

CASE 2403: Application of the OCC
TO PERMIT HENRY W. ETZ TO APPEAR
REGARDING PLUGGING OF WELL.

-asa 1/10.

2403

plication, Transcript,

all Exhibits, Etc.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE No. 2403
Order No. R-2118

IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION COMMISSION
TO PERMIT HENRY W. ETZ, JR. AND ALL
INTERESTED PARTIES TO APPEAR AND SHOW
CAUSE WHY THE RICE ANDREWS WELL NO. 1,
SECTION 14, TOWNSHIP 14 SOUTH, RANGE
25 EAST, CHAVES COUNTY, NEW MEXICO
SHOULD NOT BE REPLUGGED IN ACCORDANCE
WITH A COMMISSION-APPROVED PLUGGING
PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on
October 25, 1961, at Santa Fe, New Mexico, before Daniel S. Nutter,
Examiner duly appointed by the Oil Conservation Commission of New
Mexico, hereinafter referred to as the "Commission," in accordance
with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 17th day of November, 1961, the Commission,
a quorum being present, having considered the application, the
evidence adduced, and the recommendations of the Examiner,
Daniel S. Nutter, 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 Rice Andrews Well No. 1, located in the NE/4
NW/4 of Section 14, Township 14 South, Range 25 East, NMPM, Chaves
County, New Mexico, is owned and operated by Henry W. Etz, Jr.,
511 North Lea, Roswell, New Mexico.

(3) That said Rice Andrews Well No. 1 was drilled within
the horizontal limits of the Roswell Artesian Water Basin.

(4) That approval of the Notice of Intention to Drill the
said Rice Andrews Well No. 1 was made subject to the conditions
that, in the event the well were to be abandoned, the plugging
program would have to be approved by the Commission and the
State Engineer's Office and that the plugging would have to be
witnessed by a representative of the State Engineer's Office.

(5) That the above-described conditions to which the
approval of the Notice of Intention to Drill the said Rice
Andrews Well No. 1 was made subject were made in the interest

-2-

CASE No. 2403
Order No. R-2118

of protecting the artesian waters of the Roswell Artesian Water Basin and of protecting the possible oil and gas reserves.

(6) That the operator failed to obtain an approved plugging program and failed to notify the Commission and/or the State Engineer's Office of the proposed plugging prior to commencing the plugging of the said Rice Andrews Well No. 1.

(7) That the manner in which the said Rice Andrews Well No. 1 was plugged constitutes a hazard to the water and/or oil and gas in the area.

(8) That the operator should be required to re-enter the said Rice Andrews Well No. 1 and to plug said well as prescribed by the Commission.

IT IS THEREFORE ORDERED:

(1) That Henry W. Etz, Jr. is hereby directed to re-enter his Rice Andrews Well No. 1, located in the NE/4 NW/4 of Section 14, Township 14 South, Range 25 East, NMPM, Chaves County, New Mexico, and to plug said well in the following manner:

- (a) Drill out the cement plug at the surface;
- (b) Go into the hole with bit and clean out down to the cement plug at approximately 900 feet;
- (c) Spot a cement plug of not less than 20 sacks from approximately 425 feet to 575 feet and spot another cement plug of not less than 5 sacks from the surface to approximately 40 feet, filling all intervals between the cement plugs with mud weighing not less than 10 pounds per gallon; and
- (d) Place a regulation steel marker not less than 4 inches in diameter in the top of the surface plug, the steel marker to extend at least 2 feet into the cement plug and 4 feet above the mean ground level.

(2) That the plugging of the said Rice Andrews Well No. 1 shall be completed by January 1, 1962, and that Henry W. Etz, Jr. shall notify the Artesia Office of the Commission of the exact time and date the above-described plugging operations are to commence.

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

-3-
CASE No. 2403
Order No. R-2118

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION



E. L. Mechem

EDWIN L. MECHEM, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

A. L. PORTER, JR., Member & Secretary

ESR/

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 25, 1961

EXAMINER HEARING

IN THE MATTER OF:

The Hearing called by the Oil Conservation Commission to permit Henry W. Etz, Jr., and all interested parties to appear and show cause why the Rice Andrews Well No. 1, located in Unit C, Section 14, Township 14 South, Range 25 East, Chaves County, New Mexico, should not be replugged in accordance with a Commission-approved plugging program.

CASE NO.
2403

BEFORE: Dan S. Nutter, Examiner

TRANSCRIPT OF HEARING

EXAMINER NUTTER: We will call Case No. 2403.

MR. MORRIS: If the Examiner please, Dick Morris, appearing for the Commission staff. I will have two witnesses that I would like to present at the outset of this case.

EXAMINER NUTTER: Please proceed, Mr. Morris.

MR. MORRIS: If the Examiner please, the purpose of this case is to present some testimony to the Commission concerning the Rice Andrews Well No. 1, located in Unit C, Section 14, Township 14 South, Range 25 East, Chaves County, New Mexico.

The testimony will consist of statements from Jim Wright, who is with the State Engineer's Office, and Mr. L. Armstrong, who is the Supervisor of the Artesia District Office

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

of the Commission, concerning this well and why they believe that waste will be caused if the well continues in its present status, and why the well should be replugged in accordance with a Commission-approved plugging program.

Perhaps at the conclusion of the Commission's testimony, Mr. Etz, if he is present, would like to make some statement in his behalf.

