

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 4, 1961

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Commission to permit Juan J. (John J.) Moya and all interested parties to appear and show cause why the Jones Well No. 1, located 1650 feet from the South line and 990 feet from the East line of Section 7, Township 30 North, Range 11 West, San Juan County, New Mexico, should not be plugged.

CASE NO.
2388

BEFORE: Elvis A. Utz, Examiner

TRANSCRIPT OF HEARING

EXAMINER UTZ: We will call Case No. 2388.

MR. MORRIS: In the matter of the hearing called by the Oil Conservation Commission to permit Juan J. (John J.) Moya and all interested parties to appear and show cause why the Jones Well No. 1, located 1650 feet from the South line and 990 feet from the East line of Section 7, Township 30 North, Range 11 West, San Juan County, New Mexico, should not be plugged.

If the Examiner please, I would like to deviate slightly from the normal procedure in a Show Cause Hearing and ask Mr. Arnold to be permitted to take the stand for the purpose of explaining the purpose of calling this case.

EXAMINER UTZ: You may do so.

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Are there other appearances in this case?

MR. VERITY: George L. Verity, representing Southwest Production Company.

MR. MOYA: Juan Moya.

EXAMINER UTZ: Are there any others?

You may proceed.

(Witness sworn.)

E. C. ARNOLD,

called as a witness, having first been duly sworn on oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Arnold, will you state your name and position for the record, please.

A E. C. Arnold, supervisor of District Three of the New Mexico Oil Conservation Commission.

Q Mr. Arnold, are you familiar with Case No. 2388 called by the Commission?

A Yes, sir.

Q What is the general purpose of this case?

A The purpose of this case is to have the operator of the Jones No. 1 Well, John J. Moya --

Q Would you identify that well, please?

A John J. Moya No. 1 Jones Well located in the Southwest Quarter, Section 7, Township 30 North, Range 11 West, San Juan



254 MCF; total 1957 production was 61 MCF.

There was no production recorded in 1958 or 1959.

1960 production was 147 MCF.

No production has been reported in 1961, through August 1st.

Total cumulated production is 31,998 MCF.

Q Mr. Arnold, from looking at these production figures, would you say that this well was a commercial well, a gas well?

A No, I wouldn't say that it is.

Q Are there surrounding wells in the surrounding area that are also in the Aztec Pictured Cliffs Gas Pool?

A Yes, sir. The surrounding wells indicate that the Pictured Cliffs Formation in this immediate area is productive. The surrounding wells have shown good production during a five- or six-year period.

Q Are the wells in the immediate area producing from the same formation, commercial gas wells?

A Yes, sir.

Q What would that lead you to believe with reference to the completion of the subject well?

A It leads me to believe there is something mechanically wrong with this well, that it is probably loading up with water, and that being the case, it may be injuring production from the formation. For that reason, I think the well should be either worked over in such a manner that we secure a water shut-off or

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that it be permanently plugged and abandoned.

Q Mr. Arnold, has a work-over operation on this well ever been attempted and reported to you?

A Yes. In April of 1960, a notice of intention to work-over was filed by the operator, stating that he intended to swab the water out of the well in an attempt to put it back on production. We didn't receive a subsequent report of work-over. However, I do know that a rig was moved on the well. However, it doesn't appear to have any lasting results.

Q As shown by the production reports that work-over must have been unsuccessful?

A That's right.

Q Mr. Arnold, would you tell the Examiner what attempts you have made to contact Mr. Moya to get him or his successors in interest in this well to work the well over or plug it?

A Yes. On April 27, 1961, I wrote a letter to Mr. Moya informing him that we were directing him to work the well over or plug the well. I didn't receive any response to this letter.

Q Is the letter part of the well files on the subject well?

A Yes.

MR. MORRIS: I ask that the Examiner take administrative notice of the contents of the well files on the subject well.

EXAMINER UTZ: We will do so.

Q (By Mr. Morris) Continue, please.

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A On July 21st I wrote a letter to Fidelity Casualty Co. of New York with a copy of the letter to Mr. Moya, informing the bonding company to take action within sixty days to properly plug and abandon the well.

Q Did you receive a reply from the bonding company?

A Yes. They sent a representative by our office, and they are at this time ready to perform under their bond.

Q Before your letter to Mr. Moya of April 27 of this year, had you previously made numerous attempts to contact him to no avail?

A Yes, over a period of time we have contacted him.

Q To date, you have received little, if any, cooperation from the operator of this well to work the well over or plug and abandon it?

