

STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING)
 CALLED BY THE OIL CONSERVATION)
 DIVISION FOR THE PURPOSE OF)
 CONSIDERING:) CASE NO. 11,380
)
 HEARING CALLED BY THE OIL)
 CONSERVATION DIVISION UPON)
 ITS OWN MOTION)
 _____)

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

ORIGINAL

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

September 8th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Friday, September 8th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

September 8th, 1995
 Examiner Hearing
 CASE NO. 11,380

	PAGE
DIVISION WITNESS:	
<u>JOHNNY ROBINSON (Present by telephone)</u> Direct Examination by Mr. Carroll	4
REPORTER'S CERTIFICATE	11

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	4	9
Exhibit 2	7	9
Exhibit 3	9	9

* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 2040 South Pacheco
 Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 9:15 a.m.:

3
4
5
6 EXAMINER STOGNER: Hearing will come to order.

7 Call the next case, Number 11,380, which is in
8 the matter of the hearing called by the Oil Conservation
9 Division upon its own motion to permit Sovereign Oil
10 Company, as operator, Allied Fidelity Insurance Company, as
11 surety, and all other interested parties to appear and show
12 cause why a certain well in San Juan County, New Mexico,
13 should not be properly plugged and abandoned.

14 At this time I'll call for appearances.

15 MR. CARROLL: Rand Carroll on behalf of the Oil
16 Conservation Division.

17 I have one witness that has previously been
18 sworn.

19 EXAMINER STOGNER: Let the record show that Mr.
20 Johnny Robinson, who's appeared in the last case, 11,379,
21 has been sworn.

22 And also please note that this is a telephone
23 conference and the witness is not here today, he appears
24 over the telephone.

25 Okay, Mr. Carroll, you may proceed.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

JOHNNY ROBINSON,

the witness herein, after having been first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. CARROLL

Q. Mr. Robinson, will you please state your name, your employer and your position with that employer for the record?

A. My name is Johnny Robinson. I work for the New Mexico Oil Conservation Division. I'm a Field Rep 2 at the Aztec District, in charge of plugging wells --

Q. And Mr. Robinson --

A. -- organizing hearings.

Q. Mr. Robinson, have you had an opportunity to testify before this Division before regarding the plugging of wells and had your qualifications accepted?

A. Yes, I have.

MR. CARROLL: Mr. Examiner, are Mr. Robinson's qualifications acceptable?

EXAMINER STOGNER: They still are.

Q. (By Mr. Carroll) Mr. Robinson, if you will refer to what has been marked OCD Exhibit Number 1, what is contained in that exhibit?

A. Exhibit Number 1 contains various permits, sundry notices and history of the well. The completion of the

1 well was, they set surface pipe to 256 feet that was
2 circulated. A long string was set at 3180 and the top of
3 the cement at 607 feet.

4 Q. And the well in question is the Navajo Lake 32-6
5 Number 1?

6 A. Right.

7 Q. And that is operated, or was operated, by
8 Sovereign Oil Company; is that correct?

9 A. Yes, sir.

10 Q. What is the current status of Sovereign Oil
11 Company?

12 A. Sovereign Oil Company was bankrupt and is no
13 longer in business.

14 Q. Is there any successor to Sovereign Oil Company
15 that you're aware of?

16 A. No, sir, not that I'm aware of.

17 Q. Where does Richmond Petroleum, Inc., come in?

18 A. I talked to one of the operators and he had heard
19 that they had been given that well in a bankruptcy court.
20 And that's why I sent them a letter, to make sure that that
21 was either true or not true.

22 And they returned a letter stating that they
23 didn't have anything to do with the well. So it was either
24 the wrong information or -- they didn't agree with that.

25 Q. When is the last contact you had with Sovereign

1 or that the OCD had with Sovereign?

2 A. I tried to -- I sent a letter, certified letter,
3 to Sovereign that was not received. It was returned. In
4 my files I had a phone number. I tried the phone number.
5 It was an answering machine. I left several messages
6 asking that they return the call and what I was calling
7 about, and I never heard from anyone from Sovereign.

8 Q. And are you aware of any bankruptcy-court-
9 appointed trustee for Sovereign Oil Company?

10 A. No, sir.

11 Q. And how do you know that Sovereign Oil Company is
12 in bankruptcy?

13 A. Just what I -- Charles Gholson, who was the Field
14 Rep 2 before I was and has been here a long time, he told
15 me that that was what happened.

