

CASE 6988: OCD PLUGGING CASE
BENNETT PETROLEUM CORPORATION, THE TRAV-
LERS INDEMNITY COMPANY, COLFAX COUNTY, *Corp.*
NEW MEXICO

Case No.

6988

Application

Transcripts

Small Exhibits

ETC

PS Form 3811, Apr. 1977

● SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one).
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2. ARTICLE ADDRESSED TO:
 Bennett Petroleum Corporation
 1776 Lincoln Street, Suite 808
 Denver, Colorado 80203

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 896509

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Pauline M. ...

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

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CLERK'S INITIALS

☆ GPO : 1977-O-234-337

PS Form 3811, Apr. 1977

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2. ARTICLE ADDRESSED TO:
 Bayly, Martin and Fay, Inc.
 P. O. Box 8809
 Denver, Colorado 80202

3. ARTICLE DESCRIPTION:
 REGISTERED NO. CERTIFIED NO. INSURED NO.
 896510

(Always obtain signature of addressee or agent)
 I have received the article described above.
 SIGNATURE ☐ Addressee ☐ Authorized agent
Bayly, Martin and Fay, Inc.

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1977-O-234-337

No.896510

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Apr. 1976

SENT TO
 Bayly, Martin and Fay
 STREET AND NO.
 P.O. Box 8809
 P.O. STATE AND ZIP CODE
 Denver, Colorado 80202

POSTAGE	\$
CERTIFIED FEE	¢
SPECIAL DELIVERY	¢
RESTRICTED DELIVERY	¢
SHOW TO WHOM AND DATE DELIVERED	¢
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	

No.896509

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

PS Form 3800, Apr. 1976

SENT TO
 Bennett Pet. Corp.
 STREET AND NO.
 1776 Lincoln St. #808
 P.O. STATE AND ZIP CODE
 Denver, Colo. 80203

POSTAGE	\$
CERTIFIED FEE	¢
SPECIAL DELIVERY	¢
RESTRICTED DELIVERY	¢
SHOW TO WHOM AND DATE DELIVERED	¢
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

September 12, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Re: CASE NO. 6988
Bennett Petroleum Corporation ORDER NO. R-6453
1776 Lincoln Street, Suite 808
Denver, Colorado 80203

Applicant:

~~OCD (Bennett Petroleum Corporation)~~

Dear Sir:

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

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other Bayly, Martin and Fay

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6988
Order No. R-6453

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT BENNETT PETROLEUM CORPORATION, THE TRAVELERS INDEMNITY COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE PHELPS DODGE WELL NO. 2 IN UNIT J OF SECTION 4 AND WELLS NOS. 3 IN UNIT P AND 3Y IN UNIT I OF SECTION 9, ALL IN TOWNSHIP 28 NORTH, RANGE 21 EAST, AND NO. 5 IN UNIT P OF SECTION 24, TOWNSHIP 28 NORTH, RANGE 20 EAST, COLFAX COUNTY, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 6, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of September, 1980, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That Bennett Petroleum Corporation is the owner and operator of the Phelps Dodge Well No. 2 in Unit J of Section 4 and Wells Nos. 3 in Unit P and 3Y in Unit I of Section 9, all in Township 28 North, Range 21 East, and No. 5 in Unit P of Section 24, Township 28 North, Range 20 East, Colfax County, New Mexico.

(3) That The Travelers Indemnity Company is the surety on the Oil Conservation Division plugging bond on which Bennett Petroleum Corporation is principal.

+2-
Case No. 6988
Order No. R-6453

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

(5) That in order to prevent waste and protect correlative rights said above-described wells should be plugged and abandoned in accordance with a program approved by the Santa Fe District Office of the New Mexico Oil Conservation Division on or before October 15, 1980, or the wells should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Bennett Petroleum Corporation and The Travelers Indemnity Company are hereby ordered to plug and abandon the Phelps Dodge Well No. 2 in Unit J of Section 4 and Wells Nos. 3 in Unit P and 3Y in Unit I of Section 9, all in Township 28 North, Range 21 East, and No. 5 in Unit P of Section 24, Township 28 North, Range 20 East, NMPM, Colfax County, New Mexico, or in the alternative, to return the wells to active drilling status or place the wells on production on or before October 15, 1980.

(2) That Bennett Petroleum Corporation and The Travelers Indemnity Company, prior to plugging and abandoning the above-described wells, shall obtain from the Santa Fe office of the Division, a Division-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 Division may, at its option, witness such work.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



Joe D. Ramey
JOE D. RAMEY
Director

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
6 August 1980

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation
Division on its own motion to permit Ben-) CASE
nett Petroleum Corporation, et al, to ap-) 6988
pear and show cause why certain wells)
should not be plugged and abandoned in)
Colfax County, New Mexico.)

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B

Santa Fe, New Mexico 87501

Phone (505) 455-7409

I N D E X

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CARL ULVOG

Direct Examination by Mr. Padilla

3

Cross Examination by Mr. Nutter

13

E X H I B I T S

Division Exhibit One, Correspondence

13

SALLY W. BOYD, C.S.R.

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1 MR. NUTTER: The hearing will come to
2 order, please.

3 The first case this morning will be Case
4 Number 6988, which is in the matter of the hearing called by
5 the Oil Conservation Division on its own motion to permit
6 Bennett Petroleum Corporation, the Travelers Indemnity Company,
7 and all other interested parties to appear and show cause why
8 certain wells in Colfax County, New Mexico, should not be
9 plugged and abandoned in accordance with a Division-approved
10 plugging program.

11 I'll call for appearances.

12 MR. PADILLA: Mr. Examiner, Ernest L.
13 Padilla on behalf of the Oil Conservation Division. I have
14 one witness who needs to be sworn.

15 MR. NUTTER: Are there other appearances
16 in this case?

17
18 (Witness sworn.)

19
20 CARL ULVOG
21 being called as a witness and having been duly sworn upon his
22 oath, testified as follows, to-wit:

23
24 DIRECT EXAMINATION

25 BY MR. PADILLA:

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1 Q Mr. Ulvog, for the record, would you please
2 state your name, by whom you're employed, and in what capacity?

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

5 Q Mr. Ulvog, are you also District Super-
6 visor for the Division?

7 A Yes, sir, in District Four.

8 Q Mr. Ulvog, do you make recommendations to
9 the Division concerning whether certain wells should be plug-
10 ged and abandoned?

11 A Yes, sir.

12 Q Are you familiar with the subject matter,
13 of this case?

14 A Yes, I am.

15 Q Would you state the purpose of this case?

16 A Yes. It's to determine what disposition
17 should be made of these wells; whether they should be plugged,
18 completed, put on production, or what.

19 Q Have you reviewed all the reports and
20 files of the Oil Conservation Division concerning these wells?

21 A I have.

22 Q Would you then please summarize the con-
23 tents of these records for the Examiner?

24 A Yes. If I may, because the histories of
25 all of these are different, I would like to go through the

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1 essentials of each well first, and then summarize the action
2 that I have been taking, and so on, to get them taken care of,
3 if I may.

4 Q Go ahead, proceed one at a time, then.

5 A And I'll skip a lot of the data, but if
6 there are details, why, I'll be glad to look them up.

7 First of all, Well No. 3, which is pro-
8 perly described by the docket. The application for the permit
9 to drill was received October 11th, 1977, and at that time we
10 were advised that the well was spudded on October 4th, which
11 would be one week previous to the application.

12 The well was temporarily abandoned, or
13 reported as temporarily abandoned, on November 2nd, 1977. It
14 reported having 10-3/4 inch casing set at 155 feet with 100
15 sacks of cement. That was on October -- pardon me, on -- yes,
16 on October 10th -- October 6th, which was, of course, before
17 we had received the application for the permit, so it was not
18 witnessed.

19 It reportedly had junk in the hole and
20 they could not get on bottom from 2546 to 2626. A 20-sack
21 cement plug -- a 20-sack cement plug then was spotted there
22 for that junk, reportedly. The total depth was reported as
23 2961.

