

CASE 5913: PLUGGING CASE - OCC
KENT SHANNON, AMERICAN EMPLOYERS'
INSURANCE COMPANY

Case Number

5913

Application

Transcripts

Small Exhibits

ETC.



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
May 25, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

Kent Shannon
Box 633
Roswell, New Mexico 88201

Re: CASE NO. 5913
ORDER NO. R-5429

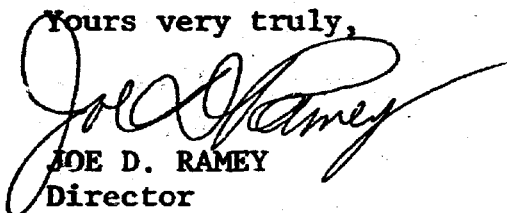
Applicant:

OCC (Kent Shannon)

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other Commercial Union Assurance Companies

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 11, 1977

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCC on its own motion to permit Kent Shannon, American Employers' Insurance Company and all interested parties to appear and show cause why certain wells in Chaves County, New Mexico, should not be plugged and abandoned.

CASE
5913

BEFORE: Richard L. Stanets, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the New Mexico Oil	Lynn Teschendorf, Esq.
Conservation Commission:	Legal Counsel for the Commission
	State Land Office Building
	Santa Fe, New Mexico

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (305) 982-9212

I N D E X

Page

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

W. A. GRESSETT

Direct Examination by Ms. Teschendorf

3

old morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 MR. STAMETS: We will call next Case 5913 being
2 the matter of the hearing called by the Oil Conservation
3 Commission on its own motion to permit Kent Shannon, American
4 Employers' Insurance Company and all other interested parties
5 to appear and show cause why the following wells in Chaves
6 County, New Mexico, should not be plugged and abandoned in
7 accordance with a Commission-approved plugging program, being
8 the Hi Lonesome Well No. 1, the El Paso Well No. 1 and the
9 Karma Well No. 1.

10 I'll ask for appearances in this case.

11 MS. TESCHENDORF: Lynn Teschendorf appearing on
12 behalf of the Commission and I have one witness to be sworn.

13 MR. STAMETS: Any other appearances?

14 The witness will stand and be sworn, please?

15 (THEREUPON, the witness was duly sworn.)
16

17 W. A. GRESSETT

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

20
21 DIRECT EXAMINATION

22 BY MS. TESCHENDORF:

23 Q Please state your name, position and place of
24 residence for the record?

25 A W. A. Gressett, District Supervisor of Commission

sid morrison reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 District Two in Artesia, New Mexico.

2 Q How long have you held this position?

3 A Eleven years.

4 Q Have you previously testified before the Commission
5 and are your credentials a matter of record?

6 A They are.

7 Q Does District Two include that part of Chaves County
8 involved in this case?

9 A Yes.

10 Q Do your duties as District Supervisor include making
11 recommendations to the Commission as to when wells should be
12 plugged and abandoned?

13 A Yes.

14 Q Are you familiar with the subject matter of Case 5913?

15 A Yes.

16 Q What is the purpose of this case?

17 A To permit Kent Shannon and American Employers'
18 Insurance Company and all other interested parties to appear
19 and show cause why certain wells in Chaves County should not
20 be plugged and abandoned.

21 Q Have you reviewed all of the reports filed with the
22 Commission concerning these wells?

23 A Yes, I have.

24 Q Do you have these records with you?

25 A Yes, I do.

1 Q Would you please refer to the records pertaining to
2 the Hi Lonesome Well No. 1 and summarize the statistics?

3 A The Hi Lonesome No. 1 permit to drill was approved
4 on September the 26th, 1975 and on January 13th, 1976 they
5 submitted a report reporting spud date, setting and cementing
6 of surface casing and then on December 2nd, having had no
7 further reports, I wrote a letter requesting a progress report
8 and on March 2nd, 1977, I had no response to my letter so I
9 again wrote a letter requesting all reports and sent a copy to
10 this office and then on March 4th, I have a copy of your letter
11 to the operator concerning his obligations to take care of these
12 wells.