My first witness will be Mr. James Wright, and I ask that Mr. Wright and Mr. Armstrong be sworn, please.

(Witnesses sworn.)

JAMES WRIGHT,

called as a witness by and on behalf of the Commission, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Wright, will you please state your full name and position, please.

A I am James Wright. I am a field engineer for the State Engineer District Office in Roswell, New Mexico.

Q Mr. Wright, what area of the State of New Mexico comes within your jurisdiction and your capacity with the State Engineer's Office?

A Southern New Mexico, including the Pecos Valley area.

Q And the Artesia Water Basin?

A Yes, sir.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6591

Q Are you charged with the responsibility of preserving the water of the Artesia Water Basin?

A Yes, sir.

Q Mr. Wright, are you familiar with the Rice Andrews Well No. 1, located in Unit C, Section 14, Township 14 South, Range 25 East, in Chaves County, New Mexico?

A Yes.

Q Is the location of that well within the Artesia Water Basin?

A Yes, sir.

Q Would you briefly outline to the Commission what experience you have had with that well?

A Do you mean what records?

Q Yes, sir, when were you first aware that this well was going to be drilled?

A We were first aware of this well when they filed a Form R-28.

Q What is that?

A It is an application for a permit to drill for oil in the Artesia Basin. This was filed on August 11, 1960, by Henry Etz, of Roswell, New Mexico, wherein he proposed to drill a well in the Northeast Quarter of the Northwest Quarter of Section 14, Township 14 South, Range 25 East. He proposed to run 200 feet of 8 5/8-inch casing and mud it; 750 feet of 5 1/2-inch casing and cement with 125 sacks.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

Q Was the approval given to Mr. Etz to commence the drilling of that well?

A Yes, sir, approval was given on the 19th of August, 1960.

Q Were there any conditions attached by your office to the drilling of that well?

A There was a stipulation that there was to be a minimum of 1,000 feet of 5 1/2-inch casing which would be required to protect the fresh water in this area.

Q Mr. Wright, I hand you what has been marked for identification as Exhibit No. 1 in this case, and ask you if that is a copy of the form W.R.28 sent to you by Mr. Etz and approved by you with the conditions that you have just mentioned?

A Yes, sir, it is a copy.

Q Mr. Wright, when you returned the form W.R.28 to Mr. Etz, did you send him a letter of transmittal?

A Yes, sir.

Q What was the essence of that letter?

A Well, in this letter we enclosed a copy of this permit to drill for oil in the form W.R.28 which had been approved, and asked him to submit copies of any records made in connection with the oil well radioactivity log, the electric log, the temperature log, well records or sample well drilling log, and any water analyses that were made.

Q I hand you what has been marked for identification as Exhibit No. 2 in this case and ask if that is a copy of that?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182ALBUQUERQUE, N. M.
PHONE 243-6691

A Yes, sir.

Q Would you read the last paragraph to the Commission Examiner, please?

A "In the event that this well is to be abandoned, the plugging program may be approved by this office and the Oil Conservation Commission. Plugging of the well shall be witnessed by representatives of this office."

Q Mr. Wright, when this well, after this well had been drilled, did your office have occasion to witness the site of the well and witness any cementing that had taken place on the well?

A No, sir. We witnessed the cementing of the preliminary water-protection casing during the process of drilling this well.

Q In that connection, were official reports prepared by your office?

A Yes, sir.

Q Who prepared these reports, Mr. Wright?

A This report was prepared by John Emmet.

Q I hand you what has been marked for identification as Exhibit No. 3 in this case, and ask you if that is a copy of the report that you are referring?

A Yes, sir, this is a copy.

Q Would you point out to the Examiner any pertinent data on that report that bears on this case?

A Well, according to the report, 101 feet of 8 5/8-inch casing, surface casing, was mudded in and 952 feet of 5 1/2-inch



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6611

14-pound J-55 API casing was run and was cemented with 125 sacks of cement.

Q How many feet of 5 1/2-inch was that?

A 952 feet.

Q This report that you are reading from, did that carry the State Engineer's official designation?

A Yes, this is the official record.

Q How is it designated, please?

A W.R.36, Field Report for Cementing of Well.

Q What is the date that that was prepared?

A September 10, 1960.

Q You say that was prepared by John Emmet. Did he work under your direction and supervision?

A Yes, sir.

Q Is there anything else on that form that you would like to point out?

A I might point out that we made a pressure test on this well on September 10th, 1960, and checked the casing for shutoff, and the casing was all right.

Q Mr. Wright, have you ever been notified by Mr. Etz that he intended to plug the Rice Andrews Well under consideration?

A No, sir.

Q To your knowledge, do you know that the well has been plugged?

A Not to my knowledge. I don't know whether it has or



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

hasn't.

Q Has the State Engineer's Office prescribed any plugging program for Mr. Etz for him to follow in plugging the well?

A No, sir.

MR. MORRIS: That's all I have of this witness.

EXAMINER NUTTER: Are there any questions of Mr. Wright?

EXAMINATION

BY EXAMINER NUTTER:

Q You state that, to your knowledge, the State Engineer was never notified of any intention to plug the well, is that correct?

A That's correct.

EXAMINER NUTTER: Are there any further questions?

The witness may be excused.

(Witness excused.)

MR. MORRIS: We will call Mr. Armstrong, please.

MOSE ARMSTRONG,

called as a witness by and on behalf of the Commission, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Will the witness please state his name and position, please.

