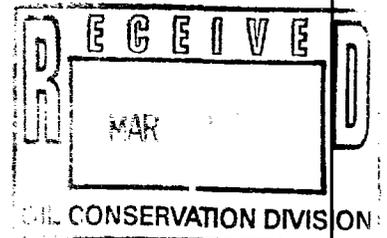


STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION FOR THE)
PURPOSE OF CONSIDERING:)
)
IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION ON ITS OWN)
MOTION TO PERMIT THE OPERATOR, SOFIA)
EXPLORATION COMPANY, FIRST NATIONAL BANK)
IN CLAYTON, AND ALL OTHER INTERESTED)
PARTIES TO APPEAR AND SHOW CAUSE WHY A)
CERTAIN WELL IN UNION COUNTY, NEW)
MEXICO, SHOULD NOT BE PROPERLY PLUGGED)
AND ABANDONED)

CASE NO. 11,488

ORIGINAL



REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

March 7th, 1996

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, March 7th, 1996, 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

March 7th, 1996
 Examiner Hearing
 CASE NO. 11,488

PAGE

DIVISION WITNESS:

ROY JOHNSON

Direct Examination by Mr. Carroll	4
Examination by Examiner Stogner	7

REPORTER'S CERTIFICATE	10
------------------------	----

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	5	7
Exhibit 2	6	7
Exhibit 3	6	7

* * *

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 1:21 p.m.:

3
4
5
6 EXAMINER STOGNER: At this time I'll call Case
7 Number 11,488, which is in the matter of the hearing called
8 by the Oil Conservation Division on its own motion to
9 permit the operator, Sofia Exploration Company, First
10 National Bank in Clayton, and all other interested parties
11 to appear and show cause why a certain well in Union County
12 -- which is north and east of Harding County -- should not
13 be properly plugged and abandoned.

14 At this time I'll call for appearances.

15 MR. CARROLL: May it please your Honor, my name
16 is Rand Carroll and I'm here representing the New Mexico
17 Oil Conservation Division.

18 I have one witness who was previously sworn in
19 the prior case.

20 EXAMINER STOGNER: Thank you, Counselor.

21 Let the record show that Mr. Roy Johnson has been
22 previously sworn in in Case Number 11,487. Mr. Johnson,
23 I'll remind you that you're still under oath in this
24 matter.

25 Mr. Carroll?

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

ROY JOHNSON,

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

DIRECT EXAMINATION

BY MR. CARROLL

Q. Mr. Johnson, will you please state your name, your place of residence, your employer and your position for the record?

A. My name is Roy Johnson, I reside in Santa Fe, New Mexico, I work for the New Mexico Oil Conservation Division in Santa Fe as Senior Petroleum Geologist.

Q. Mr. Johnson, have you testified before this Division before regarding the plugging of abandoned wells in your district?

A. I have.

Q. And were your qualifications acceptable?

A. They were.

MR. CARROLL: Mr. Examiner, I offer Mr. Johnson's qualifications.

EXAMINER STOGNER: Mr. Johnson is still so qualified.

Q. (By Mr. Carroll) Mr. Johnson, will you please give the Examiner a brief history of the Roxana State Well Number 1, which is the subject matter of Case 11,488?

A. Roxana State Well Number 1 was permitted back in

1 1986, November of 1986.

2 The problem that we have with this well, it was
3 drilled to TD, it is capable of making over 600,000 cubic
4 feet of CO₂ a day, there is no tubing in the hole. I feel
5 that the corrosion is going to be a major factor eventually
6 in this well and that the operator no longer exists.

7 So the State was going to have to take this well
8 over and plug it accordingly.

9 Q. Mr. Johnson, how do you know the operator no
10 longer exists?

11 A. We tried to write the operator in writing, and
12 numerous phone calls.

13 Also, in conversations with the bank in Clayton,
14 First National Bank of Clayton, we have come to find out
15 that the cash plugging bond on this well has reached
16 maturity -- I believe it's been three, possibly four
17 times -- and the bank has tried to contact Sofia
18 Exploration with absolutely no success.

19 Q. Mr. Johnson, what's the current condition --
20 Well, you've pretty much gone over the current condition of
21 the well.