13 Q Why don't you for the record give the location of
14 that Hi Lonesome Well?

15 A The Hi Lonesome No. 1 is six sixty from the west,
16 three thirty from the north of Section 32, Township 8 South,
17 Range 27 East, Chaves County, New Mexico.

18 Q On what date was the last official form filed with
19 the Commission?

20 A January 14th, 1976.

21 Q Do you have any other communications relative to this
22 case which should be called to the Commission's attention?

23 A Yes, on July 21st of 1976 Mr. Shannon called and we
24 discussed a proposed plugging program for this well and at
25 this time I mentioned the fact that he was delinquent on reports.

sid morrison reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 and requested that he bring all of the reports up-to-date and,
2 you know, submit his proposed plugging program and to date he
3 has not filed anything.

4 Then on April 29th I had a field representative
5 check the location and the pits are not filled, there is junk
6 on the location and he could not find the well itself. It
7 was completely covered with dirt, no casing sticking up or
8 anything and I heard that the well actually has been plugged.

9 Q In your opinion could the failure to properly plug
10 this well cause waste?

11 A Yes, it sure could.

12 Q Would you please elaborate on that?

13 A By the possibility of allowing oil or water to
14 migrate to other zones.

15 Q Are you prepared to recommend a plugging program at
16 this time or would you prefer to describe the program at the
17 actual time of plugging?

18 A I prefer to describe the program at the actual time
19 of plugging.

20 MR. STAMETS: Mr. Gressett, what's the total depth
21 on this well?

22 A According to Mr. Shannon it was twenty-one forty-
23 seven.

24 MR. STAMETS: Did it have any casing in it?

25 A Yes, he reported setting eight and five-eighths to

sid morish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 three hundred and twenty-five feet with a hundred and fifty
2 sacks and then on the telephone he told me that he had set
3 four and a half at two thousand and sixty-seven with three
4 hundred sacks.

5 MR. STAMETS: Is it possible that Mr. Shannon could
6 supply you with details and records on the plugging if it was
7 indeed plugged, such that that might be an acceptable program
8 as far as you're concerned?

9 A Yes.

10 MR. STAMETS: Thank you.

11 Q (Ms. Teschendorf continuing.) That's all I have on
12 this well.

13 Now, refer to the records on the El Paso Well No. 1?

14 A The El Paso Well No. 1 was located six sixty from the
15 south line and nine ninety from the west line of Section 36,
16 Township 10 South, Range 26 East, Chaves County, New Mexico.

17 The permit to drill was approved on July 9th, 1976.
18 On October 7th of 1976 we received a report stating that the
19 well was drilling at three hundred and twenty-five feet and
20 then in December of '76 I wrote a letter concerning this
21 well and had no response. On March 2nd I wrote another letter
22 concerning it and had no response to it so I referred it to
23 this office for further action.

24 Q And would you please describe from your knowledge or
25 from the records what is in that well, the casing and depth?

aid merriah reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 962-9212

1 A Well, according to what he has filed with us, no
2 casing was run, and he reported on the scout report that the
3 well had been drilled to a total depth of three hundred and
4 fifty feet and they were Prep to run casing.

5 On a field inspection it appeared the well was only
6 eight to ten feet deep, however, talking with Mr. Carpenter,
7 a rancher, he told our field representative the well had been
8 drilled, he knew, to at least two hundred feet and they plugged
9 it back with dirt and rock.

10 Q What date was the last official form filed with
11 the Commission?

12 A October 7th, 1976.

13 Q Could failure to plug this well cause waste in your
14 opinion?

15 A Yes.

16 Q Do you have any other communications relative to this
17 case that should be brought to the Examiner's attention?

18 A No, I sure don't.

19 MR. STAMETS: Mr. Gressett, in this particular case,
20 is there any fresh water in the area?

21 A There is a small amount, yes.

22 MR. STAMETS: At a depth greater than three fifty or
23 lesser?

24 A Lesser than three fifty.

25 MR. STAMETS: So should this well also be plugged to

aid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 962-9212

1 protect the fresh waters?