A That's correct.

Q What action do you recommend be taken on this well at this time?

A I recommend that the Commission require the operator to begin remedial operations within thirty days, and that within ninety days we require that the well either be successfully worked to our satisfaction or plugged and abandoned.

Q "Successfully worked over to our satisfaction", generally meaning worked over and completed as a commercial gas well and put on production?

A That's right, with a successful water shut-off.



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Q Mr. Arnold, in the event the operator of this well or the bonding company desires to plug the well, do you stand ready to furnish a plugging program for the well?

A Yes.

Q Upon request, you will furnish that plugging program?

A That is Form C-102, which should be filed indicating plugging plans would be approved.

Q Do you have anything further you would like to add?

A No, I don't believe so.

MR. MORRIS: If the Examiner please, that concludes the Direct Examination of Mr. Arnold.

After Cross Examination, if any, I would think it proper for the operator of the well, if he so desires, to present such testimony as he would like.

EXAMINER UTZ: He will have that opportunity.

EXAMINATION

BY EXAMINER UTZ:

Q Mr. Arnold, where do you feel the water is coming from, below the Pictured Cliffs?

A I would rather think it's coming from above the Pictured Cliffs.

Q Therefore, you feel that very likely there has been an improper cement job?

A I would imagine so.

Q Do other wells in this area have any water problems?



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A Well, several wells have water problems. We know there is water above the Pictured Cliffs, not very far from the Pictured Cliffs. In some cases when the cement casing does not shut the water off on the first attempt, it sometimes requires squeeze jobs. However, the offset wells to this well at the present time do not show any signs of producing large amounts of water.

Q This water would be in the ~~Abbo~~?

A There are a number of sands in the formation above the Pictured Cliffs which carry water. It would be a little bit hard to pinpoint any given well.

Q In other words, there is plenty of water above the cliffs, necessitating a proper completion job?

A That's right.

Q In order to shut it off?

A That's right.

EXAMINER UTZ: Are there any other questions of the witness?

EXAMINATION

BY MR. NUTTER:

Q Mr. Arnold, what actual evidence do you have that this well is loading up with water?

A Mainly from the fact of its over-producing history. I have observed that it has produced quite a large amount of water. It was necessary to blow the well down to put it on production. It so happens the well is located within about four blocks of the



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office, so it's easy to observe. Also, the operator filed his notice of intention to work over in April, and the well appears to waterlog, losing pressure and gas output. He intends to bail water in order to unload the well and resume original gas production.

I presume the operator is also aware that it is loading up with water.

Q What would be necessary to work the well over, Mr. Arnold, to perforate the casing and squeeze some cement in there above the top of the cliff?

A Actually, the way the well was completed, the pipe was originally set about the top of the cliffs formation, and for some reason the casing was actually set about 10 feet high, which may have caused part of the trouble. I believe sometime after this a liner was installed to some deeper depth. Our record doesn't reflect at what depth. It might be possible that this liner could be squeezed. I don't know what shape it's going to be in.

Q Do the well files indicate that any water was encountered in drilling the well?

A Well, of course, these wells were drilled using mud as a drilling fluid. It is a little bit hard to pinpoint what might be producing water simply from an electrical log.

Q Do you have a log for this well or for the wells in the area?

A Yes.



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Q Is water sand indicated to be present?

A The land formation in this area produces water.

Q Is it a characteristic of the Pictured Cliffs Formation in this area to produce water?

A Some small amount of water, yes.

Q Is it normally enough to load a well up?

A No.

MR. NUTTER: I see.

Thank you.

EXAMINER UTZ: Mr. Moya?

EXAMINATION

BY MR. MOYA:

Q Mr. Arnold, did you ever see water flowing out from the well?

A Not for a long time.

Q Well, actually, there has not been much water to speak of?

A I don't believe the well has been producing at all for the last year. Actually, I doubt there is a flow of water or anything at the moment.

Q You say it appears in the records there in Form C-102 that I re-worked the well in 1960. I sent you a report reading that we have water in the well, but does your record show that we found any water in this well at all?

A I don't seem to find a work-over report.



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Q For your information, there is no water in the well.

I bailed for twenty-six hours, and not much water come out.

A I'd be happy if you'd file a report to that effect.

The well record would be more complete.

Q Do you know that this particular well produced over a million cubic feet of gas --

A Yes, I know --

Q -- in 1954?

A -- that it did pretty well for a very short period of time.

Q Do you know that this well produced over 30,000,000 cubic feet of gas in about eight months the first year?

