, right. The
19 problem here, Mr. Examiner, is that I'm quite convinced that
20 the Dakota consists of numerous sand stringers and we do not
21 have good logs on any of the wells in the immediate area to
22 determine just how many sand stringers there are or how much
23 the gross sand interval would be in any case, but it appears
24 that it thickens considerably and this may be by the addition
25 of other sands, so there is a possibility here that this well

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1 is actually completed or perforated in zones that are lower
2 in the formation than the other producing wells. I can't
3 establish that. This is a possibility.

4 Q But then this well also has perforations that go well
5 below the correlative interval of the other wells?

6 A Oh, yes. In fact, I would say that the overall
7 perforations here, the overall perforated interval is in at
8 least three different formations and possibly four.

9 Q What would those formations be?

10 A The uppermost, of course, is the Dakota, that's
11 the Cretaceous. Then at some point, I'm saying at approximately
12 six hundred and eighty feet, we go into the Jurassic Morrison.
13 Then at approximately nine hundred feet, I'm saying that we go
14 into the Entrada formation, all of those have been perforated.

15 Q In this well?

16 A That's right.

17 Q But the production from the other wells is in the
18 Upper Dakota formation?

19 A Strictly. That is correct.

20 Q Now, on this Form C-105 that you have received?

21 A Yes, sir.

22 Q I presume this is the form that was brought to you
23 recently and the information not dated but it is stated here
24 that there is production from the well, being a slight blow
25 and an estimated twenty-four hour rate of sixty MCF. Do you

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1 know what interval that gas is coming from?

2 A. I have no way of knowing where it is coming from. It
3 could come from all of them or the lowermost or whatever, I
4 don't know. We never did get a report of the test recoveries,
5 you see. On that form you will see there is no report given,
6 what was recovered.

7 Q. I see. Now, how far away from this particular well
8 is the pipeline?

9 A. Well, the gathering line comes within about two-thirds
10 of a mile.

11 Q. Have there been any other wells drilled in this area
12 to more or less the same depth as this well was drilled?

13 A. We have other deep wells, not near by. We do have
14 some deep wells, though. The nearest deep wells that have
15 penetrated all of the formations that were encountered by the
16 Service Drilling Company are located -- I have a plat here which
17 I can refer to -- the nearest deep well that has penetrated
18 through -- well, let me back up. This Service Drilling well
19 bottomed in granite wash or possibly granite, I do not know
20 which, but it would be at least in the granite wash.

21 Q. It was reported on this form that at twenty-five,
22 oh, six it encountered granite wash?

23 A. Yes, and you see the total depth is at twenty-nine,
24 sixteen. So there is definitely granite wash. Now, other
25 wells that have gone at least that far to encounter the granite

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1 wash are located as follows: The nearest wells would be nine-
2 and-a-half to ten-and-a-half miles due south where there is
3 a group of wells, four, as a matter of fact. One was drilled
4 by Arkansas Fuels, another by Shamrock, a third one by Frigidice,
5 all of them had flows of carbon dioxide up to a million cubic
6 feet per day.

7 Q But those are nine or ten miles away?

8 A That's right. The next would be thirteen miles to
9 the west.

10 Q We don't need to get any further away. The wells in
11 this area, the wells that are producing from this little gas
12 field you've got there, are any of them drilled to twenty-nine
13 hundred feet?

14 A None. None of them have gone, with the exception of
15 one, none of them have even completely penetrated the Dakota.
16 Only one well completely penetrated that and that is located
17 in Unit H of Section 28, Township 21 North, Range 21 East.

18 Q How far away is that?

19 A That well would be approximately two-and-a-half miles
20 to the west-southwest.

21 Q Is it a producing well?

22 A No, sir, it's shut in. It was completed as a gas
23 well, drilled for a water well but made a gas well and was
24 shut in. It's a State Game and Fish well.

25 Q Where is it capable of producing from?

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1 A The gas they reported was from the Dakota formation,
2 however, it also did go into the Morrison.

3 Q Does it have a long perforated interval in it?

4 A It's open hole.

5 Q I see. Now, another statement you made during your
6 direct testimony, Mr. Ulvog, was that waste would result if this
7 well were not plugged. Would you elaborate on how waste will
8 result?

9 A Well, there are probably different pressures involved
10 in the different formations that have been perforated,
11 consequently we could have a flow of gas from one to the other
12 if there is, in fact, gas here. There may be fluids. I'm not
13 aware of that but likewise fluids could migrate from one to
14 the other and, therefore, be lost.

15 Q And unless these zones are segregated from each
16 other?

17 A That is correct.

18 Q You could have a possibility of waste?

19 A Yes, and, of course, I do not know what was
20 encountered in the formations below and unless the hole is
21 full of cement there can be communication between a number of
22 different zones below the plug-back depth.

23 Q I see.

24 MR. NUTTER: I believe that's all of the questions
25 I have. Do you have any further questions?

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1 MR. ERWIN: No.