2 A Yes, if indeed it was drilled to that three hundred
3 and fifty feet.

4 MR. STAMETS: Okay, again this well possibly could
5 be plugged to adequately, depending on what the situation
6 is and if the operator could furnish you proof of the same,
7 that would be acceptable?

8 A Yes.

9 MR. STAMETS: Thank you.

10 Q (Ms. Teschendorf continuing.) Now refer to the
11 record on the Karma Well No. 1 and summarize its history?

12 A The Karma No. 1 is located six hundred and sixty feet
13 from the south line and sixteen hundred and fifty feet from
14 the east line of Section 16, Township 10 South, Range 27 East,
15 Chaves County, New Mexico.

16 The permit to drill was approved on May 21, 1975 and
17 on August 22nd, 1975 I contacted the operator concerning the
18 progress report and then on September 15th I contacted him
19 again concerning the same report. On September 18th he submit-
20 ted a report showing eight and five-eighths casing set at
21 four hundred and nineteen feet with a hundred sacks of cement.
22 And then on December 2nd, 1976 I requested another report on
23 the well and had no response. On March 2nd, 1977 I notified
24 him that I was referring this matter to this office.

25 Q On what date was the last official form filed?

sid morrish reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

sid morriah reporting service
General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

1 A September 18th, 1975.

2 Q Do you have any other communications relative to this
3 case which should be called to the Commission's attention?

4 A The only other thing, according to the scout report
5 the well was drilled to a total depth of twenty-one hundred and
6 thirty-nine feet and temporarily abandoned.

7 Q In your opinion could the failure to plug this well
8 cause waste?

9 A Yes, it could.

10 Q How could it do that?

11 A By allowing the migration of oil or water to migrate
12 to other zones.

13 Q Would you prefer to describe the plugging program at
14 the actual time of plugging?

15 A Yes.

16 MS. TESCHENDORF: I have nothing further.

17 MR. STAMETS: In each of these cases, Mr. Gressett,
18 if the wells are left unplugged they may represent a hazard to
19 fresh waters, is that correct?

20 MR. GRESSETT: Yes.


21 MR. STAMETS: Are there any other questions of the
22 witness? He may be excused.

23 (THEREUPON, the witness was excused.)

24 MR. STAMETS: Anything further in this case? The cas
25 will be taken under advisement.

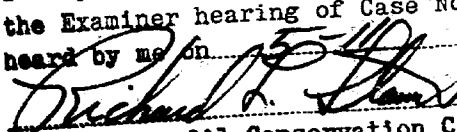
REPORTER'S CERTIFICATE

1
2 I, SIDNEY F. MORRISH, a Certified Shorthand Reporter,
3 do hereby certify that the foregoing and attached Transcript
4 of Hearing before the New Mexico Oil Conservation Commission
5 was reported by me, and the same is a true and correct record
6 of the said proceedings to the best of my knowledge, skill and
7 ability.

8
9 
10 Sidney F. Morrish, C.S.R.

sid morrish reporting service

General Court Reporting Service
825 Calle Mejia, No. 122, Santa Fe, New Mexico 87501
Phone (505) 982-9212

11
12
13
14
15
16 I do hereby certify that the foregoing is
17 a complete record of the proceedings in
the Examiner hearing of Case No. 5913.
heard by me on 5-14-77.
18  Examiner
19 New Mexico Oil Conservation Commission
20
21
22
23
24
25

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5913
Order No. R-5429

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION ON ITS OWN MOTION TO PERMIT KENT SHANNON, AMERICAN EMPLOYERS' INSURANCE COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY CERTAIN WELLS IN CHAVES COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 11, 1977, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 24th day of May, 1977, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Kent Shannon is the owner and operator of the Hi Lonesome Well No. 1 located in Unit D of Section 32, Township 8 South, Range 27 East; El Paso Well No. 1, located in Unit M of Section 36, Township 10 South, Range 26 East; and the Karma Well No. 1, located in Unit O of Section 16, Township 10 South, Range 27 East, NMPM, all in Chaves County, New Mexico.

