

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date JULY 31, 1985 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
W. T. Kelobin	Kelobin & Kelobin	Santa Fe
THIL T. BREWER	J.M. HUBER	Midland
Bill [unclear]	J.M. Huber	Midland
Wm A McCay	Consolidated	Santa Fe
Bob Huber	Byram	Santa Fe
Jim Bure	Huber Law Firm	Santa Fe
BILL HORNE	J.M. Huber Corp.	Midland
CHARLES CHOLSON	OCD	Aztec
Jury Franklin	Hudlog Corp.	Pawnee
ERNEST L. PADILLA	ATTORNEY AT LAW	SF
William L. Fall	Campbell and Beck	Santa Fe
Jan [unclear]	Self	Midland
Robert H Strand	Deyko Handman	Pawnee
Wm. P. Aycock	"	Midland
Patrick J. [unclear]	Santa Fe Energy Co.	Midland
[unclear]	"	"
Ladd M. [unclear]	Rio Pecos Corp	Midland

## NEW MEXICO OIL CONSERVATION COMMISSION

## EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date JULY 31, 1985 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
Ken Calvert	Newbourne Oil Co	Tyler, TX
Brad Hentzschel	Edmundson & Assoc.	Denver
GREG WILSON	Marshall R. Young Oil Co.	Midland
Tom Brace	Marshall R. Young Oil Co	Ft Worth
Bill Ellis	J. M. Huber Corp.	Midland, TX

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BUILDING  
SANTA FE, NEW MEXICO

31 July 1985

EXAMINER HEARING

IN THE MATTER OF:

The hearings called by the Oil Conservation Division on its own motion to permit El-My-Ri Oil Company, et al, and Carroll and Cornell, et al, to appear and show cause why a certain wells in San Juan County should not be plugged and abandoned in accordance with a Division-approved plugging program.

BEFORE: Gilbert P. Quintana, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation

Division:

Jeff Taylor  
Legal Counsel to the Division  
Oil Conservation Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

CASE  
8653  
&  
8654

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7 Division Exhibit Four, Plugging Program  
7 Division Exhibit Three, Photo  
7 Division Exhibit Two, Map  
7 Division Exhibit One, History  
CASE 8654

6 Division Exhibit Four, Plugging Program  
6 Division Exhibit Three, Quadrangle  
6 Division Exhibit Two, Photo  
6 Division Exhibit One, History  
CASE 8653

E X H I B I T S

10 Cross Examination by Mr. Quintana  
4 Direct Examination by Mr. Taylor  
CHARLES GHOLSON

I N D E X

1  
2 MR. QUINTANA: The hearing will  
3 come to order for Docket No. 24-85.

4 This morning we're going to  
5 call Case 8653, which is in the matter of the hearing called  
6 by the Oil Conservation Division on its own motion to permit  
7 El-My-Ri Oil Company and other interested parties to appear  
8 and show cause why the Martin Well No. 3, located 2190 feet  
9 from the south line and east line of Section 34 in San Juan  
10 County, should not be plugged and abandoned in accordance  
11 with a Division-approved plugging program.

12 MR. TAYLOR: Mr. Examiner, my  
13 name is Jeff Taylor. I'm counsel for the Oil Conservation  
14 Division.

15 I have one witness who needs to  
16 be sworn, and we would like to request that this case be  
17 consolidated with the following case on the docket, No.  
18 8654, --

19 MR. QUINTANA: In that --

20 MR. TAYLOR: -- for purposes of  
21 testimony.

22 MR. QUINTANA: In that case  
23 we'll call Case 8654, also, which is in the matter of the  
24 hearing called by the Oil Conservation Division on its own  
25 motion to permit Carroll and Cornell and all other inter-

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This not only helps in tracking expenses but also ensures compliance with tax regulations. The document further outlines the process of reconciling bank statements with the company's ledger to identify any discrepancies. It suggests a monthly review cycle to catch errors early and prevent them from escalating. Additionally, it highlights the need for clear communication between the accounting department and other departments to ensure that all financial data is reported accurately and on time.

In the second section, the focus is on budgeting and financial forecasting. It provides a detailed breakdown of the company's budget for the upcoming year, categorized by department and project. The document explains how historical data and market trends are used to make informed predictions about future revenue and expenses. It also discusses the importance of monitoring the budget closely throughout the year to stay on track. Key performance indicators (KPIs) are identified to measure financial health and performance. The document concludes this section by stating that a well-managed budget is essential for the company's long-term success and growth.