24 MR. NUTTER: What was that?

25 A 2961.

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MR. NUTTER: Thank you.

A Later there was 7-inch reported set at 2618 with 200 sacks. Now that doesn't jibe with the junk, but that's -- that's the report. The 7-inch casing set at 2618, as I said, with 200 sacks, and there were never any perforations reported.

It was tested then, the annulus, obviously, was tested on May 30th, 1979, at which time the estimated flow which was vented -- now this is hydrocarbon gas -- was estimated at 40 to 50, and I quote, "MSCFD" with no explanation. I don't know if that's 40 to 50 thousand standard cubic feet per day; that's the only way I can interpret it, and what is a standard cubic foot I don't know, but this is the report.

So it did flow gas. The notice of intent to plug and abandon was filed January 24th, 1980.

Now, Well No. 3-Y, which is actually a skid location, the application was received November 14th, 1977, and at the same time notification that the well was spudded on November 4th, which is ten days previously.

It was reported temporarily abandoned on November 22nd, 1977.

10-3/4 inch reportedly set at 151 feet with 105 sacks; 7-inch reported at 2915 with 100 sacks; total depth 2972; no perforations reported.

The -- it also, like the No. 3, was tested

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1 on or about June 6th, '79. It again had the same estimated
2 flow rate, which also is vented. Estimated at 40 to 50 MSCFD.

3 MR. NUTTER: Now was that annular flow
4 or was that up casing or tubing, or what?

5 A. This is an annulus.

6 MR. NUTTER: That's an annulus, also?

7 A. That is correct; that's an annulus test.

8 The notice of intent to plug and abandon was filed January 24th,
9 1980.

10 Then on February 8th, 1980, reportedly
11 squeezed 60 sacks of cement to the annulus. No notifications
12 of any of these activities were given, so if they -- the usual
13 squeeze job would be to perforate and squeeze cement, but I
14 don't know that this was done. It's simply reported squeezed
15 60 sacks of cement to the annulus.

16 Now, Well No. 2, the application was
17 filed on September 19th, 1979. The well was spudded January
18 13th, 1980. It was reported plugged and abandoned on February
19 9th, 1980.

20 Again, none of this was witnessed for the
21 simple reason we were not notified. They reported 8-5/8ths
22 inch set at 160 feet with 150 sacks; total depth 3318.

23 That's all the reports that I have on

24 No. 2.

25 On No. 5, the application was filed, also,

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1 September 19th, 1979; was spudded September 29th, 1979. It
2 was tested by drill stem test, because I have the drill stem
3 test chart that was submitted. It was tested on January 6th,
4 1980. Then it was shut-in for further testing on March 20th,
5 1980.

6 That's the status of it. 8-5/8ths inch
7 set at 160 feet with 150 sacks; 5-1/2 inch set at total depth
8 of 3057 with 200 sacks.

9 MR. NUTTER: Let's see, that -- that last
10 casing string again?

11 A 5-1/2 inch set at the total depth of
12 3057, with 200 sacks. This is according to the reports in the
13 file.

14 I have been by these wells since they're
15 all in the same general area. I've been by these wells seven
16 times when I've been in the vicinity. I've made numerous
17 telephone calls concerning the condition. I have letters here
18 which I'll introduce into the file, dated January 15th, which
19 I called their attention to the fact that -- as a matter of
20 fact, I'll read a paragraph.

21 A cursory examination of the information
22 that's information filed with us -- illustrates that you are
23 delinquent in filing reports for all four of your wells. Al-
24 though the request for testing Phelps Dodge Wells Nos. 3 and
25 3-Y were granted, and a check with Southwestern Laboratories

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1 revealed that such testing was in fact performed, no results
2 of same were submitted.

3 Because of this, and because the wells
4 have presumably been abandoned for eight months or more without
5 permission, it is imperative some action be taken, et cetera,
6 et cetera.

7 Furthermore, you were advised on October
8 11th, 1979, that both of these wells, the No. 3 and 3-Y, were
9 leaking gas to the atmosphere. We have no report of any re-
10 pairs or work to stop such leaking, and so on.

11 Then again, that was dated January 15th,
12 at which time I called them and then I wrote this -- pardon
13 me, that was on January -- on November -- October 11th of '79.
14 I called them by telephone to advise them.

15 Then I wrote on January 8th again re-
16 porting the leak, and this letter dated January 15th, so our
17 documentation is they were notified of the gas leaking at least
18 four times.

19 I have then received a letter from them
20 on January 25th. It simply states with respect to the leaking
21 wells, the No. 3 and 3-Y Wells have not been abandoned because
22 we were awaiting arrival of a rig which is presently drilling
23 in the area. We are enclosing form C-103 indicating our in-
24 tention to plug both of these wells.

25 They indicated then, you see, on January

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1 25th that they were planning to plug and abandon. I approved
2 the proposal for plugging and abandoning. They have not yet
3 been worked on. The wells are leaking. I was by there last
4 Friday and the Well No. 3-Y is leaking especially bad around
5 the casing hanger.

6 The No. 3 produces gas through the 5-1/2
7 inch. If you'll drop a rock or something in there, there's
8 fluid in there at some depth, and then it begins to bubble,
9 so there's gas coming into the inside pipe, as well as being
10 in the annulus.

11 Both of them are equipped as though they
12 were, you might say, casing/tubing annulus completions.

13 MR. NUTTER: Well now, you drop a rock in
14 there, how can you drop a rock in there, no head on the wells?

15 A. The inside, the inner tubing, inner
16 casing, 5-1/2 inch is standing open at the surface.

17 MR. NUTTER: And then --

18 A. But then there are valves to the annulus.

19 MR. NUTTER: To the annulus.

20 A. That's correct, to the 8-5/8ths.

21 MR. NUTTER: But you can hear bubbling

22 sounds in the tubing or --

23 A. That is correct.

24 Now, in addition, we have no reports, but

25 I have inspected the wells, and I have, by telephone calls,

1 I have determined that on the No. 5 Well, which is the most
2 recent one, when cementing of this 5-1/2 inch was presumably
3 done, the cement did not -- the 200 sacks of cement did not
4 go into the annulus, but it plugged, and at least a good por-
5 tion of that is inside of the 5-1/2 inch. So it's not in fact
6 cemented into the 8-5/8ths inch or to the surface.

7 MR. NUTTER: How do you know that?

8 A. You can take and move it around real
9 easily, for one thing, and in my telephone calls I got hold of
10 Dowell and they said that that was what happened. It plugged
11 it, and Dowell is supposed to pay for a contract to drill out
12 that 5-1/2 inch, which has not yet been done.

13 MR. NUTTER: The cement set before it got
14 all the way down to the bottom of the hole, then.

15 A. That's right, and so it's at some point
16 within the 5-1/2 inch. The location has not been cleaned, of
17 course, and there's an oiler there and it's junky.

18 The No. 2, which I have inspected, which
19 was supposed to be plugged in February 9th, it's caving around
20 the cellar. There's a mess -- their mud pits are open; there's
21 oil and chemicals on the location. It has not been fenced.
22 The rancher has complained about having to go out with a
23 tractor to pull the cattle out that got stuck in it.

24 Q. Mr. Ulvog, there seems to be no question
25 but that waste because these wells are leaking gas into the

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1 atmosphere, you could cause -- your waste is being caused now.

2 A Waste is occurring at the present time.

3 Q Are you prepared to recommend a plugging
4 program at this time or would you prefer to wait until the
5 actual time of plugging?

6 A I really need to see, because I really
7 do not know the conditions of these wells in fact.

8 So I would have to work it out when I
9 determine exactly what the conditions are.

10 Q Mr. Ulvog, you have been testifying from
11 the well records of the Division, is that correct?

12 A That's correct, and from correspondence
13 in the file.

14 MR. PADILLA: Mr. Examiner, I ask that
15 administrative notice be taken of the correspondence in the
16 Division's filed, as well as well records.