2 MR. NUTTER: Does anyone else have any questions
 3 of this witness?

4 MS. TESCHENDORF: I have one thing, Mr. Examiner, I
 5 would like to just clarify for the record that the C-105 in
 6 question, Exhibit A in this case, was hand delivered to me on
 7 October 6, 1976.

8 MR. NUTTER: The record will so state.

9 If there are no further questions of the witness he
 10 may be excused.

11 (THEREUPON, the witness was excused.)

12 MR. NUTTER: Mr. Erwin, you had a witness you wanted
 13 to call?

14 MR. ERWIN: Yes, sir, Mr. William Gruenerwald.

16 WILLIAM GRUENERWALD

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

20 DIRECT EXAMINATION

21 BY MR. ERWIN:

22 Q Will you please state your name?

23 A I'm William Gruenerwald.

24 Q What is your residence, Mr. Gruenerwald?

25 A I have offices in Colorado Springs and operate

1 under the name of William Gruenerwald and Associates, Inc.

2 We are oil and gas operators.

3 Q Would you briefly state your background and
4 education?

5 A I'm a graduate geologist and I have been an independent
6 oil and gas operator since 1951. In that period we have
7 drilled probably, the company has drilled probably three
8 hundred and fifty wells and we presently operate a hundred and
9 fifty oil and gas wells, primarily in the panhandle of Texas
10 and Oklahoma and southwest Kansas. Our production is about
11 two thousand barrels a day and about four or five million
12 cubic feet a day.

13 Q Do you own the surface land in Mora County where
14 the Gonzales-Pittman No. 1 Well is located?

15 A I do, this is my ranch.

16 Q Approximately how many acres of land do you own in
17 Mora County?

18 A About twenty-one thousand.

19 Q Have you also engaged in leasing land for oil and
20 gas exploration in Mora County?

21 A Yes, in addition to our ranch.

22 Q Approximately what do you have invested in the
23 drilling of this particular well?

24 A The drilling cost, and we can provide a CPA account-
25 ing of this, is a hundred and sixty-nine thousand, eight

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1 hundred and three dollars. That's in the drilling. In the
2 completion attempt, forty-three thousand, seven, twenty-nine
3 and our lease acquisition cost is forty thousand.

4 Q Now, there has been reference to requests for
5 information, can you briefly tell the Examiner what information
6 you have supplied and what difficulties you have had in being
7 able to supply the information requested?

8 A I might just go back and say that the dates given
9 for the drilling are correct. We commenced that well in October
10 of '75 and I think that I should point out that the well was
11 air drilled for the first seventeen hundred feet and then
12 because of water it was drilled to total depth in a conventional
13 mud drilling program. It was a very difficult well to drill.
14 We had considerable lost circulation, therefore, the high cost,
15 but we did finally end up in the granite wash, which was our
16 destination at a total depth as they have mentioned of twenty-
17 nine hundred and some feet.

18 Two attempts were made to cement casing in this
19 well because the evidence from the Schlumberger logs, plus
20 our geologist's report, indicated that there were gas shows,
21 not in the samples but from the air drilling in the range of
22 four hundred to a thousand feet, roughly. So the two cement
23 jobs were -- the second one was the only one that was
24 completed and thereafter we attempted a completion in the
25 various sand zones and I think these were done in February

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1 of '76 and at that time the rig was released.

2 MR. NUTTER: Mr. Gruenerwald, was that before or
3 after this well was plugged back to this ten, fifteen or ten,
4 nineteen feet?

5 A. The well was plugged back, based on the evidence that
6 there was nothing below a thousand feet that involved any hydro-
7 carbons so the casing was set at a thousand feet or whatever
8 the depths were, they are a little over a thousand feet.

9 MR. NUTTER: And then you tested these intervals
10 that you are talking about?

11 A. Yes, that is correct.

12 MR. NUTTER: Now, were each of these intervals
13 tested individually?

14 A. Yes, they were and as I say, the intervals tested
15 were sand zones and based on the Schlumberger analysis of
16 these sands zones, we felt that the water percentages were
17 low and that there was an indication of hydrocarbons in those
18 zones and in the air drilling we couldn't detect this. The
19 air drilling was simply too fast.

20 MR. NUTTER: Go ahead, I'm sorry I interrupted.

21 A. Yeah, that's all right.

22 Q (Mr. Erwin continuing.) Do you have information with
23 you with respect to the cementing and the testing of this well?

24 A. The geologist's report and Schlumberger electric
25 logs is about the only information that we have that can be

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1 verified, other than our own estimate of the shows that were
2 involved. We do have a completion report made by a consultant
3 from Liberal, Kansas, who was on the well, who actually
4 supervised the completion.

5 I should bring up one factor that I think is very
6 important. When I say it was air drilled to seventeen hundred
7 feet, the reason for that was because of the low pressures in
8 these Dakota sands and adjacent sands and then when we went
9 into the mud drilling, we obviously covered up all of those
10 sections and, of course, with the lost circulation material
11 that was introduced into the mud stream, these upper zones
12 were blocked off, we feel. In other words, with low pressure
13 and the heavy invasion of mud, we created some problems for
14 ourselves in this well.