A Mose Armstrong. I am employed with the Oil Conservation Commission in Artesia.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1112

ALBUQUERQUE, N. M.
PHONE 243-6691

Q Mr. Armstrong, is it in your official capacity with the Commission to supervise the drilling and plugging and operations of wells in Eddy and Chaves Counties, New Mexico?

A That is correct.

Q Is the Rice Andrews Well that we have discussed here today within your jurisdiction?

A It is.

Q I hand you what has been marked for identification, Exhibit No. 4 in this case, and ask you if that is the Commission Well File on the Rice Andrews Well No. 1 under consideration here today?

A It is.

MR. MORRIS: If the Examiner please, the well file is in chronological order with the date of early staking at the bottom of the file.

Q (By Mr. Morris) Mr. Armstrong, would you review this well file briefly, pointing out first, when you received a notice of intention to drill for such well?

A On August 17, 1960.

Q When was that form approved?

A August 23rd, 1960.

Q Would you point out to the Examiner when you were next notified of any action that had been taken with regard to this well?

A September 20th, 1960.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

Q What was that, Mr. Armstrong?

A That was a Form C-103. It reads as follows: "Plugged hole with 25 sacks cement from 1220 to 900 foot. Water string was set at 950 and circulated with 125 sacks. Temporarily abandoned. 950 feet of 5 1/2-inch casing was set."

Q You have heard the testimony of Mr. Wright. Does that substantially agree with his record?

A That's close to his record.

Q I believe that is 952 feet?

A Right.

Q Mr. Armstrong, did the Commission receive another form C-103 later on concerning the status of this well?

A Yes, on June 26, I received form C-103.

Q What year?

A 1961. I will read this again: "Set 1152 foot of 5 1/2 casing; circulated 150 sacks; cemented to surface. Cored 1152 to 1252. No production horizon, no gas; some 60 sacks in bottom of hole; set 5 sacks cement at 500 foot between surface and Artesia Water Zone; cemented 4 in marker in top of 5 1/2 casing."

Q Mr. Armstrong, would you tell us, again, the depth to which the well cored, from 1152 to what?

A 1210.

Q I believe you said 1252 before.

A 1210.

Q Does that form tell us the size of the core hole from



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1192

ALBUQUERQUE, N. M.
PHONE 243-6691

1152 to 1210?

A It does not.

Q Mr. Armstrong, assuming that a 5-sack plug was set at 500 to separate the surface water zone from the Artesia water zone in this well, in your opinion would a 5-sack plug be sufficient to adequately protect those zones?

A It would not.

Q What do you base that opinion on?

A In talking to the cementing people, they said if you're going to set as small a plug as 5 sacks, you might just as well not set any.

Q For what reason?

A When it mixes with the mud it runs a cap on it, and you will never find the cement there on a hole with mud in it.

Q Mr. Armstrong, what size plug do you feel would be necessary in order to adequately separate the fresh water, the shallow fresh water zone from the Artesia Water Zone?

A You would need at least a 20-sack plug.

Q Mr. Armstrong, in your opinion, would waste occur if this 5-sack plug that is stated to have been placed in the hole, if it were either not present or failed for some reason?

A Yes, it would cause waste. After a number of years this pipe might eat up and you might get a connection between the two water zones.

Q What kind of waste would occur in the Artesia Water Zone



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

if it were allowed to dissipate?

A Well, of course, I am not an authority, but I do believe these two water zones wouldn't be good for it.

Q Mr. Armstrong, referring back to the well file, what well -- first, referring to Form C-103, that shows 1152 feet of 5 1/2-inch casing set in the well?

A 1152 foot.

Q In the first 103 that you received, dated 9-20-60, that showed 950 feet?

A Yes.

Q There is apparently a discrepancy there that can't be reconciled? Is that true?

A It doesn't say. It said " water string was set at 950 foot." It doesn't give the size of the pipe.

Q Did you understand Mr. Wright's testimony to be to the effect that was 5 1/2-inch?

A That's right.

Q That earlier notice stated that the 950 feet of 5 1/2-inch casing had been circulated?

A That is right.

Q There is an apparent discrepancy between the two figures, one being 950 feet in the earlier form, and in the latter form showing 1152 feet, both of 5 1/2-inch casing?

A That's right.

Q In a letter dated June 29, 1961, written by you to Mr.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6631

Etz, did you ask, did you bring the plugging situation to Mr. Etz' attention?

A Yes.

Q What was the gist of that letter?

A "Lobley inspected this location on June 28 and found that the well had not been plugged nor the location cleaned. We want this well plugged and the location cleaned. Also, plug must be witnessed by this office. Please notify us before so that we may have a man there to witness it."

Q Mr. Lobley that you refer to is --

A The field man with the Oil Conservation Commission.

Q He is under your direction and supervision?

A That's right.

Q He found that at that time the well had not been plugged?

A It hadn't been completed, at least. We don't know what happened before that.

Q Then, did you receive, on July 5, 1961, a letter from Mr. Etz explaining, or attempting to explain, that the well had been plugged in accordance with the form C-103, dated June 22nd?

A The Rice Andrews Well No. 1 was plugged by Peters Drilling Company, Roswell, New Mexico, as reported in my plugging file in your office. At the time we did not cement the marker as a landowner did not know whether or not he would apply for a commercial domestic well to permit drilling. A deal was made with the contractor on June 23rd to fill the slush pits and cement the marker



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325.1182

ALBUQUERQUE, N. M.
PHONE 243.6691

in the casing. Contractor evidently has not been able to get down there as yet. The only requirement by Jim Wright of the State Engineer Water Conservation Office was the cement plug between the surface water and the Artesia Water Zones, which was set at --

Q We don't think we need to finish reading the letter. It will be a matter of record. It is generally to the effect that the well had been plugged?