17 MR. NUTTER: Will that become part of
18 the case file here, Mr. Padilla?

19 MR. PADILLA: We can make --

20 A I have -- pardon me.

21 MR. PADILLA: We can make duplicate copies
22 of these.

23 MR. NUTTER: I think you should make
24 duplicates of those letters and introduce them as exhibits in
25 this case, Mr. Padilla.

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MR. PADILLA: Very well.

A I have done that. I have the correspondence.

MR. PADILLA: We'll offer the correspondence as --

MR. NUTTER: You can offer it as one package.

MR. PADILLA: Okay.

MR. PADILLA: As Exhibit One, if you wish.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Ulvog, what about fresh waters in this area?

A There is a windmill -- well, there are several windmills in the vicinity. I can't say exactly how far they would be. This is very rugged country, hilly, and so on. All of these wells have been drilled along a canyon, near a very prominent canyon, which of course drains into the Vermejo River, and they've all been drilled down in the valley. There's rugged mountains on both sides and the elevations vary greatly. I don't know the depths of the wells and I don't know the exact distance, but one well is not too far. By that I would say a mile, approximately, as the crow would fly;

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1 about three miles by road, from these two wells that are
2 leaking, the 3 and the 3-Y. Unfortunately, I don't know the
3 depth.

4 Q Now, they have -- the No. 3 has 10-3/4
5 set at 155 feet, and it's got 7-inch at 2618, you stated.
6 Now, this --

7 A Pardon me, are you talking about the 3
8 or the 3-Y?

9 Q No. 3.

10 A The No. 3? No, I have -- yeah, 7-inch
11 at 2618.

12 Q And 10-3/4 at 155.

13 A That's correct.

14 Q And the gas is coming up the annulus be-
15 tween those two strings of pipe.

16 A That's correct.

17 Q So you know that gas is available to the
18 formations to a depth of 155.

19 A That's correct.

20 Q But you don't know the depth of the
21 fresh waters in the area.

22 A I don't know the depth of the fresh
23 water. I don't know where the gas is coming from. And the
24 operator doesn't know where it's coming from, because this
25 designed as a Dakota test, and the gas was not discovered,

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1 actually, until after the 7-inch had been set.

2 Q And where would the Dakota be, down at
3 this 2600 foot level, somewhere in that vicinity?

4 A That's approximately right, about 2600
5 feet.

6 It made some gas in the Dakota but there
7 was too much water, which is why they plugged back. I was
8 there when the plugging back from the Dakota occurred because
9 of the amount of water that they got, so that was plugged
10 back. The gas is not coming from the Dakota.

11 Q Now these wells are drilled more or less,
12 you might call coal-mining country, aren't they?

13 A That is correct.

14 Q And also in areas where there are many
15 shales in the underlying formations.

16 A That is correct. The operator previously
17 had drilled two wells and lost them both because of those
18 shales further up the hole.

19 Q Water getting into the shales?

20 A Water, that's correct. Once the water
21 came in, they never regained their total depth and they finally
22 lost the entire hole. Both of those wells were making gas
23 and water, but they have been plugged and taken care of.

24 Q Those wells were plugged.

25 Now, what about surface conditions? You --

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1 on one well you mentioned, I think it was the No. 2 or No. 5,
2 you mentioned that there were problems around the well on the
3 surface; that it was caving around the cellar and a mess
4 around the well. Are the other wells in good condition, as far
5 as surface?

6 A. The surface is okay. Yeah, the surface
7 around the 3 and the 3-Y is fine.

8 Q. How about No. 5?

9 A. It's very bad, very bad.

10 Q. The 2 and the 5 are both bad on the sur-
11 face?

12 A. That's correct. The 2 and the 5 are both
13 bad and they've been -- called his attention to it and in
14 fact --

15 Q. Now by bad what do you mean? What are
16 the conditions at the surface?

17 A. Well --

18 Q. Around the wells?

19 A. There's junk all over the location. There
20 are big mud pits with oil and grease in them, water standing
21 in them.

22 Q. Are they fenced?

23 A. Pardon?

24 Q. Are they fenced?

25 A. No, no fencing. I've called for fencing

1 on at least three different occasions and in one of my letters,
2 May 30th, I pointed out that he was asking for a lawsuit be-
3 cause they were not fenced.

4 Q Who's asking for a lawsuit?

5 A Well, I advised the Bennett Petroleum
6 that they were inviting a lawsuit --

7 Q Oh, I see,

8 A -- because of the fact that the rancher
9 had cattle stuck in the mud pits. Hasn't actually lost any
10 yet. They've been able to pull them out.

11 The junk over the location, lot of cotton
12 seed hulls around there and when you walk on location, like I
13 say, I've tried to get over to the well because there's no
14 markers, either, to investigate the conditions at the casing
15 and so on, I couldn't do it because, well, I went in to my
16 knees on that -- some of that cotton seed hulls before I could
17 get out of there.

18 Q So you've had three problems then concerning
19 these wells. You've got possible damage to livestock or maybe
20 humans because of conditions around the wells.

21 A That's right.

22 Q You've got a potential for damage to
23 fresh water.

24 A That's correct.

25 Q And you've got loss of hydrocarbon gas

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1 from two wells that are leaking gas to the atmosphere.

2 A. That's right.

3 Q. Now have you made any recent contacts,
4 or had any recent contacts with Bennett Petroleum Company,
5 other than your --

6 A. Yes, as a matter of fact, the most recent
7 one was yesterday.

8 Q. Did you call them or did they call you?

9 A. They called me. They called me.

10 Q. What did they have to say?

11 A. The purpose of it was to try to get the
12 hearing postponed because, as so often has been the case, there
13 will be a rig there shortly to take care of it.

14 Q. When was the last time they had a rig on
15 there; on any of the holes?

16 A. Well, the last time there's been a rig
17 in there, to my knowledge, would have been when they supposedly
18 plugged and abandoned the No. 2, which was February 9th, 1980.

19 Q. And so at this time it's your recommenda-
20 tion then that the Division enter an order requiring Bennett
21 and Travelers Indemnity Company to plug the wells.

22 A. That's correct.

23 Q. And that you would specify a plugging
24 program when you know a little bit more about the downhole
25 conditions.

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A.

That's right. Each one is going to take a special program because they're all different.

MR. NUTTER: Do you have anything further,

Mr. Padilla?

MR. PADILLA: Nothing further.

MR. NUTTER: Does anyone have any ques-

tions of Mr. Ulvog? He may be excused.

Does anyone have anything they wish to

offer in Case Number 6988?

Mr. Padilla, if you will identify those

that group of letters as Exhibit One in this case, it will be admitted in evidence.

MR. PADILLA: I will.

MR. NUTTER: If there is nothing further

in Case Number 6988, we'll take the case under advisement.

(Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6988,
heard by me on Aug 6 1980.

[Signature], Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
6 August 1980

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation
Division on its own motion to permit Ben-) CASE
nett Petroleum Corporation, et al, to ap-) 6988
pear and show cause why certain wells
should not be plugged and abandoned in
Colfax County, New Mexico.

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

CARL ULVOG

Direct Examination by Mr. Padilla 3

Cross Examination by Mr. Nutter 13

E X H I B I T S

Division Exhibit One, Correspondence 13

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I N D E X

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Division Exhibit One, Correspondence 13

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1 MR. NUTTER: The hearing will come to
2 order, please.

3 The first case this morning will be Case
4 Number 6988, which is in the matter of the hearing called by
5 the Oil Conservation Division on its own motion to permit
6 Bennett Petroleum Corporation, the Travelers Indemnity Company,
7 and all other interested parties to appear and show cause why
8 certain wells in Colfax County, New Mexico, should not be
9 plugged and abandoned in accordance with a Division-approved
10 plugging program.

11 I'll call for appearances.

12 MR. PADILLA: Mr. Examiner, Ernest L.
13 Padilla on behalf of the Oil Conservation Division. I have
14 one witness who needs to be sworn.