(3) That American Employers' Insurance Company is the surety on the Oil Conservation Commission plugging bond on which Kent Shannon is principal.

(4) That the purpose of said bond is to assure the state that the subject wells will be properly plugged and abandoned when not capable of commercial production.

-2-

Case No. 5913
Order No. R-5429

(5) That in order to prevent waste, to protect correlative rights, and to protect fresh waters, each of the above-described wells should be plugged and abandoned in accordance with a program approved by the Artesia District Office of the New Mexico Oil Conservation Commission on or before August 15, 1977, or returned to active drilling status, or placed on production.

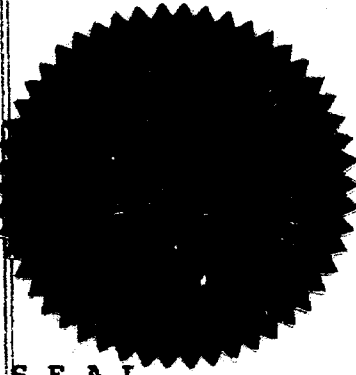
IT IS THEREFORE ORDERED:

(1) That Kent Shannon and American Employers' Insurance Company are hereby ordered to plug and abandon the H1 Lonesome Well No. 1, located in Unit D of Section 32, Township 8 South, Range 27 East; the El Paso Well No. 1, located in Unit M of Section 36, Township 10 South, Range 26 East; and the Karma Well No. 1 located in Unit O of Section 16, Township 10 South, Range 27 East, NMPM, All in Chaves County, New Mexico, on or before August 15, 1977, or return the same to active drilling or production status.

(2) That Kent Shannon and American Employers' Insurance Company, prior to plugging and abandoning the above-described wells, shall obtain from the Artesia office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Artesia office of the date and hour said work is to be commenced whereupon the Commission may, at its option, witness such work.

(3) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Phil R. Lucero
PHIL R. LUCERO, Chairman

Emery C. Arnold
EMERY C. ARNOLD, Member

Joe D. Ramey
JOE D. RAMEY, Member & Secretary

S E A L

dr/



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO
April 25, 1977

STATE GEOLOGIST
EMERY C. ARNOLD

CERTIFIED - RETURN
RECEIPT REQUESTED

Kent Shannon
Box 633
Roswell, New Mexico 88201

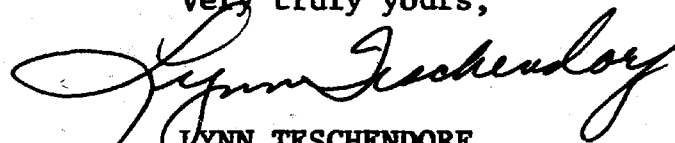
American Employers' Insurance Company
Commercial Union Assurance Companies
P. O. Box 20666
El Paso, Texas 79998

Re: Hi Lonesome Well No. 1-D,
Section 32, T8S, R27E
El Paso Well No. 1-M,
Section 36, T10S, R26E
Karma Well No. 1-O, Section
16, T10S, R27E
Plugging Bond

Gentlemen:

Enclosed is a copy of the docket of the Examiner
Hearing to be held on Wednesday, May 11, 1977, at 9:00
a.m. in the Oil Conservation Commission Conference Room,
State Land Office Building, Santa Fe, New Mexico. Case
5913 concerns the above captioned subject matter.

Very truly yours,


LYNN TESCHENDORF
General Counsel

LT/fd
enc.