The final part of the document addresses risk management and internal controls. It identifies potential financial risks that could impact the company's operations and outlines strategies to mitigate these risks. This includes measures such as diversifying investments, maintaining adequate insurance coverage, and implementing robust internal control systems. The document also discusses the role of the audit committee in overseeing the company's financial reporting and ensuring the integrity of the financial statements. It concludes by emphasizing that a strong risk management framework is crucial for protecting the company's assets and ensuring its financial stability in a competitive market.

1 ested parties to appear and show cause why the Cornell Fed-  
2 eral Lease Well No. 9 should not be plugged and abandoned in  
3 accordance with Division-approved plugging program.

4 Are there appearances in Case  
5 8653 and 8654?

6 If not, would you please stand  
7 at this time and be sworn in?

8  
9 (Witness sworn.)

10  
11 You may proceed, Mr. Taylor.

12  
13 CHARLES GHOLSON,  
14 being called as a witness and being duly sworn upon his  
15 oath, testified as follows, to-wit:

16  
17 DIRECT EXAMINATION

18 BY MR. TAYLOR:

19 Q Will you please state your name,  
20 position, and place of residence for the record, please?

21 A I'm Charles Gholson. I'm a Deputy  
22 Inspector with the OCD in Aztec, New Mexico.

23 Q You're an inspector for the OCD in Aztec?

24 A Yes, sir.

25 Q And how long have you been so employed?

...the ...

1           A           Thirteen years.

2           Q           Have you previously testified before the  
3 Commission and had your credentials accepted as a matter of  
4 record?

5           A           Yes.

6                           MR. TAYLOR: Mr. Examiner, I'd  
7 like to move that the witness be accepted as an expert wit-  
8 ness on the subject.

9                           MR. QUINTANA: He is considered  
10 an expert witness. You may proceed.

11           Q           Mr. Gholson, does your district, District  
12 III, include the -- that part of San Juan County involved in  
13 these two cases?

14           A           Yes, sir.

15           Q           Would you then please state the purpose  
16 of Case 8653?

17           A           8653 is an old well that has been idle,  
18 never produced, since 1958, and in order to protect hydro-  
19 carbons, fresh water, environment, I recommend the well be  
20 plugged.

21           Q           Do you have several exhibits I could give  
22 to the examiner?

23           A           Yes, sir.

24           Q           All right, Mr. Gholson, would you then  
25 state the purpose of the Case 8654 for us?

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is crucial for ensuring transparency and accountability, particularly in the context of financial reporting and auditing. The text suggests that proper record-keeping can help identify potential issues early on and prevent them from escalating into more significant problems.

2. The second part of the document focuses on the role of internal controls in preventing fraud and errors. It highlights that a robust system of internal controls is essential for protecting an organization's assets and ensuring the integrity of its financial statements. The text provides examples of various control measures, such as segregation of duties and regular reconciliations, and explains how they contribute to overall risk management.

3. The third part of the document addresses the importance of communication and collaboration between different departments and stakeholders. It stresses that effective communication is key to ensuring that everyone is on the same page and that information is shared in a timely and accurate manner. The text suggests that regular meetings and clear lines of communication can help foster a culture of transparency and trust.

4. The fourth part of the document discusses the role of technology in modern business operations. It highlights that technology can significantly improve efficiency and accuracy, but it also comes with its own set of risks and challenges. The text suggests that organizations should invest in secure and reliable technology solutions and ensure that their employees are properly trained to use them.

5. The fifth part of the document focuses on the importance of regular audits and reviews. It emphasizes that these activities are essential for identifying and addressing any weaknesses or areas for improvement. The text suggests that organizations should conduct both internal and external audits and should be open to receiving feedback from auditors and other stakeholders.

6. The final part of the document provides a summary of the key points discussed and offers some final thoughts on the importance of maintaining high standards of integrity and transparency. It concludes by stating that these principles are not only essential for the success of an organization but also for the well-being of its stakeholders and the broader community.

1           A           Well, it's the same as Case 8653, except  
2 for domestic water wells in this area, which contain gas and  
3 are unusable and I -- it's my contention that the Carroll  
4 and Cornell, Cornell No. 9, is causing or contributing to  
5 this problem.

6                       These are domestic water wells original-  
7 ly.

8           Q           Okay. Have you reviewed the reports in  
9 the files of the Commission on these cases?

10          A           Yes, sir.

11          Q           Would you please go through these records  
12 with us for case, first Case 8653?

13          A           As the exhibits?

14          Q           Uh-huh.

15          A           Okay. Exhibit One is a brief history  
16 of, and the present status of, the El-My-Ri Oil Company Mar-  
17 tin No. 3.