15 MR. NUTTER: Are there other appearances
16 in this case?

17
18 (Witness sworn.)
19

20
21 CARL ULVOG
22 being called as a witness and having been duly sworn upon his
23 oath, testified as follows, to-wit:
24

25 DIRECT EXAMINATION

BY MR. PADILLA:

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1 Q. Mr. Ulvog, for the record, would you please
2 state your name, by whom you're employed, and in what capacity?

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

5 Q. Mr. Ulvog, are you also District Super-
6 visor for the Division?

7 A. Yes, sir, in District Four.

8 Q. Mr. Ulvog, do you make recommendations to
9 the Division concerning whether certain wells should be plug-
10 ged and abandoned?

11 A. Yes, sir.

12 Q. Are you familiar with the subject matter
13 of this case?

14 A. Yes, I am.

15 Q. Would you state the purpose of this case?

16 A. Yes. It's to determine what disposition
17 should be made of these wells; whether they should be plugged,
18 completed, put on production, or what.

19 Q. Have you reviewed all the reports and
20 files of the Oil Conservation Division concerning these wells?

21 A. I have.

22 Q. Would you then please summarize the con-
23 tents of these records for the Examiner?

24 A. Yes. If I may, because the histories of
25 all of these are different, I would like to go through the

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1 essentials of each well first, and then summarize the action
2 that I have been taking, and so on, to get them taken care of,
3 if I may.

4 Q Go ahead, proceed one at a time, then.

5 A And I'll skip a lot of the data, but if
6 there are details, why, I'll be glad to look them up.

7 First of all, Well No. 3, which is pro-
8 perly described by the docket. The application for the permit
9 to drill was received October 11th, 1977, and at that time we
10 were advised that the well was spudded on October 4th, which
11 would be one week previous to the application.

12 The well was temporarily abandoned, or
13 reported as temporarily abandoned, on November 2nd, 1977. It
14 reported having 10-3/4 inch casing set at 155 feet with 100
15 sacks of cement. That was on October -- pardon me, on -- yes,
16 on October 10th -- October 6th, which was, of course, before
17 we had received the application for the permit, so it was not
18 witnessed.

19 It reportedly had junk in the hole and
20 they could not get on bottom from 2546 to 2626. A 20-sack
21 cement plug -- a 20-sack cement plug then was spotted there
22 for that junk, reportedly. The total depth was reported as
23 2961.

24 MR. NUTTER: What was that?

25 A 2961.

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1 MR. NUTTER: Thank you.

2 A Later there was 7-inch reported set at
3 2618 with 200 sacks. Now that doesn't jibe with the junk,
4 but that's -- that's the report. The 7-inch casing set at
5 2618, as I said, with 200 sacks, and there were never any per-
6 forations reported.

7 It was tested then, the annulus, obviously,
8 was tested on May 30th, 1979, at which time the estimated flow
9 which was vented -- now this is hydrocarbon gas -- was estimated
10 at 40 to 50, and I quote, "MSCFD" with no explanation. I
11 don't know if that's 40 to 50 thousand standard cubic feet per
12 day; that's the only way I can interpret it, and what is a
13 standard cubic foot I don't know, but this is the report.

14 So it did flow gas. The notice of intent
15 to plug and abandon was filed January 24th, 1980.

16 Now, Well No. 3-Y, which is actually a
17 skid location, the application was received November 14th,
18 1977, and at the same time notification that the well was
19 spudded on November 4th, which is ten days previously.

20 It was reported temporarily abandoned on
21 November 22nd, 1977.

22 10-3/4 inch reportedly set at 151 feet
23 with 105 sacks; 7-inch reported at 2915 with 100 sacks; total
24 depth 2972; no perforations reported.

25 The -- it also, like the No. 3, was tested

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1 on or about June 6th, '79. It again had the same estimated
2 flow rate, which also is vented. Estimated at 40 to 50 MSCFD.

3 MR. NUTTER: Now was that annular flow
4 or was that up casing or tubing, or what?

5 A. This is an annulus.

6 MR. NUTTER: That's an annulus, also?

7 A. That is correct; that's an annulus test.

8 The notice of intent to plug and abandon was filed January 24th,
9 1980.

10 Then on February 8th, 1980, reportedly
11 squeezed 60 sacks of cement to the annulus. No notifications
12 of any of these activities were given, so if they -- the usual
13 squeeze job would be to perforate and squeeze cement, but I
14 don't know that this was done. It's simply reported squeezed
15 60 sacks of cement to the annulus.

16 Now, Well No. 2, the application was
17 filed on September 19th, 1979. The well was spudded January
18 13th, 1980. It was reported plugged and abandoned on February
19 9th, 1980.

20 Again, none of this was witnessed for the
21 simple reason we were not notified. They reported 8-5/8ths
22 inch set at 160 feet with 150 sacks; total depth 3318.

23 That's all the reports that I have on
24 No. 2.

25 On No. 5, the application was filed, also.

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1 September 19th, 1979; was spudded September 29th, 1979. It
2 was tested by drill stem test, because I have the drill stem
3 test chart that was submitted. It was tested on January 6th,
4 1980. Then it was shut-in for further testing on March 20th,
5 1980.

6 That's the status of it. 8-5/8ths inch
7 set at 160 feet with 150 sacks; 5-1/2 inch set at total depth
8 of 3057 with 200 sacks.

9 MR. NUTTER: Let's see, that -- that last
10 casing string again?

11 A. 5-1/2 inch set at the total depth of
12 3057, with 200 sacks. This is according to the reports in the
13 file.

14 I have been by these wells since they're
15 all in the same general area. I've been by these wells seven
16 times when I've been in the vicinity. I've made numerous
17 telephone calls concerning the condition. I have letters here
18 which I'll introduce into the file, dated January 15th, which
19 I called their attention to the fact that -- as a matter of
20 fact, I'll read a paragraph.

21 A cursory examination of the information
22 that's information filed with us -- illustrates that you are
23 delinquent in filing reports for all four of your wells. Al-
24 though the request for testing Phelps Dodge Wells Nos. 3 and
25 3-Y were granted, and a check with Southwestern Laboratories

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1 revealed that such testing was in fact performed, no results
2 of same were submitted.

3 Because of this, and because the wells
4 have presumably been abandoned for eight months or more without
5 permission, it is imperative some action be taken, et cetera,
6 et cetera.

7 Furthermore, you were advised on October
8 11th, 1979, that both of these wells, the No. 3 and 3-Y, were
9 leaking gas to the atmosphere. We have no report of any re-
10 pairs or work to stop such leaking, and so on.

11 Then again, that was dated January 15th,
12 at which time I called them and then I wrote this -- pardon
13 me, that was on January -- on November -- October 11th of '79.
14 I called them by telephone to advise them.

15 Then I wrote on January 8th again re-
16 porting the leak, and this letter dated January 15th, so our
17 documentation is they were notified of the gas leaking at least
18 four times.

19 I have then received a letter from them
20 on January 25th. It simply states with respect to the leaking
21 wells, the No. 3 and 3-Y Wells have not been abandoned because
22 we were awaiting arrival of a rig which is presently drilling
23 in the area. We are enclosing form C-103 indicating our in-
24 tention to plug both of these wells.

25 They indicated then, you see, on January

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1 25th that they were planning to plug and abandon. I approved
2 the proposal for plugging and abandoning. They have not yet
3 been worked on. The wells are leaking. I was by there last
4 Friday and the Well No. 3-Y is leaking especially bad around
5 the casing hanger.

6 The No. 3 produces gas through the 5-1/2
7 inch. If you'll drop a rock or something in there, there's
8 fluid in there at some depth, and then it begins to bubble,
9 so there's gas coming into the inside pipe, as well as being
10 in the annulus.

