

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. 11,500

IN THE MATTER OF THE HEARING CALLED BY)
THE OIL CONSERVATION DIVISION ON ITS OWN)
MOTION TO PERMIT THE OPERATOR, H.W.)
PACE, AMERICAN MANUFACTURER'S MUTUAL)
INSURANCE COMPANY, SURETY, AND ALL OTHER)
INTERESTED PARTIES TO APPEAR AND SHOW)
CAUSE WHY THE PAT STATE WELL NUMBER 1,)
LOCATED IN UNIT P OF SECTION 30,)
TOWNSHIP 10 SOUTH, RANGE 27 EAST, CHAVES)
COUNTY, NEW MEXICO, SHOULD NOT BE)
PLUGGED AND ABANDONED IN ACCORDANCE WITH)
A DIVISION-APPROVED PLUGGING PROGRAM,)
AUTHORIZING THE DIVISION TO PLUG SAID)
WELL, AND ORDERING A FORFEITURE OF THE)
PLUGGING BOND)

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OIL CONSERVATION DIVISION

REPORTER'S TRANSCRIPT OF PROCEEDINGS
EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

March 21st, 1996
Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, March 21st, 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.

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I N D E X

March 21st, 1996
 Examiner Hearing
 CASE NO. 11,500

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APPLICANT'S WITNESSES:

RAY SMITH (Present by telephone)
 Direct Examination by Mr. Carroll 4

REPORTER'S CERTIFICATE 9

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	5	7
Exhibit 2	6	7
Exhibit 3	7	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 2:50 p.m.:

3 EXAMINER CATANACH: At this time we'll call Case
4 11,500, in the matter of the hearing called by the Oil
5 Conservation Division on its own motion to permit the
6 operator, H.W. Pace, American Manufacturer's Mutual
7 Insurance Company, surety, and all other interested parties
8 to appear and show cause why the Pat State Well Number 1,
9 located in Unit P of Section 30, Township 10 South, Range
10 27 East, Chaves County, New Mexico, should not be plugged
11 and abandoned in accordance a Division-approved plugging,
12 authorizing the Division to plug said well and ordering a
13 forfeiture of the plugging bond.

14 Are there appearances in this case?

15 MR. CARROLL: May it please the Examiner, my name
16 is Rand Carroll, appearing on behalf of the New Mexico Oil
17 Conservation Division, and I have one witness to be sworn
18 in.

19 EXAMINER CATANACH: Additional appearances in
20 this case?

21 There being none, we will swear in the witness at
22 this time. Let the record show that we have Mr. Ray Smith
23 testifying in this case. Ray is testifying from Artesia,
24 New Mexico, on the -- via conference call.

25 (Thereupon, the witness was sworn.)

1 EXAMINER CATANACH: Mr. Carroll, you may proceed.

2 RAY SMITH (Present by telephone),

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

5 DIRECT EXAMINATION

6 BY MR. CATANACH:

7 Q. Mr. Smith, will you please state your name and
8 residence for the record?

9 A. My name is Ray Smith. I live in Artesia, New
10 Mexico. I'm employed by the Oil Conservation Division,
11 State of New Mexico.

12 Q. What is your position with the OCD Artesia
13 office, Mr. Smith?

14 A. I'm Field Rep II.

15 Q. And as a Field Rep II, do your duties include
16 supervising the plugging of abandoned wells?

17 A. Yes, it does.

18 Q. Mr. Smith, on prior occasions have you testified
19 before this Division and had your qualifications as to the
20 subject matter of this case accepted?

21 A. I have.

22 MR. CARROLL: Mr. Examiner, are Mr. Smith's
23 qualifications acceptable?

24 EXAMINER CATANACH: Mr. Smith is so qualified.

25 Q. (By Mr. Carroll) Mr. Smith, are you familiar

1 with the well that is the subject matter of Case 11,500,
2 the H.W. Pace, operator, Pat State Well Number 1?