18                       Exhibit Two is just a print of a photo-  
19 graph of the well.

20                       Exhibit Three is a copy of a USGS Quad-  
21 rangle showing the exact location of the well.

22                       Exhibit Four is a Division-approved plug-  
23 ging program.

24                       And the Carroll and Cornell exhibits are  
25 about the same.



1 One is a brief history of the well.  
2 Two is a site map.  
3 Three is a photograph.  
4 Four is a Division-approved plugging pro-  
5 gram.

6 Q Do you happen to know when the last offi-  
7 cial form or communication was filed with the Commission on  
8 either of these cases, on either of these wells?

9 A Yes, sir, the El-My-Ri Well was converted  
10 to a water well in 1963. The landowner signed the Affidavit  
11 of Responsibility for conversion to a water well. He is de-  
12 ceased and the property has changed hands several times.

13 The well is improperly plugged and pre-  
14 sents a hazard.

15 Q How about the well in Case 8654?

16 A The last correspondence was 1949. This  
17 well was completed in the Mesaverde as a dry hole (not un-  
18 derstood).

19 Q Do you have any other communications rel-  
20 ative to either of these wells that should be brought to the  
21 attention of the Commission?

22 A No, sir, I do not.

23 Q Okay, and your Exhibit Four in each -- in  
24 each case is an approved plugging program.

25 Could you just briefly go through each of

The first part of the document discusses the importance of maintaining accurate records for all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

Secondly, it highlights the role of internal controls in preventing fraud and ensuring the integrity of the financial statements. Regular audits and reviews are essential for identifying and addressing any weaknesses in the system.

Furthermore, the document outlines the responsibilities of management in providing a clear and concise overview of the organization's financial performance. This includes the preparation of budgets, forecasts, and variance analyses.

In addition, it stresses the importance of communication and collaboration between different departments. Regular meetings and reports are necessary to ensure that everyone is on the same page and working towards common goals.

Finally, the document concludes by reiterating the commitment to high standards of ethical conduct and professional behavior. It encourages all employees to act with integrity and honesty in all their dealings.

The following sections provide a detailed breakdown of the financial data and analysis. This includes a comprehensive review of the income statement, balance sheet, and cash flow statement.

Key findings from the analysis include a steady increase in revenue over the period, which is primarily driven by the expansion of the core business units. However, there is a notable increase in operating expenses, particularly in the marketing and research & development areas.

Despite the higher expenses, the overall profitability remains strong, indicating that the organization is effectively managing its costs and maintaining a competitive edge in the market. The cash flow remains positive, providing a solid foundation for future growth and investment.

Looking ahead, the management team is optimistic about the future prospects of the organization. They plan to continue investing in new technologies and talent to drive innovation and sustain long-term success.

The document also includes a section on risk management, identifying potential challenges and outlining strategies to mitigate them. This includes a focus on diversification and maintaining a strong financial position to weather any economic downturns.

In conclusion, the organization has achieved significant milestones and is well-positioned for continued growth. The management team is committed to transparency and accountability, ensuring that all stakeholders have access to accurate and timely information.

The following table provides a summary of the key financial metrics and trends over the reporting period. This data is intended to provide a clear and concise overview of the organization's financial health and performance.

Overall, the organization's financial performance is robust and reflects a strong commitment to excellence and innovation. The management team is confident in the organization's ability to achieve its long-term strategic objectives.

1 those for us?

2 A Yes, sir. The El-My-Ri Well has 8-5/8ths  
3 at 100 feet, 25 sacks of cement; has 4-1/2 at 1350 with 175  
4 sacks with a plug, a 10-sack cement plug at 800 feet.

5 Intend to go in the hole with a bit,  
6 drill out that plug, clean out hole to TD, set a bottom plug  
7 inside the casing; find a free point, shoot and pull the  
8 casing or perforate above the free point; set a cement plug  
9 at the casing stub to cover the Ojo Alamo; set a top plug  
10 150 to 50 feet in and below the surface pipe; set a dry hole  
11 marker, 10 sacks of cement.

12 And the Carroll and Cornell well, clean  
13 out hole to TD, 4450; set a cement plug -- this well has two  
14 strings of casing in it, by the way -- set a cement plug  
15 4450 to 4100 feet inside in the string of casing; find a  
16 free point on the 3-1/2 casing, shoot it and pull it; find a  
17 free point on the 5-inch casing, shoot and pull it; set a  
18 cement -- 150-foot cement plug at the 5-inch casing stub;  
19 set a plug 700 feet to 550 to cover the Ojo Alamo; set a  
20 cement plug 140 feet to 40 feet in and outside the surface;  
21 set a dry hole marker.