A Yes, I testified to that.

Q This well was worked in 1960, do you know, and I was contemplating to re-work it this year again by directional drilling. I mailed you, yesterday morning, a copy of Form C-103, which I don't know if you have it -- you probably don't have it yet -- I have the copy here which shows I request from you to pull the 1-inch tubing and clean out the casing for October, 1961.

Can you tell the Commission, if you know, if you have any idea, why this well was never re-worked in 1957, 1958, 1959?

A Why wasn't it?

Q Yes.

A You would probably be in a better position to tell that to the Commission than I would, being the operator. Actually, the



case should have been docketed a considerable time earlier.

MR. MOYA: That's all.

RE-DIRECT EXAMINATION

BY MR. MORRIS:

Q Mr. Arnold, in your letters to Mr. Moya, in particular the letter of April 27th, 1961, what address did you use for Mr. Moya at that time?

A At what time?

Q The last letter that you wrote to Mr. Moya, to what address was that mailed?

A 323 Tulane Drive, S.E., Albuquerque, which was the last available address we had.

Q Where did you obtain that address?

A I believe from production reports which Mr. Moya filed with us on some other producing wells that he has.

MR. MORRIS: That's all.

MR. MOYA: Mr. Arnold, 323 Tulane Drive used to be my office address, my home. I was in this bankruptcy two years ago and the report shows that Farmington is my address, Post Office Box 1700.

MR. NUTTER: That is your present address?

MR. MOYA: Yes.

THE WITNESS: Did you receive our letter of April 27th?

MR. MOYA: No, I did not, sir. I didn't get back for about forty-five days ago from Chile.

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THE WITNESS: What should be your mailing address?

MR. MOYA: Post Office Box 1700 in Farmington. The address is 507 North Behrend; that's the office.

MR. MORRIS: That concludes the examination of Mr. Arnold. I have no further questions.

Does Mr. Moya desire to make a statement to the Examiner?

MR. MOYA: Yes, sir, I would like to.

MR. MORRIS: Just a minute. If you do, I'd like to have you sworn.

(Witness sworn.)

MR. MOYA: I would like to request a ninety-day continuance in order to re-work this well.

MR. MORRIS: You are presenting that in the form of a motion?

THE WITNESS: In the form of a request.

MR. MORRIS: If the Examiner please, Mr. Arnold has testified that he would recommend to the Commission a thirty-day period within which to commence work-over operations, to be completed within ninety days, or have the well plugged at the end of the ninety-day period. This request does not seem inconsistent with Mr. Moya's, that he have ninety days to have the well back on production, and for that reason, Mr. Moya's request for a continuance for ninety days would be perfectly satisfactory to the staff, providing some requirement be made that he start work-over



operations within a thirty-day period.

EXAMINER UTZ: Mr. Morris, could not an order be issued in this case stating that he should start work within thirty days and complete such work within ninety days?

MR. MORRIS: I think it could.

EXAMINER UTZ: Mr. Moya, what type of work do you intend to perform on this well?

MR. MOYA: This well don't appear to have too much water to speak of. I intend to go with a diamond drill and drill through the liner. The coring, it showed that the line had dropped into the bottom of the hole, with a subsequent cavein. We did bail the well last year and didn't have very much water, maybe eight or nine barrels water. We intend now to re-run again an Eastman survey and go with a small drill through the cavein, perhaps to test the well. This well is a good well. The reason I request ninety days is the forty-acre farm which is cultivated pretty well. It is, except during October, November, December and January; and on certain occasions, we -- like last year, we had to put up a ~~barn~~ ^{bar} to safeguard the damage to this land. Altogether, we have spent over \$70,000. It was to us an advantage to start drilling, to do this work in October or the first part of November.

In 1957 and also 1958, the owner of this land padlocked the gate and refused to let us come into the well and keep certain "No Trespassing" signs posted. I didn't make any intention to re-work. It was to their advantage and also to mine.

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By the lawyer, they advised me of the order that will permit me to get into the location. I got into the well on the legal instrument which they didn't bother me. Nevertheless, I still have to have a bond with a promise that we re-work this well. That would be done late in the year; and the mechanical things I can tell you exactly right now. When we get into the casing -- by the way, this well, in 1958 and '59, I bailed the water. I spent many, many hours there and never see much water.

That's the history.

EXAMINATION

BY EXAMINER UTZ:

Q Why didn't you put an intimeter on it?

A Just to my partner; there was a change; we disagreed.