Dockets Nos. 17-77 and 18-77 are tentatively set for hearing on May 25 and June 8, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - MAY 5, 1977

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5912: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the establishment of categories of plugging bonds, including blanket bonds not exceeding \$50,000, and one-well bonds in amounts determined sufficient to reasonably pay the cost of plugging the wells covered by each bond. Also to be considered will be the exclusion from future bond forms of provisions conditioning performance on recompense for damages to livestock, range, water, crops or tangible improvements. Also to be considered will be the amendment of Rule 101 of Commission Rules and Regulations concerning the above provisions.

Docket No. 16-77

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 11, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for June, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5913: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kent Shannon, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells in Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Hi Lonesome Well No. 1, located in Unit D of Section 32, Township 8 South, Range 27 East;
El Paso Well No. 1, located in Unit M of Section 36, Township 10 South, Range 26 East; and
Karma Well No. 1, located in Unit O of Section 16, Township 10 South, Range 27 East.

CASE 5914: Application of Atlantic Richfield Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Wimberly WN Well No. 11, to be located 990 feet from the North line and 1490 feet from the West line of Section 24, Township 25 South, Range 37 East, Justis-Fusselman Pool, Lea County, New Mexico.

CASE 5915: Application of C. W. Trainer for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Boyd Well No. 1, the surface location of which would be 830 feet from the South line and 2130 feet from the West line of Section 13, Township 20 South, Range 32 East, Lea County, New Mexico. Applicant proposes to vertically drill said well to a depth of from 5100 feet to 7900 feet and to then directionally drill in a southerly direction, bottoming said well in the Morrow formation at a true vertical depth of approximately 13,500 feet within 200 feet of the center of Unit F of Section 24, Township 20 South, Range 32 East. The N/2 of said Section 24 would be dedicated to the well.

CASE 5916: Application of Marathon Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of North Vacuum-Abo, Vacuum-Wolfcamp and Vacuum Upper-Pennsylvanian production in the wellbore of its McCallister State Well No. 7 located in Unit N of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 5917: Application of Hanagan Pet. Corp. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Round Mountain Well No. 1, to be located 2310 feet from the North line and 660 feet from the East line of Section 34, Township 21 South, Range 25 East, Catclaw Draw-Morrow Gas Pool, Eddy County, New Mexico, all of said Section 34 to be dedicated to the well.

CASE 5918: Application of Marbob Energy Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its NG Phillips State Well No. 10 located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

No. 481738

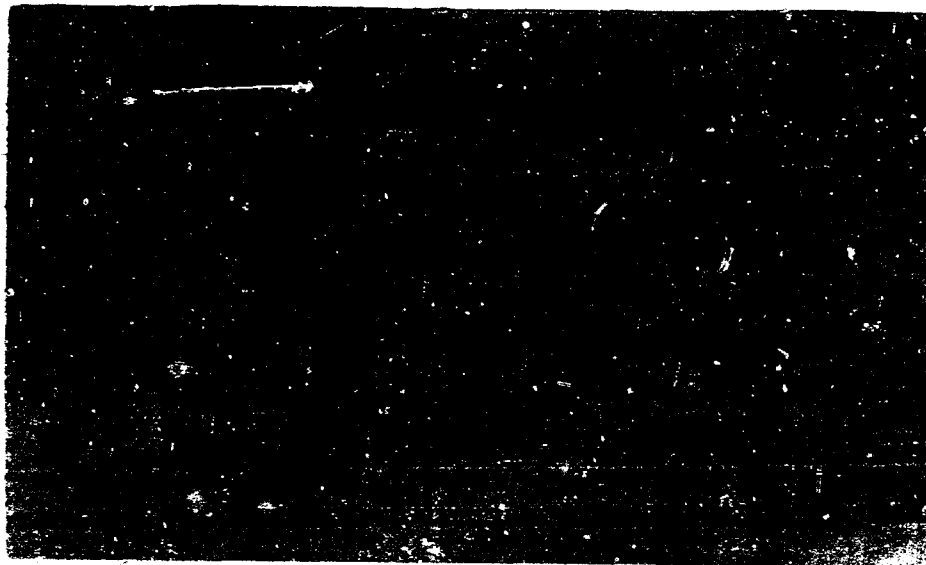
RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO Kent Shannon		POSTMARK OR DATE
STREET AND NO. Box 633		
P. O., STATE, AND ZIP CODE Roswell, New Mexico 88201		
EXTRA SERVICES FOR ADDITIONAL FEES:		
<input type="checkbox"/> Return Receipt Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	<input type="checkbox"/> Shows to whom, date, and where delivered <input type="checkbox"/> 35¢ fee	<input type="checkbox"/> Deliver to Addressee Only <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1965 NO INSURANCE COVERAGE PROVIDED— (See other side) NOT FOR INTERNATIONAL MAIL		