3 A. Yes, I am.

4 Q. And Mr. Smith, do you have before you what has
5 been marked OCD Exhibit Number 1?

6 A. Yes, sir.

7 Q. Mr. Smith, could you give the Examiner a brief
8 history of this well?

9 A. Okay. The well was spud on the 9th and 10th of
10 1979 with 7 7/8 casing. It was run to 386 feet and
11 cemented to surface. TD was reached on 11-4 of 1979 at
12 1016 feet. 5 1/2 casing was set at 1014 with cement being
13 circulated to surface. Casing was perforated at 842 feet
14 to 926 and followed by acidizing and sand frac. Our
15 records show the last production date July, 1982.

16 Q. And what's the current condition of this well,
17 Mr. Smith?

18 A. This well is sitting idle.

19 Q. And in your opinion is the plugging of this well
20 at this time necessary in order to protect correlative
21 rights, prevent waste and protect fresh water and the
22 environment?

23 A. Yes, I do.

24 Q. Mr. Smith, have you worked up plugging procedures
25 that you recommend to be utilized in the plugging of this

1 well?

2 A. Yes, I have.

3 Q. And are they set forth on page 2 of Exhibit
4 Number 1?

5 A. Page 2 of Exhibit 1.

6 Q. And have you anything to add to what is set forth
7 on that page at this time?

8 A. No, I do not.

9 Q. Okay, Mr. Smith, are you aware of -- I'll refer
10 you to what has been marked OCD Exhibit Number 2. It's
11 just one page. Does this page set forth the insurer and
12 the information regarding the bond, plugging bond, covering
13 this well?

14 A. Yes, it does.

15 Q. Mr. Smith, what attempts have been made to
16 contact the operator of this well to get that operator to
17 plug it?

18 A. I've sent a letter to -- I can't find my copy of
19 the letter.

20 Q. About when did you send the letter?

21 A. Okay, if that's a letter -- March 3 of 1995, to
22 H.W. Pace.

23 Q. And did you receive any response to that letter?

24 A. I did not. It was returned unopened.

25 MR. CARROLL: Okay. Mr. Examiner, if I can refer

1 you to what has been marked OCD Exhibit Number 3, this is a
2 copy of the notice of the hearing that was sent to Mr. H.W.
3 Pace in Midland, Texas, and to the insurance company that
4 has the bond in this case.

5 I did receive a response from the insurance
6 company dated March 13th of 1996, and I will add that to --
7 as the second page of Exhibit Number 2, behind the bond.

8 The insurance company has been in touch with Mr.
9 Pace, and there's some question on Mr. Pace's part whether
10 he is responsible for plugging the well. But Mr. Pace is
11 listed as the last named operator, according to our
12 records, and no C-104 was ever filed to change the operator
13 from him to anybody else.

14 So it is the Division's position that Mr. Pace is
15 still responsible until a C-104 is filed changing the
16 operatorship.

17 Q. (By Mr. Carroll) Mr. Smith, do you have anything
18 further you want to add in this case?

19 A. No, sir, I do not.

20 MR. CARROLL: Mr. Examiner, I offer what have
21 been marked OCD Exhibits 1 through 3 into evidence.

22 EXAMINER CATANACH: Exhibits 1 through 3 will be
23 admitted as evidence.

24 MR. CARROLL: That's all I have in this matter.

25 EXAMINER CATANACH: Mr. Carroll, the insurance

1 company was able to locate Mr. Pace but the Division was
2 not; is that correct?

3 MR. CARROLL: That is correct.

4 EXAMINER CATANACH: Were any additional attempts
5 made to contact Mr. Pace?

6 MR. CARROLL: I attempted to call Mr. Pace
7 yesterday, and there was no answer at the phone number the
8 insurance company gave to me, and he had no message
9 machine.

10 EXAMINER CATANACH: Okay, I believe that's all I
11 have in this case.

12 Anything further?

13 MR. CARROLL: No.

14 EXAMINER CATANACH: There being nothing further,
15 Case 11,500 will be taken under advisement.

16 (Thereupon, these proceedings were concluded at
17 3:00 p.m.)

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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 11500,
heard by me on March 21 1986.

David P. Catnach, Examiner
Oil Conservation Division