15 But the key, I think, to the gas, not only in the
16 Dakota but in these lower sands, is the Schlumberger
17 interpretation of those sands.

18 MR. NUTTER: Well, you didn't have to switch to mud
19 until you got to seventeen hundred feet?

20 A. That is correct.

21 MR. NUTTER: And then you decided that your produc-
22 tive interval was at least above a thousand?

23 A. That's right, we ran two electric logs actually. We
24 were lost. As Mr. Ulvog has pointed out this is a wildcat,
25 it's nine miles from anywhere so we really didn't know where we

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1 were and we had to use one correlation log and then we weren't
2 still in the granite wash and we had to run a second log at the
3 total depth.

4 MR. NUTTER: But in drilling additional wells it
5 wouldn't be necessary to use mud, is that it?

6 A. No, it would be impossible, I think -- Brooks
7 Exploration and anyone else that has been in the area has
8 drilled with air and that's why they have the successful
9 completions.

10 MR. NUTTER: Especially if you can drill to seventeen
11 hundred feet with air.

12 A. I think that a thousand feet with air, just about
13 below that eliminates any hydrocarbon possibilities.

14 Q. (Mr. Erwin continuing.) What are your plans with
15 respect to production from this well and from the area in which
16 the well is drilled?

17 A. Our plan has been to drill five additional wells
18 through the Dakota to the top of the Entrada and spot those on
19 roughly three-hundred-and-twenty acre, some type of a three-
20 hundred-and-twenty acre pattern, spacing pattern.

21 Q. Do you feel that there is potential production from
22 this well?

23 A. Yes, I do and as I say, I think that the problems
24 that we have had have been mechanical as a result of the heavy
25 invasion of mud and lost circulation material here into these

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1 zones, into the low-pressure gas zones and that I feel that
2 the test that has been made to date is not definitive and
3 I'm basing my hopes as far as the results of this well, on
4 the fact that the pressures are so very low that we have had
5 this invasion of mud.

6 Q Do you have the materials with you today that you
7 can provide to the Commission, which has been requested by
8 their geologist?

9 A Yes.

10 MR. ERWIN: No further questions.

11
12 CROSS EXAMINATION

13 BY MR. NUTTER:

14 Q What would that material you mentioned there consist
15 of, Mr. Gruenerwald?

16 A Well, we can provide him with a completion report.
17 We can furnish him with about a hundred thousand dollars
18 worth of information here which, needless to say, I'm reluctant
19 to give up because of the rivalry in that area and the fact
20 that it has been pointed out that nobody has drilled anything
21 below four hundred feet and we've stood the gaff of the deep
22 drilling attempt in the area but we will provide that to the
23 State.

24 Q Now, do you have a gauged test on this well?

25 A We do not, no.

1 Q So we are still going by a slight blow and sixty
2 NCF estimated?

3 A That is correct, with the expectation of doing some
4 remedial work on the well.

5 Q Do you think that this wellbore can be cleaned out
6 and that the mud damage there can be remedied?

7 A I'm not certain. I had written in one of the
8 correspondence to the geologist, I had said that we may have to
9 offset, maybe a hundred yard offset and drill a substitute well
10 again just to a thousand feet, now, because we have tested the
11 remaining portion of this.

12 Q When will you know whether that will be accomplished
13 or not?

14 A I believe there is one item here in the chronology
15 that we should point out and that is that the reason we haven't
16 proceeded, first of all because of the heavy investment we
17 have made to date, but the fact that Brooks Exploration has
18 worked out a program with Raton Natural Gas to accept gas in
19 the pipeline for distribution in Las Vegas and they have made
20 roughly, oh, I would say maybe a seventy-five thousand dollar
21 investment in that compressor, unless it has been rented, I
22 don't know the details of that but this would have provided us
23 with some indication of what the potential was in the Dakota,
24 because what hasn't been pointed out there, the Dakota pressure
25 is only five pounds. I mean you can press your finger on the

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1 table and you have more pressure than you do in this gas
2 and also it is a very low BTU gas, it's only an eight hundred
3 and fifty BTU gas so it has to be enriched for consumption
4 and it has been our thought that we would wait to see what
5 this compressor or how much of this compressed gas could be
6 produced and what the pressure drop was and then on the basis
7 of that you could really determine what the entire field was
8 going to be like. In other words, whether it was worth throwing
9 another several hundred thousand dollars in development
10 drilling.

11 So as it stands now, ours is really a stand-by well
12 waiting for some other operator to spend some money, to do
13 something before we start re-establishing ourselves.

14 Q The thing is, Mr. Gruenerwald, the Commission in its
15 Rules and Regulations has mechanics provided for placing a
16 gas well on a stand-by status waiting for a connection, waiting
17 until it is determined that it is productive, if it's a gas
18 well. I think our geologist here has had some question in his
19 mind as to whether we had a gas well here or not, due partially
20 to the lack of records and partially also after receiving this
21 form, just reporting that there was a slight blow with an
22 estimate of some gas productivity and no gauged test.