Q So, the reason you didn't re-work the well from 1956 to 1960 is because of your disagreement with the past owner?

A Yes, sir.

Q Why haven't you worked the well since 1960?

A Yes, sir. I have here a letter from the Loman Oil Well Service. I talked to them in June, July, with the intention to -- I could have one of their rigs to come in and do this work. I have one copy here of August 15, the estimated cost of the well and the estimated cost to drill the well.

MR. MORRIS: For the record --

THE WITNESS: Can I read this letter into the record?

"Loman Oil Well Service, Inc., Farmington, New Mexico;



signed by Mr. Bill J. Loman, addressed to Juan Moya, Farmington, New Mexico; reference Moya Jones No. 1.

"Gentlemen -- dated August 15, 1961 -- Gentlemen: We estimate the cost to pull 1-inch tubing casing, swab and re-run tubing in the above captioned well at \$500, without any complications. This estimate includes casing, swabbing material."

EXAMINATION

BY MR. NUTTER:

Q You stated something about this cultivated field. What kind of crops do they grow there?

A Alfalfa.

Q When is the last harvest of alfalfa in this field?

A I could not tell you exactly. I went by there last week and there was still three, four inches of grass on one side and corn on the other side, which could be for feed; I couldn't tell you exactly, but the owner say we done considerable damage.

Q Is there a road crossing the field to the well?

A There is no road; you just drive over; that's all.

Q Drive over the alfalfa?

A Yes, and we found out it is also true in doing this in June or July, August -- you know, this is irrigation land there, and the farmers there, they have different kinds of crops. They just flood the ground completely, so it is pretty hard to even walk there without getting in the mud. The hole there is real soft.

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Q You feel, from the present date, October 4th, that for ninety days there is not going to be any crops in there and you would be able to get in?

A Yes, sir. I already reach this agreement with the farmer. They broke the lease themselves four years ago, and we want to work the well now because I like to spend in Farmington the summer and fall, and I told them it was for their benefit. I think they come down a little bit.

MR. NUTTER: Thank you.

EXAMINATION

BY MR. MORRIS:

Q Do you realize now that if the Commission enters an order such as we have been talking about here today, you would have thirty days to start work-over operations and ninety days from the date of the order to either have the well successfully worked over and producing as a commercial well or have the well plugged by the end of that ninety-day period? Do you think you could accomplish that?

A Yes, sir.

MR. MORRIS: That's all.

EXAMINATION

BY EXAMINER UTZ:

Q What type of liner do you have in this well now?

A I got a 4-inch line, 5 1/2-inch casing. It don't sound too practical, but it is.

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Q How long is the liner?

A I believe it is twenty feet.

Q This is in the bottom of the hole now?

A Yes, I believe so.

EXAMINER UTZ: Are there any other questions of the witness?

EXAMINATION

BY MR. VERITY:

Q Mr. Moya, do you think you can start to re-work this well within thirty days?

A I think forty-five days would be better. I drilled this well myself and I know what the condition is out there. I think when the ground is froze, I think it's a better result. Fifteen days will make a difference.

I believe that forty-five days would be better. I want to produce the well. It don't seem to have much water there.

MR. VERITY: That's all.

EXAMINATION

BY EXAMINER UTZ:

Q Mr. Moya, how much gas do you think this well would have to produce in order to make it a commercial venture?

A I hope it will be a good one, sir. As far as I am concerned, it should produce at least \$55 a year -- royalty, I am talking about, one-eighth royalty, that was required in order to keep this well alive.



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Nevertheless, I would be satisfied if the well produced at least between 100,000 to 300,000 cubic feet of gas.

EXAMINER UTZ: Are there any other questions of the witness?

If not, the witness may be excused.

(Witness excused.)

EXAMINER UTZ: Are there any other statements in this case?

If not, the case will be taken under advisement.

I do hereby certify that the foregoing is a correct record of the proceedings in the hearing of Case No. 2398, heard by me on 10-4-61.

STATE OF NEW MEXICO)
) ss
COUNTY OF SAN JUAN)

Thomas F. Horne
Examiner
New Mexico Oil Conservation Commission

I, THOMAS F. HORNE, Court Reporter, do hereby certify that the foregoing and attached transcript of proceedings before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

T. F. Horne

NOTARY PUBLIC

My Commission Expires:

10-2-65

I do hereby certify that the foregoing is a correct record of the proceedings in the hearing of Case No. 2398, heard by me on 10-4-61.
New Mexico Oil Conservation Commission, Examiner