No. 481739

RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO Commercial Union Assurance Cos.		POSTMARK OR DATE
STREET AND NO. P. O. Box 20666		
P. O., STATE, AND ZIP CODE El Paso, Texas 79998		
EXTRA SERVICES FOR ADDITIONAL FEES:		
<input type="checkbox"/> Return Receipt Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	<input type="checkbox"/> Shows to whom, date, and where delivered <input type="checkbox"/> 35¢ fee	<input type="checkbox"/> Deliver to Addressee Only <input type="checkbox"/> 50¢ fee
POD Form 3800 Mar. 1965 NO INSURANCE COVERAGE PROVIDED— (See other side) NOT FOR INTERNATIONAL MAIL		



1. Stick postage stamps to your article to pay:
BASIC CHARGES
 Certified fee—30¢
 Postage (first-class or airmail)

OPTIONAL SERVICES

Return receipt (10¢ or 35¢)
 Deliver to addressee only—50¢
 Special delivery

2. If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, *leaving the receipt attached*, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
3. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, detach and retain the receipt, and mail the article.
4. If you want a return receipt, write the certified-mail number and your name and address on a return receipt card, Form 3811, and attach it to the back of the article by means of the gummed ends. Endorse front of article **RETURN RECEIPT REQUESTED**. (Fees—10¢ or 35¢.)
5. If you want the article delivered only to the addressee, endorse it on the front **DELIVER TO ADDRESSEE ONLY**. (Fees—50¢.) Place the same endorsement in line 2 of the return receipt card.
6. Save this receipt and present it if you make inquiry.

U.S. POST OFFICE, 1956 O-216-700

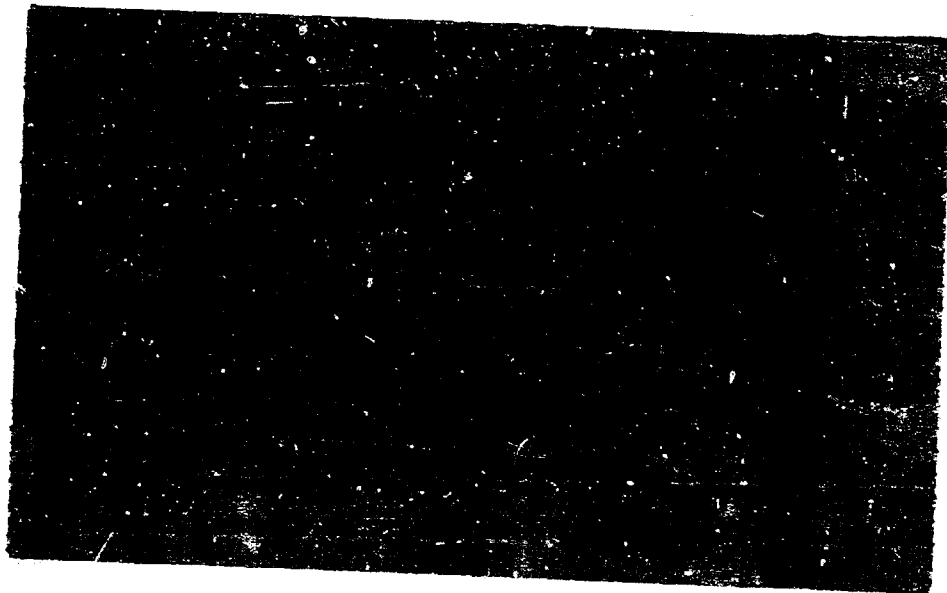
1. Stick postage stamps to your article to pay:
BASIC CHARGES
 Certified fee—30¢
 Postage (first-class or airmail)