23 A. Yes. Well, the area that we are talking about is
24 almost fifty square miles of gas-productive Dakota and as he
25 has pointed out, there is production near Colmor, there are

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1 four or five wells that Brooks Exploration has drilled, there
2 is some that was drilled years ago in this Federal tract,
3 Wildlife Game Refuge area, so it is a large tabular deposit
4 but it's low pressure and there is no question in my mind, I
5 mean, that we are part of that same reservoir.

6 Sometimes you can get the indications on the log but
7 because of mechanical problems you simply can't produce it,
8 that's all.

9 Q Well, you heard Mr. Ulvog's testimony that according
10 to his interpretation of the logs this well is substantially
11 lower than the Brooks' wells which are nearby and productive?
12 Do you agree with that?

13 A No, I think we are about five feet lower, I think
14 it is one and the same deposit. It's a large basin area of
15 Dakota, it's a huge, as I say, fifty, a hundred square mile
16 geological anomaly in that area and it does have -- we
17 calculated on the basis of engineering, using five pound
18 pressure there that the area would produce roughly about two
19 hundred -- I think it's two hundred and one thousand MCF per
20 section, so it's going to take five sections to create a
21 billion cubic feet in the area but if it is shallow drilling,
22 five hundred to a thousand feet, it's going to be commercial,
23 the line is there and it's going to take compression and some
24 enrichment to produce this area.

25 We are not lacking in enthusiasm nor do we want to

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1 short cut something. As far as I'm concerned after you have
2 invested a total of two hundred and sixty-nine thousand, you
3 better take a breather and let somebody else carry the activity
4 forward.

5 Q Okay, I understand what Mr. Ulvog's recommendation is
6 in this case, would you give me your recommendation as to how
7 the Commission should dispose of this case?

8 A My feeling is this, that we may have to go in and
9 drill a thousand foot offset to this well because of the mudding
10 conditions that I spoke of but there is a big difference, a
11 Brooks well, we can have those turnkeyed for ten thousand
12 dollars a piece, so what we have done here, we have explored
13 all the way to the granite wash and we have come back and tried
14 to complete this well. I think it would be worth one more
15 recompletion attempt in this Upper Dakota sand which in part
16 has not been perforated in this well but which shows on the
17 electric log to be hydrocarbon producing. If that's not the
18 case, we can proceed, as I say there is a big difference
19 between a development program that involves a thousand feet and
20 maybe ten thousand dollars a well to complete so it's not a
21 cash problem at all with us but I think we should hold onto
22 this well because we have -- it could be added, you might say,
23 to the reservoir, but if the next completion attempt on this
24 well is a failure then we will simply move off. The mud
25 invasion wouldn't be more than maybe a hundred feet, we will

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1 move off a hundred yards and drill another one.

2 But at the present time I think that with the offset
3 wells which he mentioned were less than a third of a mile
4 away, in other words they are six, sixty or less from our
5 locations, we are obviously cognizant of drainage and spacing
6 and I think these things have to be brought before the
7 Commission at some later hearing.

8 Q But you still haven't told me what your recommendation
9 would be for the disposition of this case.

10 A I think that well should be carried as a stand-by
11 producer based on the electric log evidence that we have and
12 the shows that we had when we were drilling with air initially
13 in this well.

14 Q For how long?

15 A Which were very encouraging.

16 Q For how long?

17 A Sixty days.

18 Q Do you think you can establish that --

19 A Oh, yes, I think we should.

20 Q With additional testing?

21 A And we have asked our attorney also, as I say to, I
22 think the Commission should hear testimony from all of the
23 operators and royalty owners in the area as to what is to be
24 done because right at the moment everything is floating around
25 and there is really a lack of concise -- there is no exchange

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1 of information among operators in that area.

2 MR. NUTTER: Do you have any further questions of
3 this witness, Mr. Erwin?

4 MR. ERWIN: Nothing further.

5 MR. NUTTER: I don't know whether you finished or
6 not. Does anyone have any questions of Mr. Gruenerwald?

7 MS. TESCHENDORF: Yes, I do.

8

9 CROSS EXAMINATION

10 BY MS. TESCHENDORF:

11 Q Mr. Gruenerwald, our records show that Service
12 Drilling Company is the operator of this well.

13 A Yes.

14 Q Now, in your letter of March 16, 1976, which is
15 Exhibit B in this case, you say that a transfer of the well
16 is being made to you?

17 A Yes.

18 Q And that originally your corporation was not
19 qualified to do business in New Mexico?

20 A Yes.

21 Q And that you are using their bonding facilities?

22 A Yes.

23 Q And then the C-105 that was delivered to me on
24 October 6 of this year, Service Drilling is still listed as
25 the operator, has the transfer been made?

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1 A. We use Service Drilling. That was the contractor and
2 they operate, I think, some in southeastern New Mexico and they
3 were qualified to -- we generally drill everything under our
4 own name, William Gruenerwald and Associates, Inc. but this
5 was out of our main area of activity so they carried the well
6 under their name and used their bond. Now, in the subsequent
7 wells, we will carry those, not as William Gruenerwald and
8 Associates, Inc., a corporation, but as William Gruenerwald, an
9 individual.