A That is right.

Q Now, following receipt of this letter of July 10, 1961, did you again write to Mr. Etz asking for an explanation of the apparent conflict between the two forms C-103 on file with reference to the length of the 5 1/2-inch casing that you actually run in the hole?

A Yes.

Q In that letter, did you again remind Mr. Etz that when plugging was to be accomplished, it had to be -- you had to be notified and the plugging had to be witnessed?

A That is right.

Q I won't ask you to read that letter. That's part of the record.

Then, on July 18, 1961, did you receive a Form C-105, being a well record?

A That's right.

Q Does this show 1162 feet of 5 1/2-inch casing, with cement circulating to the surface?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1162

ALBUQUERQUE, N. M.
PHONE 243-6691

A It does.

Q Now, this is substantially in accordance with the last C-103 on record, but it does vary by some 10 feet?

A That's right.

Q It does not agree with the first C-103 first filed, nor the testimony of Mr. Wright to the effect that 952 of casing had been witnessed being put in the hole and cement circulated to the surface?

A No.

MR. MORRIS: At this point, Mr. Examiner, I would like to call attention to the letter in the well file, written by myself to Mr. Etz, demanding that the well be replugged. This letter is dated August 24th, 1961. The letter is written to Mr. Etz, with a copy to his bonding company, demanding that the well be replugged in accordance with the Commission-approved plugging program, and that our Artesia District Office be given the opportunity to witness the plugging of the well.

Following that letter I received a copy of -- rather, I received a letter from Mr. Etz, which is also part of the well file, dated September 25th, 1961, stating that the well had been properly plugged and that he would be glad to furnish affidavits to that effect, and asking that if the matter was to proceed, he would like to have a hearing set and be allowed to air his views on the subject.

Q (By Mr. Morris) Mr. Armstrong, to review your testimony



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

just briefly, some of the highlights of it, on two different occasions, that being a letter written to Mr. Etz, dated June 29, 1961, and another letter written to Mr. Etz, dated July 10, 1961, you reminded him that the plugging of the subject well had to be in accordance with a Commission-approved plugging program, and that you had to be given the opportunity to witness the plugging of that well?

A That is correct.

Q And all of this was done in accordance with the rules and regulations of the Commission, specifically Rule 1105, which requires that form C-102 be submitted to the Commission, showing details of the proposed plugging program, and giving the Commission's District Office an opportunity to okay the plugging program spelled out there?

A That is right.

Q Did you ever receive a form C-102 from Mr. Etz on this well?

A No, sir.

Q You merely received the form C-103 stating that the work had been accomplished?

A Yes.

Q And there is some confusion as to just what was done?

A That's right.

Q Even if the plugging were done in accordance with the program set forth by Mr. Etz on his form C-103, would you be



satisfied with that plugging program?

A No.

Q Mainly because of the 5-sack plug between the two water zones?

A Instead of having a steel marker in the top of the hole, he has a four-by-four.

Q A wooden four-by-four?

A That's right.

Q Mr. Armstrong, do you feel that this well is properly plugged at the present time?

A According to what Mr. Etz has sent me, I don't feel it was, and these forms -- it's hard to tell just exactly what has been done. I have no casing program. He never filed any casing program with me, I mean, before he run his casing. He never filed any program, and he was going to run his casing. After he run it, he didn't.

Q Do you feel that waste might well occur unless the well is replugged, drilled out and replugged in accordance with a plugging program to be specified by yourself?

A That is right.

Q Could you outline, briefly, what you consider to be a proper plugging program on this well?

A Well, first, I would want the bottom plug tagged to see if it was up within the casing as set and cemented, and then around 500 foot, I would say, there would need to be a 20-sack plug.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

I would want a regular marker, not a four-by-four.

Q Do you have anything further you would like to add, Mr. Armstrong?

A I believe that's all.

MR. MORRIS: If it please the Examiner, that concludes examination of Mr. Armstrong and concludes the Commission's case.

EXAMINER NUTTER: Are there any questions of Mr. Armstrong?

MR. ETZ: May I ask him some questions?

EXAMINER NUTTER: Proceed, Mr. Etz.

MR. MORRIS: If you wish to take the stand, or if you have questions of Mr. Armstrong, you can ask them now.

EXAMINER NUTTER: Did you want to question Mr. Armstrong?

MR. ETZ: Yes, I'd like to ask him about the final plugging.

THE WITNESS: I have the log of the well, but on this final plugging report that I received on June 26, I couldn't hardly figure how much pipe you run.

EXAMINATION

BY MR. ETZ:

Q You have the plugging report and the log of the well?

A If you call that a plugging report, but I wouldn't call it a plugging report. On your first one there aren't any changes. You stated you put a -- let's see -- you said you set a 5-sack plug around 500 foot.



MR. ETZ: That's all.

EXAMINATION

BY EXAMINER NUTTER:

Q Mr. Armstrong, after this well was temporarily abandoned on the form C-103 filed in September of 1960, was the well subsequently deepened, to your knowledge?

A I don't know when it was deepened.