OPTIONAL SERVICES

Return receipt (10¢ or 35¢)
 Deliver to addressee only—50¢
 Special delivery

2. If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, *leaving the receipt attached*, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
3. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, detach and retain the receipt, and mail the article.
4. If you want a return receipt, write the certified-mail number and your name and address on a return receipt card, Form 3811, and attach it to the back of the article by means of the gummed ends. Endorse front of article **RETURN RECEIPT REQUESTED**. (Fees—10¢ or 35¢.)
5. If you want the article delivered only to the addressee, endorse it on the front **DELIVER TO ADDRESSEE ONLY**. (Fees—50¢.) Place the same endorsement in line 2 of the return receipt card.
6. Save this receipt and present it if you make inquiry.

U.S. POST OFFICE, 1956 O-216-700



Dockets Nos. 17-77 and 18-77 are tentatively set for hearing on May 25 and June 8, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - MAY 5, 1977

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 5912: In the matter of the hearing called by the Oil Conservation Commission on its own motion to consider the establishment of categories of plugging bonds, including blanket bonds not exceeding \$50,000, and one-well bonds in amounts determined sufficient to reasonably pay the cost of plugging the wells covered by each bond. Also to be considered will be the exclusion from future bond forms of provisions conditioning performance on recompense for damages to livestock, range, water, crops or tangible improvements. Also to be considered will be the amendment of Rule 101 of Commission Rules and Regulations concerning the above provisions.

Docket No. 16-77

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 11, 1977

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- ALLOWABLE: (1) Consideration of the allowable production of gas for June, 1977, from seventeen prorated pools in Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.
- (2) Consideration of the allowable production of gas for June, 1977, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 5913: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Kei Shannon, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells in Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Hi Lonesome Well No. 1, located in Unit D of Section 32, Township 8 South, Range 27 East;
El Paso Well No. 1, located in Unit M of Section 36, Township 10 South, Range 26 East; and
Karma Well No. 1, located in Unit O of Section 16, Township 10 South, Range 27 East.

CASE 5914: Application of Atlantic Richfield Company for an unorthodox oil well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Wimberly WN Well No. 11, to be located 990 feet from the North line and 1490 feet from the West line of Section 24, Township 25 South, Range 37 East, Justis-Fusselman Pool, Lea County, New Mexico.

CASE 5915: Application of C. W. Trainer for directional drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the directional drilling of his Boyd Well No. 1, the surface location of which would be 830 feet from the South line and 2130 feet from the West line of Section 13, Township 20 South, Range 32 East, Lea County, New Mexico. Applicant proposes to vertically drill said well to a depth of from 5100 feet to 7900 feet and to then directionally drill in a southerly direction, bottoming said well in the Morrow formation at a true vertical depth of approximately 13,500 feet within 200 feet of the center of Unit F of Section 24, Township 20 South, Range 32 East. The N/2 of said Section 24 would be dedicated to the well.

CASE 5916: Application of Marathon Oil Company for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of North Vacuum-Abo, Vacuum-Wolfcamp and Vacuum Upper-Pennsylvanian production in the wellbore of its McCallister State Well No. 7 located in Unit N of Section 25, Township 17 South, Range 34 East, Lea County, New Mexico.

CASE 5917: Application of Hanagan Pet. Corp. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Round Mountain Well No. 1, to be located 2310 feet from the North line and 660 feet from the East line of Section 34, Township 21 South, Range 25 East, Catelaw Draw-Morrow Gas Pool, Eddy County, New Mexico, all of said Section 34 to be dedicated to the well.