10 MS. TESCHENDORF: That's all I have.

11 MR. NUTTER: For the record I would like to make
12 the statement that the Commission will take administrative
13 notice of all of its records, including the entire well file,
14 with respect to this case.

15 Does anyone else have anything they wish to offer
16 in this case? I think I excused the witness.

17 (THEREUPON, the witness was excused.)

18 MR. NUTTER: If there is nothing further we will
19 take the case under advisement.

20

21

22

23

24

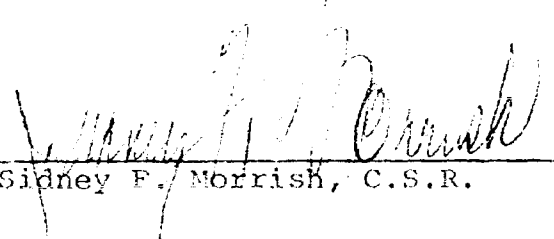
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REPORTER'S CERTIFICATE

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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 and correct record of the
the hearing of the New Mexico Oil Conservation Commission
heard by me on April 1, 1964.

_____, Examiner:
New Mexico Oil Conservation Commission

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NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG

Form C-105
Revised 1-1-66

5a. Field No. Type of Well	5b. State <input type="checkbox"/> Fed <input checked="" type="checkbox"/>
5c. Oil or Gas or Both	N/A

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> DRY <input type="checkbox"/> OTHER		7. Unit Agreement Undesignated	
2. TYPE OF COMPLETION NEW WELL <input checked="" type="checkbox"/> WORK OVER <input type="checkbox"/> DEEPEN <input type="checkbox"/> PLUG BACK <input type="checkbox"/> DIFF. RESVR. <input type="checkbox"/> OTHER		8. Name of Lease Gonzales-Pittman	
2. Name of Operator Service Drilling Company		9. Well No. 1	
3. Address of Operator 1800 4th National Bank Building, Tulsa, Oklahoma		10. Field and Pool, or Wildcat Wildcat	
4. Location of Well UNIT LETTER _____ LOCATED 660 FEET FROM THE South LINE AND 660 FEET FROM		12. County Mora	
THE West LINE OF SEC. 24 TWP. 2N RGE. 21E NMPM			
15. Date Spudded 9/25/75	16. Date T.D. Reached 10/11/75	17. Date Compl. (Ready to Prod.) 2/5/76-Ready to Perforate	18. Elevations (D.F., RKB, RT, GR, etc.) 6190' G.L. 6200' K.B.
19. Elev. of Sample 6191'			
20. Total Depth 2916'	21. Plug Back T.D. 1015'	22. If Multiple Compl., How Many -	23. Intervals Drilled By Rotary Tools Rotary
24. Producing Interval(s), of this completion - Top, Bottom, Name Dakota Sandstone			25. Was Directional Survey Made No
26. Type Electric and Other Logs Run Cement Bond, Compensated Neutron, Formation Density, Dual Induction			27. Was Well Logged No
28. CASING RECORD (Report all strings set in well)			
CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE
10-3/4"	40	410'	12-5/8
7"	23	1040	8-3/4
		CEMENTING RECORD	
		450 sx Class H, 3% CC	
		300 sx Common Cement	
		5 1/4" Gelsonite, 2% CC	
		AMOUNT PULLED	
		N/A	
		N/A	
29. LINER RECORD		30. TUBING RECORD	
SIZE	TOP	BOTTOM	SACKS CEMENT
None			
		SCREEN	
		SIZE	
		DEPTH SET	
		PACKER SET	
31. Perforation Record (Interval, size and number)		32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
930-934 2 SPF		684-696 2 SPF	
828-832 2 SPF		606-609 2 SPF	
786-792 2 SPF		496-526 2 SPF	
754-758 2 SPF			
731.5-737.5 2 SPF			
		496-526	
		1500 gals. MCA 7 1/2%	
33. PRODUCTION			
Date First Production Non-applicable		Production Method (Flowing, gas lift, pumping - Size and type pump) N/A	
		Well Status (Prod. or Shut-in) Shut-In	
Date of Test 3-31-76	Hours Tested intermittent	Choke Size 2"	Prod'n. For Test Period slight blow
Flow Tubing Press. no tubing	Casing Pressure 15 lbs.	Calculated 24-Hour Rate 60 MCF-est.	Oil - Bbl. Gas - MCF Water - Bbl. Oil Gravit. - API (Corr.)
34. Disposition of Gas (Sold, used for fuel, vented, etc.) shut in			Test Witnessed By Jack Zimmerman
35. List of Attachments 5 1/2" well head			
36. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.			
SIGNED Jack Zimmerman		TITLE Agent for Roy Reese, Service Drilling Company	
		DATE 3/2/76	

This form is to be filed with the appropriate District Office of the Commission not later than 25 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radioactivity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured to the top. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, Items 20 through 34 shall be reported for each zone. The form is to be filed in duplicate except on state land, where six copies are required. See Rule 1105.