Q Do you know whether Mr. Lobley in filing this field inspection report for the District Engineer's Office, where he states 900 and --

MR. MORRIS: I don't believe that was Mr. Lobley who filed that report. He inspected the casing on that report.

Q (By Examiner Nutter) He inspected this job. Do you know whether or not he witnessed the running of this 952 feet of 5 1/2 pipe?

A I believe, according to Wright, he did not. Another one of the engineers witnessed this.

Q On the C-105 filed on this well in July of 1961 it states there a shallow water from 300 to 400 feet. Is that about right for this area?

A I believe Wright says that's about right for that.

Q What do you say? You have had considerable experience in this area?

A Yes, I would say that is right, in general.

Q The Artesia water is from 650 to 780?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-3691



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

A That's close to correct.

Q You would recommend that a cement plug at 500 feet to separate the shallow water and the Artesia Zone?

A Right.

EXAMINER NUTTER: Are there any further questions of Mr. Armstrong?

He may be excused.

(Witness excused.)

Do you have anything further?

MR. MORRIS: I'd like to make just a short statement.

I will make it now.

If the Examiner please, I think that Mr. Armstrong's testimony clearly shows that waste is going to occur if this well is not properly plugged.

His testimony further shows that the state of the well file is in some confusion as to what actually happened in the drilling and in the plugging of this well. In any event, there is no assurance that the well is properly plugged because of the failure, the apparent failure of Mr. Etz to properly notify the Commission of the plugging program that he intended to follow, and he secured no approval from Mr. Armstrong prior to plugging the well, but merely gave notice that the well had been plugged when it was completed.

There was no form C-102 filed in accordance with the Commission's rules and regulations. The Commission staff submits



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-669

that the well should be drilled out, replugged in accordance with the plugging program specified by Mr. Armstrong.

EXAMINER NUTTER: Mr. Morris, as I understand it from your Exhibit No. 4, the form 102 has never been filed on this well?

MR. MORRIS: That is correct.

EXAMINER NUTTER: There is a stipulation that the plugging of a well is to be witnessed by a representative of the State Engineer's Office?

MR. MORRIS: Yes, sir. The State Engineer specified that he wanted to be notified when the well would be plugged, and also under our own rules and regulations of the Commission, we are entitled to notice when the well is to be plugged.

EXAMINER NUTTER: Neither office was notified of the intention to plug the well?

MR. MORRIS: No.

EXAMINER NUTTER: Do you wish to offer these exhibits?

MR. MORRIS: I offer Exhibits 1 through 4 into evidence.

EXAMINER NUTTER: Exhibits 1 through 4 admitted into evidence.

MR. MORRIS: We have nothing further.

Do you have anything further?

MR. ETZ: No, sir.

I would like to be asked some questions on this. Would you like to direct any questions to myself?

MR. MORRIS: Would you like to take the stand?



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

MR. ETZ: Yes.

(Witness sworn.)

THE WITNESS: I have drilled lots of wells in New Mexico. I have always tried to comply with the law. We had just completed two wells, dry holes, out there in 10-25, right east of Roswell in the canyon area, and Peters -- we drilled those wells under his bond, and this well was drilled under a bond that I took in my own name. But when we plugged the well it was late in the evening, and there was no chance in the world of calling Mr. Armstrong or the OCC Office after 5:00 o'clock, and we did talk to Mr. Peters, who has plugged lots of wells, and he has called them and they have told him, "Well, just go ahead and do that."

EXAMINER NUTTER: Who is Peters?

THE WITNESS: Peters, the contractor.

When we plug these wells, Pete would say, "Just go ahead and plug it and file the report and send it in."

Now, during the running of this pipe and the cementing, this was done under the supervision of the Water Conservation District; and during the time we were drilling these three holes, these three dry holes in the canyon, in the Water Conservation District, in the Hagerman area, we never saw an engineer from the Gas Conservation Office up there. We were doing it under the supervision of the Water Conservation engineers.

Therefore, when Pete got through coring that night, I asked him about plugging the well because he said he had to move



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

the rig the next day to go on a lease that was going to expire. And he said, "Now, we talked to Jim" -- Mr. Wright, here -- "and he said all they would require is to fill the bottom of the well up with cement."

Now, the pipe is set at 200 feet below the Artesia Water Zone, and it was cemented and circulated, and there is ample protection for both zones of water, the Artesia Water Zone and the shallow zone.

We filled the bottom of that hole up to the pipe according to our measurements, so that it would come up into the pipe. We temporarily plugged and abandoned it. We did that because it was a Cities Service farmout, and they thought they might want to deepen the well later on, and then the fielder told me that if it was possible, he had some feed pens down there, and he probably would apply to make a domestic well out of that in order so that he would have water there for his stock pens.

Now, that's why the well was left as it was, temporarily abandoned all during this time. The final plugging report to Mr. Armstrong was lost, and it's certainly in his office or in the mail. I went down to see Mr. Armstrong, and we found the plug reports on the two wells that we plugged up there in the canyon area east of Roswell, but we never could find the log and the final plugging report on this well in Armstrong's office, and I know it was mailed to him on the 10th of July previous to that, but we never could find it.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

When Mr. Armstrong says there is a chance for waste or the well is not plugged properly, that's a matter of opinion. I don't believe anybody can say how long that pipe will last, or anything about it, but if that cement job in the pipe goes out, there's going to be thousands of them that will go out that are plugged exactly like that.