16 Q. When was the last production from the well in
17 question?

18 A. 1990.

19 Q. And what's the current status of this well?

20 A. The well is shut in. The reason that they shut
21 the well in was because of too much water production, and
22 they were putting the produced water to a pit and it was
23 not approved, and it made the production of the well
24 uneconomical.

25 Q. And is the current status of the well such that

1 fresh water or the environment may be threatened?

2 A. Yes, sir, the lake is about 200 yards from the
3 well. And with the water flow and the open casing at the
4 surface or below the surface pipe, there's a possibility of
5 casing deteriorating and having a problem.

6 Q. Mr. Robinson, do you have a recommended plugging
7 procedure for this well to protect fresh water and the
8 environment?

9 A. Yes, sir.

10 Q. And is that set forth in what has been marked as
11 OCD Exhibit Number 2?

12 A. Yes, it is.

13 Q. Is there anything special or unusual about your
14 recommended plugging procedure?

15 A. No, it's a pretty basic procedure.

16 Q. Okay. Mr. Robinson, is there a current plugging
17 bond for this well?

18 A. No, sir, there isn't.

19 Q. And per your conversation with Ms. Diane
20 Richardson, was that -- was the bond that was formally
21 filed for this well canceled a few years ago?

22 A. No, from our conversation she couldn't find where
23 they had had a bond.

24 Q. All right. Allied Fidelity Insurance Company is
25 listed in the ad. Do you know why Allied Fidelity is

1 listed in the ad?

2 A. I had that in my well file. There was a letter
3 there about Allied.

4 Q. Can you find that in the exhibit?

5 A. It's page 17.

6 EXAMINER STOGNER: Which exhibit?

7 THE WITNESS: In Exhibit 1.

8 EXAMINER STOGNER: What is that letter?

9 THE WITNESS: It's just a letter from Joe Ramey,
10 and it's stating that they have approved the plugging bond.

11 Q. (By Mr. Carroll) So, Mr. Robinson, there was a
12 bond at one time in place for this well?

13 A. Yes, sir, from this paper I would say there was.

14 EXAMINER STOGNER: I'm sorry, go ahead.

15 Q. (By Mr. Carroll) Mr. Robinson, at one time there
16 was a bond in place, and it is my understanding from a
17 conversation with Diane Richardson that this bond was
18 canceled, either accidentally or for some purpose, a number
19 of years ago.

20 You never had any conversation with Ms.
21 Richardson regarding the cancellation of that bond?

22 A. I don't recall that. I know we talked about it
23 and she couldn't find the bond.

24 Q. Okay.

25 A. But we really didn't get into why we didn't have

1 a bond.

2 Q. All right.

3 A. So that is possible.

4 Q. Mr. Robinson, if I can refer you to what has been
5 marked OCD Exhibit Number 3, that is a copy of the letter
6 sent to Sovereign Oil Company at four different addresses
7 and to Richmond Petroleum, Inc.; is that correct?

8 A. Yes, sir.

9 Q. And attached are the receipts, copies of either
10 the return letters or the return receipts; is that correct?

11 A. Right.

12 Q. And apparently Allied Fidelity wasn't sent
13 notice, because we had canceled the bond a number of years
14 ago?

15 A. Allied is out of business. They're no longer in
16 business.

17 MR. CARROLL: That might have been the reason for
18 the cancellation.

19 Mr. Examiner, I offer what has been marked OCD
20 Exhibit Numbers 1, 2 and 3 into the record.

21 And with that, I rest my case.

22 EXAMINER STOGNER: Exhibits 1, 2 and 3 will be
23 admitted into evidence.

24 And I don't have any questions.

25 Anybody have anything further?

1 Mr. Robinson, you may be excused. Talk to you
2 later. Have a good day.

3 THE WITNESS: Thank you.

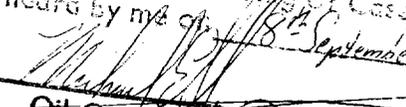
4 MR. CARROLL: Thanks Johnny.

5 EXAMINER STOGNER: With that, Case Number 11,380
6 will be taken under advisement.

7 With that, hearing adjourned.

8 (Thereupon, these proceedings were concluded at
9 9:25 a.m.)

10 * * *

11
12
13
14
15
16
17
18
19
20
21 I do hereby certify that the foregoing is
22 a complete record of the proceedings in
23 the Examiner hearings of Case No. 11380,
24 heard by me on 18 September 1993.
25 
Oil Conservation Division, Examiner

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
 COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL September 16th, 1995.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998