22 Mr. Johnson, have you worked up a plugging
23 procedure that you recommend for the plugging of this well?

24 A. I have. It is on the first page of Exhibit 1, on
25 the left-hand side of the page, and we propose to set one

1 cement plug from 1600 feet to 1950, the second cement plug
2 between 880 and 980 feet, and then a surface plug of ten
3 sacks.

4 Q. Mr. Johnson, in your opinion will the plugging of
5 this well prevent waste, protect correlative rights, and
6 protect public health and the environment?

7 A. Yes.

8 Q. Mr. Johnson, you mentioned a \$7500 one-well cash
9 bond that's in effect, that has been placed with the First
10 National Bank in Clayton?

11 A. Yes, sir.

12 Q. And is the information on that bond contained on
13 OCD Exhibit Number 2?

14 A. The original information, yes. Presently the
15 cash bond, I believe, with the maturity of that CD, is in
16 excess of \$8300.

17 MR. CARROLL: Mr. Examiner, if you will please
18 refer to OCD Exhibit Number 3, this is a copy of the notice
19 that was sent to Sofia Exploration Company and the First
20 National Bank in Clayton. The notice sent to Sofia
21 Exploration was returned as addressee unknown, and the
22 First National Bank in Clayton did sign regarding their
23 copy of the notice.

24 With that, I offer what has been marked OCD
25 Exhibits Numbers 1 through 3 into evidence.

1 EXAMINER STOGNER: Exhibits 1 through 3 will be
2 admitted into evidence at this time.

3 MR. CARROLL: Your Honor, that's all I have in
4 this matter.

5 EXAMINATION

6 BY EXAMINER STOGNER:

7 Q. Mr. Johnson, I show two well schematics, one
8 submitted by Sofia Exploration with their C-105 --

9 A. Yes, sir.

10 Q. -- and then your proposed one.

11 Was this well previously plugged in the manner in
12 which --

13 A. It has been plugged back. This well went to a TD
14 of 3764, and Sofia tested two intervals from 2820 to 3154,
15 ended up losing tools in the hole, cast iron bridge plugs,
16 and has been plugged back to 2700 feet.

17 Q. And you plan to go back to the top of that plug?

18 A. Precisely.

19 Q. And then -- Now, will you run a squeeze on those
20 perforations at 16- -- Now, these are perforations that
21 you're proposing in these two --

22 A. No, sir. No, sir.

23 Q. No?

24 A. The top of the cement on this well is at 930
25 feet. Presently the gas is coming from 1652 to 1892 feet,

1 through two separate sands in there. I am proposing to put
2 a plug across both those intervals.

3 The second plug would be across the top of the
4 cement at 930, and any freshwater sands are from 400 feet
5 to surface.

6 Q. Are you going to try to retrieve any of that
7 casing from 930 up?

8 A. No, sir.

9 Q. Just leave it in there?

10 A. Just leave it in there.

11 Q. And then your dryhole marker above that?

12 A. Yes, sir.

13 Mr. Examiner, it is my intent, because this well
14 is capable of producing CO₂ in excess of 600,000 a day,
15 that the wellbore should be plugged and be mechanically
16 sound, but in the same alternative, at some time in the
17 future that this wellbore can be re-entered and that CO₂
18 produced.

19 Q. Is there any CO₂ production around this well?

20 A. Approximately 30 miles to the southeast.

21 Q. Who presently owns the rights to produce CO₂ in
22 this area?

23 A. In this area, it's all state acreage, and all
24 acreage is available for lease. It is not under lease.

25 EXAMINER STOGNER: I have no other questions of

1 this witness.

2 (Off the record)

3 EXAMINER STOGNER: If there's no other questions
4 of this witness, he may be excused.

5 Do you have anything further, Mr. Carroll?

6 MR. CARROLL: That's all I have, your Honor.

7 EXAMINER STOGNER: Does anybody else have
8 anything further in Case 11,488?

9 If not, then this case will be taken under
10 advisement.

11 And this hearing is adjourned.

12 (Thereupon, these proceedings were concluded at
13 1:30 p.m.)

14 * * *

15

16

17

18

19

20

21

22

23

24

25

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 11488,
heard by me on 7 March 1996.

Examiner
Oil Conservation Division

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 March 20th, 1996.


 STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998