If we had had an oil well out of that, there wouldn't have been any other requirement, only to run your production string, and as it is, the well is cemented, the pipe is cemented and was circulated.

The pipe was set at 200 feet below the bottom of the San Andres, which we figured is about 700 feet. What chance there is for any leakage or any chance of that pipe rusting out, I don't know. That's a matter of opinion. I think the well is properly plugged, according to this report, right here.

My final report which he hasn't got, and the cementing of this pipe, was at 952 feet. I know that's a five-foot plug that I had peaked to put in there. It may have gone to the bottom of the well, I don't know whether it's in there or not, but I know that the pipe is cemented and circulated all through, both, all the water zones in there.

MR. MORRIS: Could I ask you a question?

THE WITNESS: Yes, sir. Let me make one more statement.

MR. MORRIS: Fine.

THE WITNESS: In plugging these wells previous to this,



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243 6691

I guess I have drilled 50 or 60 in the State of New Mexico, and we have called and told them what we were going to do, and they said, they told us to go ahead and do it, and then we'd file our plugging report, and we never did have any trouble.

We didn't mean to break any laws. We have tried -- we were in a tight spot that night, and he needed the rig the next day, he had to move it, and we went ahead and plugged this well. It was done at night time, and there was no way in the world of contacting either Mr. Wright or Armstrong.

EXAMINATION

BY MR. MORRIS:

Q How many feet of pipe did you say that you used, 5 1/2-inch?

A 952 feet of 5 1/2-inch casing in the hole.

Q Could you explain some of the discrepancies we have pointed out in your well where you said from time to time that you had 1150 feet?

A That was an error on the stenographer's part. I just didn't check it, is all. Here is the Water Board, the engineer's report.

Q We have a copy of it.

A That is correct, right there.

Q So, according to you, 952 feet of 5 1/2-inch casing was set in the hole?

A Correct.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

Q Now, below the depth of 952 feet, what is the status of the hole?

A We cut three cores in there, three -- thirty-foot cores. We started in coring around 1100, I think it was.

Q First of all, can you tell me what the size of your hole below 952 feet is?

A It's a four-inch core barrel.

Q To what depth?

A I think it was 1210, something like that. Here is Peters' final run conducted there on the bottom. Peters Drilling Company has it noted, the time that we completed the last core and cemented the well.

Mr. Peters was supposed to come up here today, but we had -- he was supposed to run some pipe on another well, and he couldn't get away.

Q Would you like to read this into the record so it will be a matter of record?

A "On the afternoon tower; pulled core No. 3; run pipe; had to come out with the core barrel; run pipe in the hole; cemented with 25 sacks; pulled and broke down pipe; lay down mast on rig." They had to move that rig the next morning, and that's why we had to get through with that well, plugging that job that night. We did not intend to break any laws. To tried to live up to all the regulations and rules. We have always done so. We just got into the position that evening and had to hurry it through; that's



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6601

all.

Q Do you believe that that 5-sack plug that you state that was spotted at 500 feet, do you believe that 5-sack plug is adequate to protect the zones between the Artesia and shallow fresh water?

A It's just as good there as 50 sacks. The hole is full of mud. If we put 25 sacks in there, the hole would be still full of mud. We circulated out of the top of the pipe.

Q I believe, in your letter to me dated September 25, 1961, you stated that you would be glad to furnish affidavits to the effect that the well was properly plugged, and I believe you were going to secure those from the Peters Drilling Company.

Do you have them?

A No. He was supposed to come up here today with me, and he couldn't get away, but here is his drilling report. This is the same as an affidavit. I can swear to that, and he will, too, and this is a matter of record.

The cement job -- and, if necessary, I could get my canceled checks where I bought and paid for the cement to put in there.

That's all I could do.

Q Mr. Etz, are you familiar with the Commission's rules and regulations regarding plugging and the submission of forms, and so forth?

A I am, yes sir.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

Q Are you familiar with our form 1105 that requires form C-102 to be submitted for the well that is to be plugged?

A I understand that. I think I do. I understand that you are supposed to have a supervisor out there, somebody to witness the plugging of the well.

Q You have been reminded by Mr. Wright and Mr. Armstrong, I believe, that they wanted to witness the plugging of this well as it was plugged?

A That's right.

Q Did you ever file a form 102?

A I think I did. Is that the final plugging report?

Q No, it is the Notice of Intention to Plug, where you spell out what you are going to do and then --

A I filed that after the well was plugged, and that log sample that Mr. Armstrong claims that he never received in his office.

Q You didn't file any such report before you actually plugged the well, did you?

A A Notice of Intention to Plug?

Q Yes, sir.

A No, because Peters, as I have said, has plugged several wells, and we have never filed that until after we plugged the well, and Pete did call, and he said get an okay, and he did tell them how to plug it, and that's all there was to it.

MR. MORRIS: I have no further questions.



EXAMINATION

BY EXAMINER NUTTER:

Q On that drilling report there by Peters Drilling Company, he says on the evening of September 16th, he says you pulled the third core and then ran 25 sacks of cement and laid down the mast and moved the rig away; is that correct?

A He pulled No. 3 core. He had to come out of the hole with a drill pipe to take the core barrel off. He ran pipe back in the hole and plugged with 25 sacks.

Now, Peters had a book there, and he figured, he looked at the book and the size of the hole, and he says that 25 sacks will bring it up into the pipe. That's what he wanted.

Q This is the time when it was nighttime and he didn't have a chance to call the office?