11 Both of them are equipped as though they
12 were, you might say, casing/tubing annulus completions.

13 MR. NUTTER: Well now, you drop a rock in
14 there, how can you drop a rock in there, no head on the wells?

15 A The inside, the inner tubing, inner
16 casing, 5-1/2 inch is standing open at the surface.

17 MR. NUTTER: And then ---

18 A But then there are valves to the annulus.

19 MR. NUTTER: To the annulus.

20 A That's correct, to the 3-5/8ths.

21 MR. NUTTER: But you can hear bubbling
22 sounds in the tubing or ---

23 A That is correct.

24 Now, in addition, we have no reports, but
25 I have inspected the wells, and I have, by telephone calls,

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1 I have determined that on the No. 5 Well, which is the most
2 recent one, when cementing of this 5-1/2 inch was presumably
3 done, the cement did not --- the 200 sacks of cement did not
4 go into the annulus, but it plugged, and at least a good por-
5 tion of that is inside of the 5-1/2 inch. So it's not in fact
6 cemented into the 8-5/8ths inch or to the surface.

7 MR. NUTTER: How do you know that?

8 A. You can take and move it around real
9 easily, for one thing, and in my telephone calls I got hold of
10 Dowell and they said that that was what happened. It plugged
11 it, and Dowell is supposed to pay for a contract to drill out
12 that 5-1/2 inch, which has not yet been done.

13 MR. NUTTER: The cement set before it got
14 all the way down to the bottom of the hole, then.

15 A. That's right, and so it's at some point
16 within the 5-1/2 inch. The location has not been cleaned, of
17 course, and there's an oiler there and it's junky.

18 The No. 2, which I have inspected, which
19 was supposed to be plugged in February 9th, it's caving around
20 the cellar. There's a mess --- their mud pits are open; there's
21 oil and chemicals on the location. It has not been fenced.
22 The rancher has complained about having to go out with a
23 tractor to pull the cattle out that got stuck in it.

24 Q Mr. Ulvog, there seems to be no question
25 but that waste because these wells are leaking gas into the

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1 atmosphere, you could cause -- your waste is being caused now.

2 A. Waste is occurring at the present time.

3 Q. Are you prepared to recommend a plugging
4 program at this time or would you prefer to wait until the
5 actual time of plugging?

6 A. I really need to see, because I really
7 do not know the conditions of these wells in fact.

8 So I would have to work it out when I
9 determine exactly what the conditions are.

10 Q. Mr. Ulvog, you have been testifying from
11 the well records of the Division, is that correct?

12 A. That's correct, and from correspondence
13 in the file.

14 MR. PADILLA: Mr. Examiner, I ask that
15 administrative notice be taken of the correspondence in the
16 Division's filed, as well as well records.

17 MR. NUTTER: Will that become part of
18 the case file here, Mr. Padilla?

19 MR. PADILLA: We can make --
20 I have -- pardon me.

21 MR. PADILLA: We can make duplicate copies
22 of these.

23 MR. NUTTER: I think you should make
24 duplicates of those letters and introduce them as exhibits in
25 this case, Mr. Padilla.

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1 MR. PADILLA: Very well.

2 A I have done that. I have the corres-
3 pondence.

4 MR. PADILLA: We'll offer the correspondence
5 as --

6 MR. NUTTER: You can offer it as one
7 package.

8 MR. PADILLA: Okay.

9 MR. PADILLA: As Exhibit One, if you
10 wish.

11

12 CROSS EXAMINATION

13 BY MR. NUTTER:

14 Q Mr. Ulvog, what about fresh waters in
15 this area?

16 A There is a windmill -- well, there are
17 several windmills in the vicinity. I can't say exactly how
18 far they would be. This is very rugged country, hilly, and
19 so on. All of these wells have been drilled along a canyon,
20 near a very prominent canyon, which of course drains into the
21 Vermejo River, and they've all been drilled down in the valley.
22 There's rugged mountains on both sides and the elevations vary
23 greatly. I don't know the depths of the wells and I don't
24 know the exact distance, but one well is not too far. By
25 that I would say a mile, approximately, as the crow would fly;

1 about three miles by road, from these two wells that are
2 leaking, the 3 and the 3-Y. Unfortunately, I don't know the
3 depth.

4 Q Now, they have -- the No. 3 has 10-3/4
5 set at 155 feet, and it's got 7-inch at 2618, you stated.
6 Now, this --

7 A Pardon me, are you talking about the 3
8 or the 3-Y?

9 Q No. 3.

10 A The No. 3? No, I have -- yeah, 7-inch
11 at 2618.

12 Q And 10-3/4 at 155.

13 A That's correct.

14 Q And the gas is coming up the annulus be-
15 tween those two strings of pipe.

16 A That's correct.

17 Q So you know that gas is available to the
18 formations to a depth of 155.

19 A That's correct.

20 Q But you don't know the depth of the
21 fresh waters in the area.

22 A I don't know the depth of the fresh
23 water. I don't know where the gas is coming from. And the
24 operator doesn't know where it's coming from, because this
25 designed as a Dakota test, and the gas was not discovered,

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1 actually, until after the 7-inch had been set.

2 Q And where would the Dakota be, down at
3 this 2600 foot level, somewhere in that vicinity?

4 A That's approximately right, about 2600
5 feet.

6 It made some gas in the Dakota but there
7 was too much water, which is why they plugged back. I was
8 there when the plugging back from the Dakota occurred because
9 of the amount of water that they got, so that was plugged
10 back. The gas is not coming from the Dakota.

11 Q Now these wells are drilled more or less,
12 you might call coal-mining country, aren't they?

13 A That is correct.

14 Q And also in areas where there are many
15 shales in the underlying formations.

16 A That is correct. The operator previously
17 had drilled two wells and lost them both because of those
18 shales further up the hole.

19 Q Water getting into the shales?

20 A Water, that's correct. Once the water
21 came in, they never regained their total depth and they finally
22 lost the entire hole. Both of those wells were making gas
23 and water, but they have been plugged and taken care of.

24 Q Those wells were plugged.

25 Now, what about surface conditions? You --

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1 on one well you mentioned, I think it was the No. 2 or No. 5,
2 you mentioned that there were problems around the well on the
3 surface; that it was caving around the cellar and a mess
4 around the well. Are the other wells in good condition, as far
5 as surface?

6 A The surface is okay. Yeah, the surface
7 around the 3 and the 3-Y is fine.

8 Q How about No. 5?

9 A It's very bad, very bad.

10 Q The 2 and the 5 are both bad on the sur-
11 face?

12 A That's correct. The 2 and the 5 are both
13 bad and they've been -- called his attention to it and in
14 fact --

15 Q Now by bad what do you mean? What are
16 the conditions at the surface?

17 A Well --

18 Q Around the wells?

19 A There's junk all over the location. There
20 are big mud pits with oil and grease in them, water standing
21 in them.

22 Q Are they fenced?

23 A Pardon?

24 Q Are they fenced?

25 A No, no fencing. I've called for fencing

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1 on at least three different occasions and in one of my letters,
2 May 30th, I pointed out that he was asking for a lawsuit be-
3 cause they were not fenced.

4 Q Who's asking for a lawsuit?

5 A Well, I advised the Bennett Petroleum
6 that they were inviting a lawsuit --

7 Q Oh, I see.

8 A -- because of the fact that the rancher
9 had cattle stuck in the mud pits. Hasn't actually lost any
10 yet. They've been able to pull them out.

11 The junk over the location, lot of cotton
12 seed hulls around there and when you walk on location, like I
13 say, I've tried to get over to the well because there's no
14 markers, either, to investigate the conditions at the casing
15 and so on, I couldn't do it because, well, I went in to my
16 knees on that -- some of that cotton seed hulls before I could
17 get out of there.

18 Q So you've had three problems then concerning
19 these wells. You've got possible damage to livestock or maybe
20 humans because of conditions around the wells.

21 A That's right.

22 Q You've got a potential for damage to
23 fresh water.

24 A That's correct.

25 Q And you've got loss of hydrocarbon gas

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1 from two wells that are leaking gas to the atmosphere.