Southeastern New Mexico

T. Canyon _____
T. Strawn _____
T. Atoka _____
T. Miss _____
T. Devonian _____
T. Silurian _____
T. Montoya _____
T. Simpson _____
T. McKee _____
T. Ellenburger _____
T. Gr. Wash _____
T. Granite _____
T. Delaware Sand _____
T. Bone Springs _____
T. _____
T. _____
T. _____

T. Ojo Alamo _____
T. Kirtland-Fruitland _____
T. Pictured Cliffs _____
T. Cliff House _____
T. Menefee _____
T. Point Lookout _____
T. Mancos _____
T. Gallup _____
Base Greenhorn _____
T. Dakota _____
T. Morrison _____
T. Todilto _____
T. Entrada _____
T. Wingate _____
T. Chinle _____
T. Permian _____
T. Penn. "A" _____

T. Penn. "B" _____
T. Penn. "C" _____
T. Penn. "D" _____
T. Leadville _____
T. Madison _____
T. Elbert _____
T. McCracken _____
T. Ignacio Qtzite _____
T. Granite _____
T. _____
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T. _____

From	To	Thickness in Feet	Formation	From	To	Thickness in Feet	Formation
							Tentative Wildcat Tops
				480'	560	80	Dakota SS
				1660	1794	114	Glorietta
				1980	2280	300	Clear Fork - Yeso
				2506	2606	100	Granite Wash
				2606	TD	310	Granite

BEFORE EXAMINER NUTTER
 OIL CONFERENCE SECTION
 OCC FIELD NO. A
 CASE NO. 5768

WILLIAM GRUENERWALD & ASSOCIATES, INC.

Exploration Office

ANTLERS PLAZA — POST OFFICE BOX 909
COLORADO SPRINGS, COLORADO 80901

March 16, 1976

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

Attn: Mr. Carl Ulvog

Re: Gonzales-Pittman #1
T21N-R21E
Mora County, New Mexico

Dear Mr. Ulvog:

In reply to your letter of February 20th addressed to Service Drilling Company, we are now making an authorized transfer of the subject well to William Gruenerwald & Associates, Inc. Originally, our corporation was not qualified to do business in New Mexico, and we used Service Drilling Company's bonding facilities.

Regarding the delays in complying with the various New Mexico statutes, you may be interested to know that because of the remoteness of the area, it was extremely difficult to obtain services. Electric log crews were obtained from Elk City, Oklahoma; cement from Roswell, New Mexico; drilling contractor from Lamar, Colorado; compressors for air drilling from Wyoming; completion crew from Liberal, Kansas; and casing from Dallas, Texas!

As a matter of general interest, the cost of the Gonzales-Pittman, not including lease acquisition cost, was in the neighborhood of \$130,000. Our geologist has not as yet completed the full stratigraphic analysis but this will be forwarded to you as soon as it is received.

Gas shows were encountered in the Dakota sands but this low pressure gas interval was later mudded-off when drilling operations were converted to mud drilling at 1700'. Consequently, the perforating results were inconclusive and it will be necessary

RECEIVED	EXPLORATION
DATE	FILE NO.
011	5268

Oil Conservation Commission
March 16, 1976

Page 2

for us to air drill a Gonzales-Pittman #1-A, a 100' offset to our stratigraphic test. This well, together with several development wells, are planned for June of this year.

We would like this well survey information to be held confidential by the State because of our considerable investment and the fact that we are still leasing in the general area.

Very truly yours,



William Gruenewald

WG:lj

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. William C. Erwin
Kastler, Erwin & Davidson
Attorneys at Law
P. O. Box 130
Raton, New Mexico

Re: CASE NO. 5768
ORDER NO. R-5337

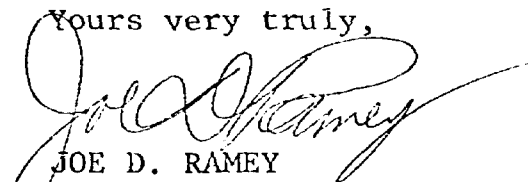
Applicant:

OCC (Service Drilling Co.)

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 _____

SENDER: Be sure to follow instructions on other side

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

☐ Show address
where delivered

☐ Deliver ONLY
to addressee

RECEIPT

Received the numbered article described below

REGISTERED NO.

SIGNATURE OR NAME OF ADDRESSEE (Must always be filled in)

CERTIFIED NO.

481680

INSURED NO.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

DATE DELIVERED

9-22

SHOW WHERE DELIVERED (Only if requested, and include ZIP Code)

RECEIPT FOR CERTIFIED MAIL—30¢

No. 481680

SENT TO The Travelers Indemnity Co.		POSTMARK OR DATE
STREET AND NO. 3035 N.W. 63rd St.		
P. O., STATE, AND ZIP CODE Oklahoma City, Oklahoma 73187		
EXTRA SERVICES FOR ADDITIONAL FEES		
Return Receipt Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	Shows to whom, date, and where delivered <input type="checkbox"/> 35¢ fee	Deliver to Addressee Only <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1965		

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

U.S. POSTAL SERVICE
OFFICIAL BUSINESS

PENALTY FOR PRIVATE
USE TO AVOID PAYMENT
OF POSTAGE, \$300



Postmark of Delivering Office

SENDER INSTRUCTIONS

Print in the space below your name, address, including ZIP Code.