A That's right, about 5:00 o'clock in the evening.

Q That would coincide, then, with the 103 filed September of 1960 saying that the well was temporarily abandoned?

A That's right.

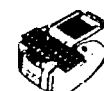
Q Then we have a subsequent 103 here, reporting that some work was done on June 22nd of 1961. What work was done at that time?

A There was work supposed to be done. I made a deal with a contractor to go down there and cover up the slush pits, put up a marker, and he didn't get on the job, so that contractor's deal blew up.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691



Q When was the 5 sacks set at 500 feet? Was that in June or September?

A Pete was supposed to set it that night when he come out of the hole, when he come out with the drill pipe after he put 25 sacks in the bottom, and when he got up to 500 feet, he was supposed to set the 5-foot cement plug.

Well, Pete and I left. I couldn't swear that was done, but the hole is still full of mud. There's mud that's settled down, and there's water on it.

Q When was the 4-inch marker set up on top of the 5-inch plate?

A It was done about July the 10th, 1961.

Q Is that cement marker -- is that steel marker still in place?

A This boy done set the 4-inch piece of pipe and set the four-by-four cemented in there, which I'll gladly go down there and dig out and re-cement a steel marker in there.

Q As far as this five sacks at 500 feet, you're not specifically stating that is in place?

A No, sir. I don't know, because after we got the 25 sacks of cement in the bottom, I left there. I left orders with Pete to set a 5-sack plug up the hole about 500 feet from the surface.

Q Do you have a copy of the final plugging report which you filed with the Commission on July 10?

A I mailed that in to Armstrong's office in Artesia, and



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

ALBUQUERQUE, N. M.
PHONE 243-6691

he never received it. I never got it back.

Q Do you have a copy of it?

A I sent them all, knowing that if it was approved I would get a copy back.

EXAMINER NUTTER: Are there any other questions of the witness?

EXAMINATION

BY MR. ARMSTRONG:

Q Your form C-103 that you say I received, you stated there was no other pipe ran in this well?

A No other pipe.

Q Beside this, you didn't set any surface pipe?

A I think I set, left some eight quarter pipe on the surface in order to get through those boulders on top.

Q Here you say you wrote a letter asking for an explanation of what pipe you run, and here on this 103 there is no other pipe used.

A That's just on the surface. We had to set that in there in order to get through the boulders and coarse gravel.

Q You propose doing that on your 101.

A That's right. That's all we needed, and that's all we could get in. We just froze up on it.

Q You did use other pipe beside that?

A A hundred four feet of 8 5/8, which we call the conductor.

MR. ARMSTRONG: That's all.



DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325.1182

ALBUQUERQUE, N. M.
PHONE 243.6691

EXAMINER NUTTER: Are there any other questions of the witness?

The witness may be excused.

(Witness excused.)

EXAMINER NUTTER: Does anyone wish to offer anything in Case 2403?

We will take the case under advisement.

STATE OF NEW MEXICO)
) ss
COUNTY OF SAN JUAN)

I, THOMAS F. HORNE, Court Reporter, in and for the County of San Juan, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Proceedings before the New Mexico Oil Conservation Commission was reported by me in machine shorthand and reduced to typewritten transcript under my personal supervision, and that the same is a true and correct record to the best of my knowledge, skill and ability.

Thomas F. Horne
NOTARY PUBLIC

My Commission Expires:

10-2-65

I do hereby certify that the foregoing is a complete record of the proceedings in the Oil Conservation Commission of Case No. 2403, held at the Court House, 10/25, 1961.

Thomas F. Horne, Examiner
New Mexico Oil Conservation Commission



NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. Nutter

Santa Fe, NEW MEXICOREGISTERHEARING DATE October 25, 1961 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Carl W. Jones	Phillips Pet. Co.	Midland, Tex
Wayne A. Hartman	Shell Oil Co	Roswell, N.M.
Dana D. Stokes	Shell Oil Co	Roswell, N.M.
S. B. Deal	Shell Oil Co	Roswell, N.M.
R. L. Limerick	Shell Oil Co	Roswell, N.M.
D. W. Hoffman	Phillips Pet. Co.	Odessa, Tex
D. E. Snyder	Amerada	Midland, N.M.
B. K. Bevil	Humble	Hobbs, N.M.
J. M. Anderson	Sinclair	Midland
B. R. Carney	Warren Pet Corp	Midland, N.M.
T. E. Raper	"	Hobbs, N.M.
R. A. Thomas	Cent. Ind. Co. of Tex	Albuquerque, N.M.
H. R. 1321	Shell Oil Co	"
James D. Wright	State Engineer	Roswell, N.M.
E. W. King	Pon American	FT. Lowell
Gary Beall	"	"
T. E. Thomas	"	Lubbock

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. NutterSanta Fe, NEW MEXICOREGISTERHEARING DATE October 25, 1961 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
Burns H. Errebo	Mobil Oil Co.	Albuquerque
Jim M. Gee	TEXACO Inc.	Hotels
C. R. Black	OCC	Midland
A. L. Porter	EPNG	Santa Fe.
D. H. Karing	Sevent	El Paso
W. B. Macey	Western Development Co. of Colo.	Denver, Colo.
Jason Kelladin	Kelladin & Fox	Santa Fe
Alvin J. Jaggott	Do Refracting	Albany, N.Y.
Marvin Gearhart	Do Refractors	Fort Worth, Texas
A. D. Wendenbarger	Deeco, Inc.	Midland, Texas
Louis P. Jenson	W. H. Jenson & Co.	Albuquerque
W. H. B. Jenson		Albuquerque
Paul Queen	Continental Oil	Roanoke
Paul H. King	Louis P. Jenson	Albuquerque
Paul H. King	Warren Petroleum Co.	Albuquerque

NEW MEXICO OIL CONSERVATION COMMISSION

Examiner Hearing - Daniel S. NutterSanta Fe, NEW MEXICOREGISTERHEARING DATE October 25, 1961 TIME: 9 A.M.