2 A That's right.

3 Q Now have you made any recent contacts,
4 or had any recent contacts with Bennett Petroleum Company,
5 other than your --

6 A Yes, as a matter of fact, the most recent
7 one was yesterday.

8 Q Did you call them or did they call you?

9 A They called me. They called me.

10 Q What did they have to say?

11 A The purpose of it was to try to get the
12 hearing postponed because, as so often has been the case, there
13 will be a rig there shortly to take care of it.

14 Q When was the last time they had a rig on
15 there; on any of the holes?

16 A Well, the last time there's been a rig
17 in there, to my knowledge, would have been when they supposedly
18 plugged and abandoned the No. 2, which was February 9th, 1980.

19 Q And so at this time it's your recommenda-
20 tion then that the Division enter an order requiring Bennett
21 and Travelers Indemnity Company to plug the wells.

22 A That's correct.

23 Q And that you would specify a plugging
24 program when you know a little bit more about the downhole
25 conditions.

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1 A That's right. Each one is going to take
2 a special program because they're all different.

3 MR. NUTTER: Do you have anything further,
4 Mr. Padilla?

5 MR. PADILLA: Nothing further.

6 MR. NUTTER: Does anyone have any ques-
7 tions of Mr. Ulvog? He may be excused.

8 Does anyone have anything they wish to
9 offer in Case Number 6988?

10 Mr. Padilla, if you will identify those --
11 that group of letters as Exhibit One in this case, it will be
12 admitted in evidence.

13 MR. PADILLA: I will.

14 MR. NUTTER: If there is nothing further
15 in Case Number 6988, we'll take the case under advisement.

16
17 (Hearing concluded.)
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Phone (505) 455-7409

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion Division was reported by me; that the said transcript
is a full, true, and correct record of the hearing, prepared
by me to the best of my ability.

SALLY W. BOYD, C.S.R.
Rt. 1 Box 193-B
Santa Fe, New Mexico 87501
Phone (505) 455-7409

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 6988,
heard by me on Aug 4 1980.

[Signature], Examiner
Oil Conservation Division

Telegram

western union

Telegram

western union

Telegram

western union

Telegram

western union

Telegram

western union

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AYA! 94(1949)(4-0594243216)PD 08/05/80 1949

IGS IPMBNGZ CSP
3037781982 NL TDBN DENVER CO 229 08-05 0749P EST
PMS MR JOE RAMEY
DIRECTOR STATE OF NEW MEXICO RPT DLY MGM, DLR
OIL AND GAS CONSERVATION COMMISSION
STATE LAND OFFICE BLDG
SANTA FE NM 87501

SUBJECT: PHELPS DODGE WELLS #2 LOCATED IN UNIT J OF SECTION 4, #3 IN
UNIT P, #3Y IN UNIT 1 SECTION 9, ALL IN TOWNSHIP 28 NORTH RANGE 21
EAST, AND #5 IN UNIT P OF SECTION 24, TOWNSHIP 28 NORTH RANGE 20,
EAST COLFAX COUNTY, PLUGGING BOND.

YESTERDAY, MONDAY AUGUST 4, 1980 AT 11:20PM WE RECEIVED A CERTIFIED
LETTER FROM YOUR OFFICE INDICATING THAT A HEARING WAS TO BE HELD 2
DAYS LATER ON WEDNESDAY AUGUST 6 CONCERNING THE ABOVE REFERENCE.
UNFORTUNATELY, MR BENNETT IS NOT HERE TO ATTEND THE HEARING BECAUSE

HE IS ON VACATION IN THE STATE OF NEW MEXICO.
IN OUR LETTER DATED JULY 18 TO YOUR OFFICE, WE INDICATED THAT A RIG
WOULD SOON BE ARRIVING TO ATTEND TO THE BUSINESS CITED IN MR CARL
ULVOG'S LETTER DATED MAY 30, 1980. SNYDER DRILLING AND COUGAR
PETROLEUM OF DENVER WHO WERE INVOLVED IN DRILLING OPERATIONS WITH US
IN THIS AREA, HAVE CONTRACTED WITH GUSTIN DRILLING COMPANY OF
KIRTLAND, NEW MEXICO, TO CLEAN UP THESE WELLS ON AUGUST 11TH. THIS
RIG, IN PART, IS ALSO BEING CONTRACTED BY HALLIBURTON WHO
INADVERTENTLY CEMENTED UP THE PHELPS DODGE WELL #4. WE ARE TODAY
ADVISED BY MR SNYDER OF SNYDER DRILLING THAT THE CLEANUP WORK WILL BE
DONE ON OR ABOUT AUGUST 11TH.

PAULINE MANIATIS, SECRETARY TO MR BENNETT
BENNETT PETROLEUM CORP, 1580 LINCOLN ST SUITE 630, DENVER CO. 80203

1580 LINCOLN ST SUITE 630

Enclosed with this docket is one copy each of recently revised Forms C-132 and C-132-A. You may wish to keep these forms in your files for reproduction and use in filing for NCPA gas well price determinations.

Docket No. 24-80

Dockets Nos. 26-80 and 27-80 are tentatively set for August 20 and September 3, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - AUGUST 5, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6848: (DE NOVO)

Application of Petroleum Development Corporation for pool contraction and creation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the Querecho Plains-Bone Spring Pool to comprise the Upper Bone Spring formation only, from 8390 feet to 8680 feet on the log of its McKay West Federal Well No. 1 located in Unit F of Section 34, Township 18 South, Range 32 East, and the creation of the Querecho Plains-Lower Bone Spring Pool to comprise said formation from 8680 feet to the base of the Bone Spring underlying the NW/4 of said Section 34.

Upon application of Petroleum Development Corporation this case will be heard De Novo pursuant to the provisions of Rule 1220.

CASE 6987: Application of Getty Oil Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of continued secondary recovery operations, all mineral interests from a point 100 feet above the base of the Seven Rivers formation down to the base of the Queen formation underlying the Myers Langlie Mattix Unit Area, which encompasses 9360 acres, more or less, being all or portions of the following lands in Lea County, New Mexico: Sections 25 and 36, Township 23 South, Range 36 East; Sections 28 thru 34, Township 23 South, Range 37 East; Sections 1 and 12, Township 24 South, Range 36 East; and Sections 2 thru 11, Township 24 South, Range 37 East.

Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.

Docket No. 25-80

DOCKET: EXAMINER HEARING - WEDNESDAY - AUGUST 6, 1980

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

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

CASE 6988: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Bennett Petroleum Corporation, The Travelers Indemnity Company, and all other interested parties to appear and show cause why the Phelps Dodge Well No. 22 in Unit J of Section 4 and Wells Nos. 3 in Unit P and 37 in Unit I of Section 9, all in Township 28 North, Range 21 East, and No. 5 in Unit P of Section 24, Township 28 North, Range 20 East, Colfax County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6989: Application of Read & Stevens, Inc. for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Lancaster Spring Unit Area, comprising 960 acres, more or less, of State, Federal, and fee lands in Township 22 South, Range 26 East.

CASE 6990: Application of Read & Stevens, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the North Haystack Unit Area, comprising 4800 acres, more or less, of State, Federal, and fee lands in Township 5 South, Range 26 East.

CASE 6991: Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in a 100 foot perforated interval between 4400 feet and 4800 feet in its South Hobbs Unit Well No. 103 in Unit B of Section 15, Township 19 South, Range 38 East, Hobbs Grayburg-San Andres Pool.

CASE 6992: Application of Amoco Production Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Anderson 3 Com. Well No. 1 in Unit R of Section 3, Township 16 South, Range 32 East.

CASE 6956: (Continued from July 9, 1980, Examiner Hearing)

Application of Amoco Production Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State "GH" Well No. 1 located in Unit F of Section 21, Township 16 South, Range 35 East.

CASE 6957: (Continued from July 9, 1980, Examiner Hearing)

Application of Amoco Production Company for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its State HK Com Well No. 1 located in Unit L of Section 6, Township 24 South, Range 25 East.