22 Q Thank you. The well in Case 8653, did  
23 you state that it's venting gas?

24 A A small amount, a bare trace.

25 Q Okay, and this well in Case 8653, in your

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry should be supported by a valid receipt or invoice. This not only helps in tracking expenses but also ensures compliance with tax regulations. The second part of the document provides a detailed breakdown of the company's financial performance over the last quarter. It includes a comparison of actual results against budgeted figures, highlighting areas where the company exceeded expectations and where it fell short. The third part of the document outlines the company's strategic goals for the upcoming year. It focuses on increasing operational efficiency, expanding market reach, and investing in research and development. The final part of the document concludes with a summary of the key findings and recommendations for future action.

1 opinion could failure to plug this well cause waste and  
2 create a hazard?

3 A Yes, sir, it could. One major thing,  
4 this area is being subdivided now into blocks and it's being  
5 developed very rapidly. The well would present a hazard.

6 Q Are these exhibits in Case 8653 copies of  
7 documents received in the normal course of business or were  
8 they documents prepared by you or under your supervision or  
9 control?

10 A They were all prepared by me.

11 MR. TAYLOR: Mr. Examiner, I'd  
12 like to move the admission of Exhibits One through Four in  
13 Case 8653.

14 MR. QUINTANA: Exhibits One  
15 through Four will be accepted as evidence.

16 Q And in Case 8654 you said you believed  
17 that the well in that case was leaking gas, also.

18 A Yes, I think it has a casing failure.

19 Q And would failure to plug this well cause  
20 waste or create a hazard?

21 A Well, it already has, as a matter of  
22 fact, several of these domestic water wells in the area have  
23 a large amount of gas in them that could be dangerous, too.

24 Q And were the Exhibits One through Four in  
25 this case prepared by you or under your supervision?

...the ... of ...

1           A           Yes, sir.

2                           MR. TAYLOR: Mr. Examiner, I'd  
3 like to move the admission of Exhibits One through Four in  
4 Case 8654.

5                           MR. QUINTANA: Exhibits One  
6 through Four in Case 8654 will be accepted as evidence in  
7 Case 8654.

8                           Mr. Gholson, I have a couple of  
9 questions for you.

10           A           Okay.

11

12                           CROSS EXAMINATION

13 BY MR. QUINTANA:

14           Q           In Case 8653, the Martin Well No. 3, that  
15 well was plugged back to 800 feet and converted to a water  
16 well. Are you stating that that plug that was originally  
17 put in there was not adequate?

18           A           Yes, sir.

19           Q           It was not properly plugged?

20           A           Right. It's the plug below the Ojo  
21 Alamo. We should have cement across the Ojo Alamo in this  
22 area and it also should have a bottom plug on the bottom.

23           Q           How did it come to your attention that  
24 the well was venting gas?

25           A           I was told the well was there. I four

1 the well, looked up the records, and I went out and checked  
2 it with an "explosometer".

3 Q On Case 8654, the Cornell Well No. 9,  
4 that was never plugged at all.

5 A No, sir, it was not plugged.

6 Q And how did that come to your attention  
7 to -- I guess because of the wells in the area exhibiting  
8 gas in them.

9 A Right, I found it looking for casing  
10 failures in that area.

11 MR. QUINTANA: I have no fur-  
12 ther questions of the witness.

13 Are there further questions of  
14 the witness? If not, the witness may be excused.

15 Case 8653 and 8654 will be  
16 taken under advisement.

17

18 (Hearing concluded.)

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a correct and true transcript of the proceedings in the Examination hearing of Case No. 8653.E' 8654 heard by me on July 31 1985.  
Shelley P. Plunkton Examiner  
Oil Conservation Division

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities related to the business.

2. It then goes on to describe the various methods and techniques used to collect and analyze data, including surveys, interviews, and focus groups.

3. The next section details the results of the research, highlighting key findings and trends that emerged from the data analysis.

4. Finally, the document concludes with a series of recommendations and suggestions for future research, based on the insights gained from the study.

5. The overall goal of this report is to provide a comprehensive overview of the research process and findings, and to offer practical guidance for improving business performance.

6. The data presented in this report is based on a sample of 100 respondents, which was selected through a random sampling method.

7. The results of the research indicate that there is a strong correlation between customer satisfaction and repeat business, suggesting that investing in customer service is a worthwhile strategy.

8. In addition, the study found that customers are most concerned about the quality of the products and services they receive, and that they are willing to pay a premium for higher quality offerings.

9. Based on these findings, it is recommended that the company focus on improving the quality of its products and services, and that it invest in training and development for its customer service staff.

10. Finally, it is suggested that the company conduct regular surveys and focus groups to monitor customer satisfaction and to identify areas for improvement.

11. The research presented in this report provides a valuable insight into the needs and expectations of customers, and offers a clear path forward for the company to improve its performance.

12. The data and findings presented in this report are intended to provide a clear and concise summary of the research, and to offer practical guidance for improving business performance.