NAME:	REPRESENTING:	LOCATION:
S.H. Gavin	Hondo Oil & Gas Co.	Roswell, NM.
J.R. McMin		
V. W. Wadsworth	Southwest Prod. Co.	Farmington
John D. Russell	Leonard Oil Co.	Roswell, NM.
Jack Cooley	SW Prod. Co.	Farmington N.M.
R.J. Starnes	R.J. Starnes	Farmington, N.M.
E.W. Shindler	U.S.G.S.	Hobbs N.M.
H.P. Hunter		

rough draft

MEMORANDUM

TO: A. L. PORTER, Jr., Secretary-Director

FROM: RICHARD S. MORRIS, Attorney

SUBJECT: Henry Etz Rice Andrews Well No. 1, NE/4 NW/4
Section 14, Township 14 South, Range 25 East,
Chaves County.

The following information concerning the subject well is presented in chronological order for your consideration:

8/15/60 Notice of Intention to Drill filed with Oil Conservation Commission Artesia District Office

8/11/60 Application for Permit to Drill for oil filed with Roswell office of State Engineer

8/23/60 Oil Conservation Commission approved Notice of Intention to Drill subject to State Engineer's Regulations

8/29/60 State Engineer approved Permit to Drill
Letter of transmittal to Etz from James I. Wright, Field Engineer, contained the following paragraph:

"In the event that this well is to be abandoned, the plugging program must be approved by this office and the Oil Conservation Commission. The plugging of the well shall be witnessed by a representative of this office."

9/20/60 Form C-103 received by Oil Conservation Commission District Office showing well temporarily abandoned and plugged as follows:

January 30, 1962

Cemented from 1220' to 900' with 25 sx.
Water string set at 950' and circulated
with 125 sx.

6/26/61 Form C-103 received by Oil Conservation Commission
Artesia District Office showing well plugged as
follows:

Set 1152' of 5½" casing, circulated
with 150 sx to surface.
Cored 1152' to 1210'.
30 sack plug set from bottom of hole
up into pipe.
5 sack plug set at 500' between surface
and artesian water zones.
4" marker set in top of casing.

6/29/61 Letter, Armstrong to Etz, advising that inspection
of well made on 6/28 revealed that it had not been
plugged. Demand was made on Etz to plug the well
at once. The letter contains the following language:

"Also, the plugging must be witnessed by
this office. Please notify us beforehand
so that we may have a man there to witness
it."

7/5/61 Letter, Etz to Armstrong, stating that well had been
properly plugged, and that the Oil Conservation Com-
mission had not been notified because the plugging
operations had been performed at night.

7/10/61 Letter, Armstrong to Etz, concerning discrepancies
in previous reports on the well, and again notify-
ing Etz to inform the Oil Conservation Commission
Artesia District Office before plugging the well.

8/24/61 Letter, Morris to Etz, stating that the Oil Conserva-
tion Commission Artesia District Office was not given
the opportunity to witness the plugging of the well,
and demanding that the well be drilled out and re-
plugged.

January 30, 1962

- 9/25/61 Letter, Etz to Morris, stating that the well had been plugged properly and attempting to explain his failure to give proper notification. Letter requests that a hearing be scheduled to consider the matter.
- 10/11/61 Notice of Hearing mailed to Etz.
- 10/25/61 Hearing held in Santa Fe before Examiner Nutter to permit Etz and all interested parties to appear and show cause why the well should not be replugged.

At this hearing, Armstrong testified for the Commission and Wright testified for the State Engineer. Both testified that no opportunity had been given to witness the plugging of the well, and Armstrong testified that even if the well had been plugged in accordance with the program reported by Etz, it would be unsatisfactory.

Etz testified in his own behalf to the effect that the well was properly plugged, that no notification to plug was given because operations were conducted at night, and that he had not intended to violate any law or disregard the Commission's instructions. On cross-examination Etz admitted filing no C-102, Notice of Intention to Plug, prior to plugging the well.

- 11/17/61 Pursuant to the recommendation of Examiner Nutter, the Commission entered its Order No. R-2118 in Case No. 2403 ordering the replugging of the well in accordance with a specified program by January 1, 1962.
- 11/20/61 Copy of Order No. R-2118 mailed to Etz.
- 12/17/61 Order No. R-2118 became final inasmuch as no application for a hearing de novo before the Commission was filed within 30 days from the time the order was entered. (See Section 65-3-11.1, N.M.S.A., 1953 Comp., last sentence).

-4-

Memorandum to A. L. Porter, Jr.

January 30, 1962

- 1/3/62 Letter, Morris to Etz, enclosing another copy of Order No. R-2118, requesting voluntary action in plugging the well, but stating that the Commission would take action to enforce its order if the well were not plugged by January 15, 1962.
- 1/23/62 Suit filed by the Commission against Etz to enforce Order No. R-2118.