CASE 6993: Application of Tom Bolack for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the S/2 of Section 1, Township 30 North, Range 12 West, to be dedicated to a well to be drilled at a standard location thereon. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6994: Application of Enserch Exploration, Inc. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Siluro-Devonian formations underlying the N/2 of Section 14, Township 25 South, Range 34 East, to be dedicated to a well to be drilled at a standard location thereon. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6995: Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Penrose Skelly, Blinbry, and Drinkard production in the wellbore of its L. G. Warlick Well No. 2 located in Unit B of Section 19, Township 21 South, Range 37 East.

CASE 6996: Application of John E. Schalk for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Blanco Mesaverde Pool underlying the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to a well to be drilled at a standard location thereon. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 6982: (Continued from July 23, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Aminoil USA to appear and show cause why its 1980 Plan of Operation/Development for its Willow Lake Unit Area, Eddy County, New Mexico, should not be disapproved.

CASE 6997: Application of Benson-Montin-Greer Drilling Corporation for amendment of pool rules, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the Special Rules and Regulations for the West Puerto Chiquito-Mancos Oil Pool, as promulgated by Order No. R-2565-B, which currently prescribe 320-acre spacing for pool.

Applicant proposes that said rules be amended to provide for 640-acre spacing units with wells to be located within 165 feet of the center of a governmental quarter section.

Applicant further seeks approval for the following non-standard spacing units in Township 24 North, Range 1 East: two 640-acre units being the E/2 of Section 7 and W/2 of 8, and the W/2 of Section 17 and E/2 of 18; and two 480-acre units being the N/2 of Section 19 and NW/4 of 20, and the S/2 of Section 19 and SW/4 of 20; in Township 24 North, Range 1 West: a 320-acre unit being the N/2 of Section 1 and two 640-acre units being the N/2 of Sections 23 and 24, and the S/2 of Sections 23 and 24; also the following eight 640-acre units: the W/2 of Section 29 and E/2 of 30, Township 25 North, Range 1 East; the E/2 of Section 19 and W/2 of 20, Township 26 North, Range 1 East; the E/2 of Sections 5 and 8; the W/2 of Sections 5 and 8; the E/2 of Sections 17 and 20; and the W/2 of Sections 17 and 20, all in Township 26 North, Range 1 West; the W/2 of Sections 1 and 12, and the W/2 of Sections 13 and 24, all in Township 27 North, Range 1 West; also three 600-acre units being the W/2 of Section 25 and all of 26; all of Section 27 and the E/2 of 28; and the W/2 of Section 28 and all of 29, Township 27 North, Range 1 West; and one 400-acre unit in the same township comprising all of Section 30.

OIL CONSERVATION DIVISION
P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

July 28, 1980

CERTIFIED - RETURN
RECEIPT REQUESTED

C
O
P
Y

Bennett Petroleum Corporation
The Denver Center Building
1776 Lincoln Street, Suite 908
Denver, Colorado 80203

The Travelers Indemnity Company
Bayly, Martin and Fay, Inc.
P. O. Box 8809
Denver, Colorado 80202

Re: Phelps Dodge Wells No. 2,
located in Unit J of Section
4, No. 3 in Unit P and No. 3Y
in Unit I of Section 9, all
in Township 28 North, Range 21
East, and No. 5 in Unit P of
Section 24, Township 28 North,
Range 20 East, Colfax County
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner
Hearing to be held on Wednesday, August 6, 1980, at 9
o'clock a.m. in the Oil Conservation Division Conference
Room, State Land Office Building, Santa Fe, New Mexico.
Case 6988 concerns the above captioned subject matter.

Very truly yours,

ERNEST L. PADILLA
General Counsel

ELP/rd
enc.

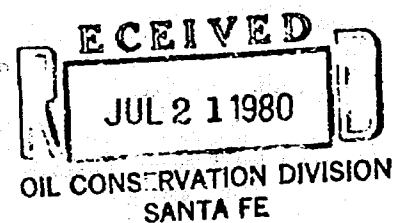
**Bennett
Petroleum
Corporation**

The Denver Center Building --
1776 Lincoln Street, Suite 808 --
Denver, Colorado 80203 --
303/832-5941 --

630 Lincoln Court Building
1580 Lincoln Street
Denver, Colorado 80203
303/832-1555

July 18, 1980

Mr. Carl Ulvog
District IV Supervisor
State of New Mexico
Energy and Minerals Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



Re: Abandoned Wells
Phelps Dodge #2, #3, #3-Y
and #5, Colfax County,
New Mexico

Dear Mr. Ulvog:

We are in receipt of your letter of May 30, 1980, regarding the cleaning up of our locations and abandoning certain wells we have no further use for.

As you know, obtaining rigs has been somewhat difficult these past few months; however, we have two rigs, one in Colorado and a backup out of New Mexico, who plan to be on location in approximately three weeks' time to attend to matters discussed in your letter. Thank you for your consideration.

Very truly yours,


R. E. Bennett
President

REB:pm



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

May 30, 1980

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Case 6988

Bennett Petroleum Corporation
1776 Lincoln Street
Denver, Colorado 80203

Subject: Abandoned Wells
Phelps Dodge #2, #3, #3-Y,
and #5, Colfax County,
New Mexico

Gentlemen:

Inspections of the subject locations have been made periodically, most recently on 2/6/80, 3/19/80, and 5/27/80. It should be noted that Well Nos. 3 and 3-Y reached their present depths more than one and one-half years ago. Both of these locations were proposed for plugging (by Forms C-103) more than four months ago. It is apparent that this plugging for abandonment has not been done. Furthermore, the No. 3 well has been leaking gas from the annulus of the 10 3/4" casing and the 6 1/4" casing for at least six months and notices of this condition have been called (via telephone) to your office several times-- most recently on 3/21/80.

Well No. 5 appears to have been abandoned since 1/8/80, and Well No. 2 since 2/9/80. Apparently some plugging was done on the No. 2, although the plugging for abandonment has not been completed. Both of these locations are in bad condition, particularly at Well No. 2 where caving poses a hazard as do the open oily pits. If the pits at these locations are not covered in the immediate future, then the sites should be fenced. This is standard procedure and is cheap insurance against lawsuits.

Presumably you are aware that a well in this state must be properly plugged for abandonment within sixty days after drilling ceases. It is obvious that all of the foregoing wells are overdue for plugging. Please give this matter your immediate consideration.

Yours truly,

Carl Ulvog
CARL ULVOG
District IV Supervisor

CU/og
encl.

Bennett
Petroleum
Corporation

Case 6988

The Denver Center Building
1776 Lincoln Street, Suite 808
Denver, Colorado 80203
303 / 839-5941

April 4, 1980

Mr. Carl G. Ulvog
Geologist and Oil and Gas Supervisor
State of New Mexico
Oil and Gas Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Form Nos. C-103 and C-105
Phelps Dodge Well Nos. 2, 3-Y, 5
Colfax County, New Mexico

Dear Mr. Ulvog:

Please find enclosed duplicate copies of the following forms for the following wells drilled in Colfax County, New Mexico:

1. Form C-103 - Notice of Intention to Plug and Abandon Phelps Dodge #2 Well, 1534 FSL and 1751 FEL, Section 4, Township 28 North, Range 21 East.
2. Form C-105 - Well Completion Report, above well, w/Induction Electric Log, Compensated Density, and Compensated Neutron Logs attached.
3. Form C-103 - Notice of Intention, Squeezed 60 sx. cement down annulus on 2/8/80 and will plug and abandon well when rig arrives, Phelps Dodge #3-Y Well, 1645 FSL and 4216 FWL, Section 9, Township 28 North, Range 21 East.
4. Form C-105 Well Completion Report, Phelps Dodge #5 Well, 637 FSL and 746 FEL, Section 24, Township 28 North, Range 20 East. w/Induction and Formation Density Logs, Continued...

Mr. Carl G. Ulvog
State of New Mexico
Oil and Gas Conservation Commission
Page Two
April 4, 1980

and Drill Stem Test attached.