- If special services are desired, check block(s) on other side.
- Moiston gummed ends and attach to back of article.

**RETURN
TO**

3811
FEB 1973

WAY
COAL Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico 87508



OPTIONAL SERVICES

- Return receipt (10¢ or 35¢)
- Delivery to addressee only—20¢
- Special delivery

1. If return receipt is desired, check block on the left portion of the front of the article. The receipt will be mailed to you by the post office.
2. If delivery to addressee only is desired, check block on the left portion of the front of the article. The article will be delivered to the addressee only.
3. If special delivery is desired, check block on the left portion of the front of the article. The article will be delivered to you by the post office.
4. If you wish to insure the article, check block on the left portion of the front of the article. The article will be insured for up to \$500.
5. If you wish to register the article, check block on the left portion of the front of the article. The article will be registered for up to \$500.
6. If you wish to return the article, check block on the front DELIVER TO ADDRESSEE ONLY. The article will be returned to you by the post office.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
September 29, 1976

EXAMINER HEARING

IN THE MATTER OF:

the hearing called by the OCC on its) CASE
motion to permit Service Drilling Co.,) 5768
The Travelers Indemnity Co. and all)
other interested parties to appear and)
show cause why the Gonzales-Pittman)
Well No. 1 should not be plugged and)
abandoned in accordance with a)
Commission-approved plugging program.)

BEFORE: Daniel S. Nutter, 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 morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 MR. NUTTER: The hearing will come to order, please.
2 The first case this morning will be Case Number 5768.

3 MR. CARR: Case 5768, in the matter of the hearing
4 called by the Oil Conservation Commission on its own motion to
5 permit Service Drilling Company, The Travelers Indemnity
6 Company and all other interested parties to appear and show
7 cause why the Gonzales-Pittman Well No. 1 should not be
8 plugged and abandoned in accordance with a Commission-approved
9 plugging program.

10 Mr. Examiner, we have received a request that this
11 case be continued until the October 27 Examiner Hearing.

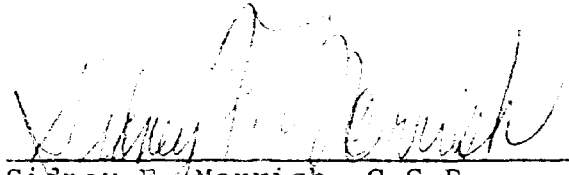
12 MR. NUTTER: Case Number 5768 will be continued to
13 the Examiner Hearing scheduled to be held at this same place
14 at nine o'clock A.M., October 27th, 1976.

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

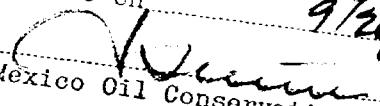
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REPORTER'S CERTIFICATE

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 5768
heard by me on 9/29, 1976.
, Examiner
New Mexico Oil Conservation Commission

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: EXAMINER HEARING - WEDNESDAY - OCTOBER 27, 1976

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

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

CASE 5768: (Continued from September 29, 1976, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Service Drilling Company, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, Mora County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.

CASE 5785: (Continued from October 13, 1976, Examiner Hearing)

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

CASE 5574: (Reopened) (Continued from October 13, 1976, Examiner Hearing)

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

CASE 5789: Application of Amoco Production Company for salt water disposal well, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Fusselman formation through the perforated interval from 8313 feet to 8538 feet in its Swearingen "C" Well No. 2 located in Unit M of Section 18, Township 5 South, Range 33 East, Petersen-Fusselman Pool, Roosevelt County, New Mexico.

CASE 5790: Application of Dome Petroleum Corporation for pool creation and assignment of a discovery allowable, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new oil pool for Entrada production and the assignment of approximately 58,770 barrels of oil discovery allowable to the discovery well, being the Federal 21 Well No. 1 located in Unit K of Section 21, Township 20 North, Range 5 West, McKinley County, New Mexico.

CASE 5791: Application of Texaco Inc. for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a 320-acre non-standard Eumont gas proration unit comprising the E/2 SE/4, SW/4 SE/4, and SE/4 SW/4 of Section 23; the W/2 NW/4 of Section 25; and the E/2 NE/4 of Section 26, all in Township 19 South, Range 36 East, Lea County, New Mexico, to be simultaneously dedicated to applicant's William Weir Wells Nos. 1 and 2 at unorthodox locations in Unit E of said Section 25 and Unit N of said Section 23, respectively.

CASE 5792: Application of Dugan Production Corporation for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Angels Peak-Gallup and Basin-Dakota production in the wellbore of its McAdams Well No. 3 located in Unit H of Section 34, Township 27 North, Range 10 West, San Juan County, New Mexico.

