

1 STATE OF NEW MEXICO  
2 ENERGY AND MINERALS DEPARTMENT  
3 OIL CONSERVATION DIVISION  
4 STATE LAND OFFICE BLDG.  
5 SANTA FE, NEW MEXICO

6 3 December 1986

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 The hearing called by the Oil Conser- CASE  
10 vation Division on its own motion to 9041  
11 Case Petroleum, Inc., et al, to appear  
12 and show cause why the Peterson Well  
13 No. 1, Roosevelt County, should not be  
14 plugged and abandoned in accordance with  
15 a Division-approved plugging program.

16 BEFORE: Michael E. Stogner, Examiner

17 TRANSCRIPT OF HEARING

18 A P P E A R A N C E S

19 For the Oil Conservation Division: Jeff Taylor  
20 Attorney at Law  
21 Legal Counsel to the Division  
22 State Land Office Bldg.  
23 Santa Fe, New Mexico 87501

24 For the Applicant:  
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JERRY SEXTON

Direct Examination by Mr. Taylor

Cross Examination by Mr. Stogner

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E X H I B I T S

Division Exhibit One, Documents

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MR. STOGNER: At this time I'll call Case 9041, which is in the matter of the hearing called by the Oil Conservation Division on its own motion to permit Casa Petroleum, Incorporated, the U. S. Insurance Group, and all other interested parties to appear and show cause why the Peterson Well No. 1, located in Section 17 of Township 4 South, Range 33 East, in Roosevelt County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

We will call for appearances.

MR. TAYLOR: May it please the Examiner, I am Jeff Taylor, Counsel for the Division, and I have one witness.

MR. STOGNER: Are there any other appearances in this matter?

There being none let the record show that Mr. Sexton has been sworn in a previous case.

Mr. Taylor.

JERRY SEXTON,  
being previously sworn and remaining under oath, testified as follows, to-wit:

## DIRECT EXAMINATION

1  
2 BY MR. TAYLOR:

3 Q Mr. Sexton, have you previously testified  
4 before the Commission or its examiners and had your creden-  
5 tials accepted?

6 A Yes.

7 Q And are you familiar with the matters in  
8 Case 9042?

9 A Yes.

10 MR. TAYLOR: Mr. Examiner, I  
11 tender the witness as an expert.

12 A Not in 9042, I'm not.

13 MR. TAYLOR: 9041, excuse me.

14 A Right.

15 MR. STOGNER: Mr. Sexton is  
16 qualified.

17 Q Mr. Sexton, would you explain the purpose  
18 of Case 9041 to us?

19 A Yes. Casa Petroleum, Incorporated, took  
20 bankruptcy earlier and their producing wells were taken over  
21 by another company but they had one well in the process of  
22 being completed, and it apparently was completed dry and  
23 since that time, since they went into bankruptcy we haven't  
24 been able to get any information from them or they're no  
25 longer in business, and consequent ly we have been left with

1 the well to be plugged.

2 Q Were efforts made to contact Case Petro-  
3 leum --

4 A Yes.

5 Q -- or their successors? And were these  
6 not successful?

7 A Yes, and we haven't been able to get hold  
8 of them and they are out of business and I don't feel like  
9 even if we could talk to them we could get any satisfaction.

10 Q Would you please go through your exhibits  
11 and identify them and explain what they are for the Exam-  
12 iner?

13 A Yes. I have one exhibit consisting of  
14 several pages and it shows the attempt that -- to get them  
15 to plug them.

16 Number one, is just return envelope that  
17 shows that they were tried to contact and they are out of  
18 business and we haven't been able to make contact with them.

19 Letter two is a letter to Jeff recom-  
20 mending that we have a show cause hearing and that brought  
21 this matter to the Commission. It also shows that sent a  
22 copy to Casa Petroleum.

23 Page three is one of the letters that we  
24 have written them back in October 1st, 1986, requesting ad-  
25 ditional information on the completion of the well.

1 Letter four is a -- or page four is a --  
2 from Diane Richardson to the bonding company where she --  
3 the bonding company had checked with Diane to see if the  
4 bond had been cancelled on this well and she advised them  
5 that the well wasn't plugged.

6 Page five is another letter to Case Pet-  
7 roleum saying that we needed reports and it was written Feb-  
8 ruary 3rd, 1986, and it establishes a chain of trying to get  
9 something done for the last year, year and a half.

10 And Pages six through twelve are the well  
11 -- is the well record that was copied from the Hobbs files,  
12 which shows what we have on file on the well.

13 Since they are out of business and the  
14 well is still temporarily abandoned, we recommend that the  
15 Division go in and plug the well.

16 Q Is it your professional opinion that if  
17 the well is not plugged it could result in contamination of  
18 fresh water or waste or oil and gas reserves?

19 A Yes. I think that any time you have a  
20 temporarily abandoned well that eventually it will cause  
21 pollution of fresh water.

22 Q And therefore it's your recommendation  
23 that the Division undertake to plug this well?

24 A Yes.

25 Q Do you have anything else in this matter?

1           A           No, I don't.

2                           MR. TAYLOR:    I believe that's  
3 all we have, Mr. Examiner.

4                           MR. STOGNER:    Thank you, Mr.  
5 Taylor.

6                                   Exhibit One will be admitted  
7 into evidence.

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CROSS EXAMINATION

10 BY MR. STOGNER:

11           Q           Mr. Sexton, I'm looking at page three of  
12 your exhibit, a letter dated October 1st, 1986, and it's  
13 headed to Casa Petroleum, Incorporated, or Mr. Patch Carr.  
14 Who's Mr. Patch Carr?

15           A           Well, Mr. Carr was the president or the  
16 contact man of Casa Petroleum and we had been in contact.  
17 He had numerous producing wells in our area and he has al-  
18 ways been the one that took care of the problems and was the  
19 president of the company.

20           Q           What kind of correspondence did you have  
21 with Mr. Carr?

22           A           Well, we didn't have any. After he took  
23 bankruptcy, why, he stepped out of the business.

24           Q           Do you have a plugging program at this  
25 time or will you supply one in the future for us?

1                   A                I'll supply one when it's put out for  
2 bid.

3                   Q                Okay.

4                                       MR. STOGNER: Is there anything  
5 further of this witness?

6                                       He may be excused.

7                                       Does anybody else have anything  
8 further in Case Number 9041?

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

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12                                       (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 (Commission) 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 complete record of the proceedings to the Examiner hearing of Case No. 9041 heard by me on 3 December 1986.

Michael E. Stogers, Examiner  
Oil Conservation Division