5. Form C-103 - Notice Phelps Dodge #5 Well
shut-in to test Pierre shale.

Very truly yours,

BENNETT PETROLEUM CORPORATION



R. E. Bennett
President

/pm

Encs.

cc: Mr. Jim Snyder (w/o encs.)
The Marlin Oil Company
Denver Club Building
518-17th Street
Denver, Colorado 80202

Mr. Duane S. Larson (w/copies of Forms)
903 Republic Building
Denver, Colorado 80202

**Bennett
Petroleum
Corporation**

The Denver Center Building
1776 Lincoln Street, Suite 808
Denver, Colorado 80203
303 / 839-5941

January 25, 1980

Mr. C. G. Ulvog
Geologist and Oil and Gas Supervisor
State of New Mexico
Oil and Gas Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Phelps Dodge Well
Nos. 3, 3-Y, 5 and 2
Colfax County, New Mexico

Dear Mr. Ulvog:

We are in receipt of your letter of January 15, 1980, regarding operations on our Phelps Dodge wells.

As I discussed with you yesterday, we were under the impression that Southwest Laboratories filed duplicate copies of well test data on Phelps Dodge Nos. 3 and 3-Y with your office. Apparently, this was not done, and we are herein enclosing that data.

The 3 and 3-Y wells have not been abandoned because we were awaiting the arrival of the rig, which is presently drilling within this area. We are also enclosing Form C-103 indicating our intentions to plug both these wells.

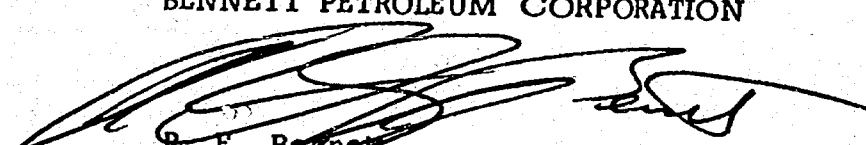
As regards the drilling of Well No. 5, the drilling contractor, Jim Snyder Drilling of Denver, was supposed to be handling the reporting requirements. This, apparently, was Mr. Snyder's first operation in New Mexico and he was unaware of the timing requirements on reporting. We have given him the necessary forms and believe he called your office today to insure that he understood the requirements. As regards the drilling of Well No. 2, we do not understand the lack of approval on this well. We are attaching a copy of Form C-101 that indicates our permit to drill this well expires January 15, 1980.

Mr. C. G. Ulvog
Geologist and Oil and Gas Supervisor
State of New Mexico
Page Two
January 25, 1980

This well was spudded October 2, 1979, with a small rig which set 8-5/8" casing. The larger rig arrived on location January 14, 1980 and, on the 15th, we were drilling at 1,082'. Today, January 25, they are drilling at 2450'. Apparently, you were not notified, as required, as to when drilling was to begin on this well. We are certainly in error and sorry for the oversight.

Very truly yours,

BENNETT PETROLEUM CORPORATION



R. E. Bennett
President

REB:pm

Encs.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

January 15, 1980

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87500
(505) 827-2434

Bennett Petroleum Corporation
1776 Lincoln Street
Denver, Colorado 80203

Attention: Mr. R. E. Bennett

Re: Phelps Dodge Wells
Colfax County, New Mexico

Dear Mr. Bennett:

Attached are copies of the most recent reports submitted for each of four wells operated by your company. Also attached is a copy of part of Rule 1103, New Mexico Oil Conservation Division Regulations.

A cursory examination of this information will illustrate that you are delinquent in filing reports for all four of your wells. Although the requests for testing the Phelps Dodge Wells No. 3 and 3Y were granted, and a check with Southwestern Laboratories revealed that such testing was in fact performed, no results of same were submitted. Because of this, and because the wells have presumably been abandoned for eight months or more without permission, it is imperative that some action be taken since Rule 202B has clearly been violated. Furthermore, you were advised on October 11, 1979, that both of these wells were leaking gas to the atmosphere. To date, we have had no report of any repairs or workovers to stop such leakage (see Rule 3).

A routine inspection on January 8, 1980, found that the Phelps Dodge Well No. 5 had been drilled to some depth and casing had been set and cemented. No data pertaining to the drilling, casing, or cementing have been provided this office. Likewise, no information has been received pertaining to the Phelps Dodge Well No. 2, and as you will observe from the copy of the Form C-101 (attached) approval of that permit has expired.

Kindly review the foregoing, examine the attached, refer to the various rules mentioned, and advise this office of your intentions.

Yours truly,

CARL ULVOG
District IV Supervisor

CU/dr

Bennett's Bridge Dodge wells.

#3 C-101 (app) Bld Oct 11, 1977

Spud Oct 14th (1 day per app)

Temp Bld 11/2/77

Tested ± 5/30/79 (at 40 to 60 HSCFD) - TD

Int. to P4A 1/24/80

10 3/4" @ 155' w/100 rax (10/6/77)

(Link at 2542'-2626' cam w/100 rax)

TD 2961'

7" @ 2618' w/200 rax

no pf.

#3-Y C-101 (app) Bld 11/14/77

Spud 11/4/77 (10 days per app)

Temp Bld 11/22/77

Tested ± 6/6/79 (at 40 to 50 HSCFD) - TD

Int. to P4A 1/24/80

Spud 6000 rax cam to annular 2/8/80

10 3/4" @ 151' w/105 rax

7" @ 2915' w/100 rax

TD 2972'

no pf.

#2 C-101 (app) 9/19/79

Spud 1/13/80 (no note)

P4A 2/1/80

8 5/8" @ 140' w/150 rax

TD 3318'

#5 C-101 (app) 9/19/79

Spud 9/29/79

Tested (DST) 1/6/80

SI for test 3/20/80

8 5/8" @ 140' w/150 rax

5 1/2" @ TD 3057' w/200 rax

Marlin Oil Co

Snyder Dalg

Cougar Petr

Hunter Dalg

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6988

Order No. R-6453

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT BENNETT PETROLEUM CORPORATION, THE TRAVELERS INDEMNITY COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE PHELPS DODGE WELL NO. 2 IN UNIT J OF SECTION 4 AND WELLS NOS. 3 IN UNIT P AND 3Y IN UNIT I OF SECTION 9, ALL IN TOWNSHIP 28-NORTH, RANGE 21 EAST, AND NO. 5 IN UNIT P OF SECTION 24, TOWNSHIP 28 NORTH, RANGE 20 EAST, COLFAX COUNTY, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on August 6, 19 80, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of August, 19 80, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.

(2) That Bennett Petroleum Corporation is the owner and operator of the Phelps Dodge Well No. 2 in Unit J of Section 4 and the Wells Nos. 3 in Unit P and 3Y in Unit I of Section 9, all in Township 28 North, Range 21 East, and No. 5 in Unit P of Section 24, Township 28 North, Range 20 East, Colfax County, New Mexico.

(3) That The Travelers Indemnity Company is the surety on the Oil Conservation Division plugging bond on which Bennett Petroleum Corporation is principal.

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

(5) That in order to prevent waste and protect correlative rights said above-described wells should be plugged and abandoned in accordance with a program approved by

★ North, Range 20 East, Colfax County, New Mexico.

the Santa Fe District Office of the New Mexico Oil Conservation Division on or before October 15, 1980, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Bennett Petroleum Corporation and The Travelers Indemnity Company are hereby ordered to plug and abandon the Phelps Dodge Well No. 2 in Unit J of Section 4 and Wells Nos. 3 in Unit R ~~and 3Y in Unit I of Section 2, all in Township 28 North, Range 21 East, and No. 5 in Unit P of Section 24, Township 28 North, Range 20 East, NMPM, Colfax County, New Mexico,~~ located in Unit of Section Township, Range, NMPM, County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before October 15, 1980.

(2) That Bennett Petroleum Corporation and The Travelers Indemnity Company, prior to plugging and abandoning the above-described well, shall obtain from the Santa Fe office of the Division, a Division-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 Division may, at its option, witness such work.

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

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