

CASE NO. 44.

BEFORE THE OIL CONSERVATION COMMISSION OF THE
STATE OF NEW MEXICO.

IN THE MATTER OF: THE APPLICATION OF THE AMERICAN EMPLOYERS' INSURANCE COMPANY FOR AN ORDER UNDER WHICH THE TRANSFEREE OF ANY OIL OR GAS WELL OR OF THE OPERATION OF ANY SUCH OIL OR GAS WELL SHALL BE RESPONSIBLE FOR THE PLUGGING OF ANY SUCH WELL AND FOR THAT PURPOSE SHALL SUBMIT A NEW PLUGGING BOND OR PRODUCE THE CONSENT OF THE SURETY ON THE ORIGINAL PLUGGING BOND THAT THE LATTER'S LIABILITY SHALL CONTINUE.

Pursuant to notice by the Commission, duly made and published, setting August 3, 1943, at ten o'clock A. M., for hearing in the above entitled matter, said hearing was convened on said day, at said hour, in the Coronado Room, La Fonda, Santa Fe, New Mexico, the Commission sitting as follows:

HON. JOHN J. DEMPSEY, Governor of New Mexico, Chairman
HON. JOHN M. KELLY, State Geologist, Secretary
HON. H. R. RODGERS, Commissioner of Public Lands, Member
HON. CARL B. LIVINGSTON, Chief Clerk and Legal Adviser.

APPEARANCES:

<u>Name</u>	<u>Company</u>	<u>Address</u>
A. S. Willig	The Texas Compant	Ft. Worth, Texas
Harvey E. Yates	Harvey E. Yates	Artesia, N. M.
Roy Yarborough		Hobbs, N. M.
Walter P. Luck	N.M.Asphalt & Ref. Co.	Artesia, N. M.
C. H. Brooke	Agua Negra Ranch	Santa Rosa, N.M.
A. M. McCorkle	Stanolind Oil & Gas Co.	Ft. Worth, Texas
P. H. Lillie	Agua Negra Ranch	Santa Rosa, N.M.
Leo Fry	Stanolind Oil & Gas Co.	Hobbs, N. M.
L. F. Peterson	Stanolind Oil & Gas Co.	Ft. Worth, Texas
Lake J. Frazier	Maryland Casualty Co.	Roswell, N. M.
Geo. P. Livermore	Geo. P. Livermore, Inc.	Lubbock, Texas
U. S. Welch	Flynn, Welch & Yates	Artesia, N. M.
F. W. Brigance	Rowan Drilling Co.	Ft. Worth, Texas
R. U. Fitting	Shell Oil Co.	Midland, Texas
H. J. Kemler	Shell Oil Co.	Midland, Texas
R. B. F. Hummer	Phillips Petroleum Co.	Bartlesville, Okla.
C. A. Daniels	Phillips Petroleum Co.	Amarillo, Texas
E. H. Foster	Phillips Petroleum Co.	Amarillo, Texas
Lloyd L. Gray	Gulf Oil Corp.	Tulsa, Okla.
Neville G. Penrose		Ft. Worth, Texas
Rice Tilley		Ft. Worth, Texas
Harvey Hardison		Houston, Texas
Edgar Kraus	Atlantic Oil & Ref. Co.	Dallas, Texas
R. F. Windjohr	Nash, Windjohr & Brown	Ft. Worth, Texas
James M. Murray	Me-Tex Co's	Hobbs, N. M.
J. C. Echlin	American Employers Ins.Co.	El Paso, Texas
Glenn Staley	Lea County Operators	Hobbs, N. M.
K. M. Fagin	Magnolia Petroleum Co.	Dallas, Texas
S. P. Hannafin	Magnolia Petroleum Co.	Roswell, N. M.
C. G. Campbell	Tex.Pac.Coal & Oil Co.	Midland, Texas
Leo R. Manning	State Land Office	Santa Fe, N. M.
W. K. Davis	El Paso Nat. Bas Co.	Jal, N. M.
Foster Morrell	U. S. Geological Survey	Roswell, N. M.
Harry Leonard	Leonard Oil Co.	Roswell, N. M.
Hugh L. Sawyers	N.M.Oil & Gas ASSO.	Roswell, N. M.
John P. Morgan	Sun Oil Co.	Dallas, Texas

J. O. Seth
W. L. Morrison
R. S. Dewey

Seth & Montgomery
Honolulu Oil Corp.
Humble Oil Co.

Santa Fe, N.M.
Lubbock, Texas
Midland, Texas

The meeting was called to order by the Chairman, and upon request of the Secretary, the Chief Clerk read the call of the meeting, as follows:

"NOTICE FOR PUBLICATION
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

The Oil Conservation Commission, by law invested with jurisdiction as the oil and gas regulatory body of the State of New Mexico, hereby gives notice of the following hearing to be held at Santa Fe, New Mexico:

Case No. 44

In the matter of the application of the American Employers' Insurance Company for an order under which the transferee of any oil or gas well or of the operation of any such oil or gas well shall be responsible for the plugging of any such well and for that purpose shall submit a new plugging bond or produce the consent of the surety on the original plugging bond that the latter's liability shall continue. This case is set for 10 A.M., August 3, 1943.

Any person having any interest in the subject of said hearing is entitled to be heard.

Given under the seal of said Commission at Santa Fe, New Mexico, on July 8, 1943.

OIL CONSERVATION COMMISSION

(SEAL) BY (SGD) JOHN M. KELLY
SECRETARY"

J. O. SETH

being first duly sworn, testified as follows:

BY MR. SETH: The present regulations of the Commission require a plugging bond for the drilling of each well, and permit a blanket bond which will cover all the wells of a certain operator. These bonds may continue a long time, since they contemplate putting the well in proper shape on its abandonment. It may run over a long period of years. There have been many transfers of wells without any attention being paid to the plugging bond given at the initial drilling of the well. Through oversight in many cases, this liability

probably continues, and the transferee hasn't given any new bond, and some of these companies will wake up some day with a lot of liability on old bonds they had forgotten about when they transferred the well or its operation.

As the regulations now stand, there is no effective method whereby the Commission can compel the purchaser of a well, or transferee, to give a new bond and release the old. And in some instances, with which the Commission is familiar, there has been refusal on the part of the transferees to supply a new bond, and the whole purpose of this hearing is to suggest that the Commission prescribe a regulation whereby and under which, if the transferee will not furnish the proper plugging bond and secure release of the old bond, his well may be shut down. In other words, the Commission has to have some power behind its orders to get this matter straightened out. I refer you to the records of the Commission, itself. Mr. Livingston has worked on trying to get things straightened out, but there is no regulation which authorizes the taking of the well out of production if a new bond is not furnished. I thank the Commission for postponing this hearing until I could get here.

BY GOVERNOR DEMPSEY: The Commission, after considering the case, will issue its order prohibiting the transfer of wells without having also the transfer of plugging responsibility.

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CERTIFICATE.

I hereby certify that the above and foregoing two and a fraction pages of typewritten matter constitute a full, true, correct and complete transcript of the testimony taken and proceedings had at the hearing of Case No. 44, on August 3, 1943, as the same were by me taken down in shorthand and transcribed.

Witness my hand this 15th day of August, 1943.

Alice Stewart

Alice Stewart.