CASE 5918: Application of Marbob Energy Corporation for an unorthodox oil well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its NG Phillips State Well No. 10 located 2645 feet from the South line and 1325 feet from the East line of Section 27, Township 17 South, Range 28 East, Artesia Queen-Grayburg-San Andres Pool, Eddy County, New Mexico.

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

April 25, 1977

**CERTIFIED - RETURN
RECEIPT REQUESTED**

**Kent Shannon
Box 633
Roswell, New Mexico 88201**

**American Employers' Insurance Company
Commercial Union Assurance Companies
P. O. Box 20666
El Paso, Texas 79998**

**Re: Hi Lonesome Well No. 1-D,
Section 32, T8S, R27E
El Paso Well No. 1-M,
Section 36, T10S, R26E
Karna Well No. 1-O, Section
16, T10S, R27E
Plugging Bond**

Gentlemen:

**Enclosed is a copy of the docket of the Examiner
Hearing to be held on Wednesday, May 11, 1977, at 9:00
a.m. in the Oil Conservation Commission Conference Room,
State Land Office Building, Santa Fe, New Mexico. Case
5913 concerns the above captioned subject matter.**

Very truly yours,

**LYNN TESCHENDORF
General Counsel**

**LT/fd
enc.**

In the matter of the hearing called by the OCC on its own motion to permit Kent Shannon, American Employers' Insurance Company, and all other interested parties to appear and show cause why the following wells in Chaves County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program:

Hi Lonsome Well No. 1, located in Unit

D of Section 32, Township 8 South, Range 27 East

El Paso Well No. 1, located in Unit M of

Section 36, Township 10 South, Range 26 East

Herma Well No. 1, located in Unit O of

Section 16, Township 10 South, Range 27 East

DRAFT

dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 5913

Order No. R- 5429

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION
COMMISSION ON ITS OWN MOTION TO PERMIT KENT SHANNON, AMERICAN
EMPLOYERS' INSURANCE COMPANY, AND ALL OTHER INTERESTED PARTIES TO
APPEAR AND SHOW CAUSE WHY THE FOLLOWING WELLS IN CHAVES COUNTY,
NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH
A COMMISSION-APPROVED PLUGGING PROGRAM.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on May 11
19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Miller.

NOW, on this day of May, 19 77, the
Commission, a quorum being present, having considered the testimony,
the record, and the recommendations of the Examiner, and being
fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That Kent Shannon is the owner and
operator of the HI Lonesome Well No. 1 located in Unit D of Section 32, Town-
Unit M of Sec. 36, T-10-S, R-26-E; and the Karma Well No. 1, located in Unit U of Sec. 16, T-10-S,
located in Unit of Section Township
Range 27 East, NMPM, Chaves County, New Mexico.

(3) That American Employers' Insurance Company is the
surety on the Oil Conservation Commission plugging bond on which
Kent Shannon is principal.

(4) That the purpose of said bond is to assure the state
that the subject well[s] will be properly plugged and abandoned
when not capable of commercial production.

(5) That in order to prevent waste, and protect correlative
rights ~~and to protect fresh waters, each of~~ the above-described wells should
be plugged and abandoned in accordance with a program approved by
the Artesia District Office of the New Mexico Oil
Conservation Commission on or before August 15
1977, or the well should be returned to active drilling
status, or placed on production.

IT IS THEREFORE ORDERED:

(1) That Kent Shannon and American Employers' Insurance Company

are hereby ordered to plug and abandon the
H1 Lonesome Well No. 1, located in Unit D of Section 32, Township 8 South, Range 27 East;
the El Paso Well No. 1, located in Unit M of Section 36, Township 10 South, Range 26 East; and
the Karma Well No. 1
located in Unit 0 of Section 16, Township 10 South,

Range 27 East, ^{Allen} NMPM, ¹ Chaves County, New Mexico, on or

before August 15, 1977, or return

the same to active drilling or production
status.

(3) That jurisdiction of this cause is retained for the
entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.