CASE 5793: Application of Dugan Production Corporation for an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Sherman Edward Well No. 2A, to be drilled at a point 2500 feet from the North line and 510 feet from the West line of Section 3, Township 29 North, Range 5 West, Blanco Mesaverde Gas Pool, Rio Arriba County, New Mexico, the N/2 of said Section 3 to be dedicated to the well.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 20, 1976

CERTIFIED - RETURN
RECEIPT REQUESTED

Service Drilling Company
1800 Fourth National Bank Building
Tulsa, Oklahoma 74119

The Travelers Indemnity Company
3035 N.W. 63rd Street
Oklahoma City, Oklahoma 73187

Re: Gonzales-Pittman Well No. 1,
located in Unit M of Section
24, Township 21 North, Range
21 East, Mora County
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner
Hearing to be held on Wednesday, September 29, 1976, at
9 o'clock a.m. in the Oil Conservation Commission Conference
Room, State Land Office Building, Santa Fe, New Mexico.
Case 5768 concerns the above captioned subject matter.

Very truly yours,

WILLIAM F. CARR
General Counsel

WFC/fd
enc.

Dockets Nos. 27-76 and 28-76 are tentatively set for hearing on October 13 and 27, 1976. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 29, 1976

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

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

- CASE 5768: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Service Drilling Company, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Gonzales-Pittman Well No. 1, located in Unit M of Section 24, Township 21 North, Range 21 East, Mora County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5769: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Juanita Frank, The Aetna Casualty and Surety Company, and all other interested parties to appear and show cause why the Greathouse Frank Well No. 2, located in Unit C of Section 10, Township 23 North, Range 1 West, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5770: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit George H. Krause, The Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why the Krause Beck Well No. 1, located in Unit J of Section 10, Township 29 North, Range 12 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 5771: Application of Yates Petroleum Corporation for compulsory pooling and an unorthodox location, 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 22, Township 17 South, Range 26 East, Eddy County, New Mexico, to be dedicated to its Tom Brown GO Com Well No. 1 to be drilled at an unorthodox location 660 feet from the North line and 1930 feet from the West line of said Section 22. 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 5772: Application of Yates Petroleum Corporation for an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Federal BZ Well No. 16 to be drilled at a point 1920 feet from the North line and 660 feet from the East line of Section 28, Township 17 South, Range 25 East, Eddy County, New Mexico, to test the Morrow formation, the N/2 of said Section 28 to be dedicated to the well.
- CASE 5773: Application of Yates Petroleum Corporation for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Millman Unit Area comprising 2,017 acres, more or less, of State lands in Township 19 South, Range 28 East, Eddy County, New Mexico.
- CASE 5774: Application of Belco Petroleum Corporation for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the N/2 of Section 31, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Mollie Well No. 1 to be drilled at an unorthodox location 1100 feet from the North line and 1500 feet from the East line 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 5775: Application of Cities Service Oil Company for compulsory pooling and an unorthodox well location, 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 30, Township 21 South, Range 27 East, Eddy County, New Mexico, to be dedicated to its Tracy "E" Well No. 1 to be drilled at an unorthodox location 1880 feet from the North line and 660 feet from the West line of said Section 30. 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.

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. 5768

Order No. R-5337

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO PERMIT SERVICE DRILLING COMPANY,
THE TRAVELERS INDEMNITY COMPANY, AND ALL OTHER INTERESTED PARTIES
TO APPEAR AND SHOW CAUSE WHY THE CONZALES-PITTMAN WELL NO. 1,
LOCATED IN UNIT M OF SECTION 24, TOWNSHIP 21 NORTH, RANGE 21 EAST,
MORA COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN
ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on October 27,
1976, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this December day of November, 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 Service Drilling Company is the owner and
operator of the Gonzales-Pittman Well No. 1,
located in Unit M of Section 24, Township 21 North,
Range 21 East, NMPM, Mora County, New Mexico.

(3) That The Travelers Indmenity Company is the
surety on the Oil Conservation Commission plugging bond on which
Service Drilling Company is principal.

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

(5) That there is some question as to whether the subject well is
capable of, or may be made capable of, producing gas in
paying quantities.
(6) That the operator of the subject well should be allowed a reasonable
period of time in which to determine whether said well is or is not
capable of producing gas in paying quantities.
(7) That 60 days from date of entry of
this order is a reasonable
period of time to make
such determination.
(7) That in order to prevent waste and protect correlative
rights said Gonzales-Pittman 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 March 1,
1977. ~~or the well should be returned to active drilling
status or placed on production.~~

IT IS THEREFORE ORDERED:

(1) That Service Drilling Company and The Travelers Indemnity Company are hereby ordered to plug and abandon the

Gonzales-Pittman Well No. 1,

located in Unit M of Section 24, Township 21 North
Range 21 East, NMPM, Mora County, New Mexico, on or

before March 1, 1977, unless

*it has been shown to the satisfaction of
the Secretary-Director of the Commission
within 60 days after date of entry of this
order. It will be the responsibility of
the company to plug and abandon the well.*

(2) That Service Drilling Company and The Travelers Indemnity 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 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.

9/7/76

Service Drilling Company

Gonzales-Pittman #1-m

24-21N-21E

Force Plugging Case