

CASE 6048: OCC - PLUGGING CASE
SAGUARO OIL COMPANY

W V

Bob Lanth

(303) 247 0025

Durango

Case Number

6048

Application

Transcripts.

Small Exhibits

ETC.

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date

SEPTEMBER 28, 1977

Time: 9:00 A.M.

6048
6049
6050
6051
6054
6056

NAME	REPRESENTING	LOCATION
Al Kendrick H. L. Kendrick Lee Nering	El Paso Natural Gas Co El Paso Petroleum Corp	Amy Lee El Paso Houston
JEFF SHRADER	GULF OIL CORP	Midland
CHARLES F. KALTEVEIL	At-Risk Mesa Pet.	Midland
James Smith	Texaco Inc	Midland
W. A. Sargent	TEXACO	AMARILLO
MORRIS TODD	Mesa Petroleum Co.	Amarillo
L. M. CARNES	Saguaro Oil Co.	Farmington
James W. Hensley	Mesa Petroleum Co.	Amarillo
Noel Reynolds	Belco Pet. Corp.	Midland
Sam Siagle	L. R. Cone et. al	Lubbock
Mary Ward	"	"
John C. Byers	"	"
L. R. Cone	"	"
Jim Cone	"	"
Jack Mackham	MESA PETR CO.	AMARILLO
DON DEKT	Kellakin & Fox	Santa Fe
W. T. Kellakin	Whitehead & Co.	Santa Fe
Ken [unclear]		

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date SEPTEMBER 28, 1977 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Jack Nuff	Burkson + Nuff	Midland, Tx
William L. Carr	Carron, Carron and Sawtell	Santa Fe
Bernez Jackson	W. RIDLEY Wheeler ESTATE	FORT WORTH, TX.
H. W. Benischke	Self - Royalty owner	Albany, N.M.
Mrs. H. H. Benischke	" "	" "
Mr. Jerry Tweed	Atlantic Richfield	Midland, Tx
Mr. William L. Carr	" "	" "
M. L. Schroeder	Texas Pacific Oil Co. Inc.	Midland, Tex.
Jerry Tweed	Atlantic Richfield	Midland, Tex.
K. D. McPherson	Morano	Notus, N.H.
Paul Ischute	Summit Energy, Inc.	Artesia, N.M.

BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
28 September, 1977

EXAMINER HEARING

IN THE MATTER OF:

The Hearing called by the Oil Conservation
Commission on its own motion to permit
Saguaro Oil Company and all other interested
parties to appear and show cause why the
Moran State Well No. 1 located in Unit A
of Section 36, Township 18 North, Range 9
West, McKinley County, New Mexico, should
not be plugged and abandoned in accordance
with a Commission-approved plugging program.

CASE
6048

BEFORE: Daniel S. Nutter

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

(The hearings of Cases Number 6049, 6050, 6051,
6054, and 6056 are incorporated in this tran-
script.)

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

I N D E X

The Witness, A. R. Kendrick

6048

Direct Examination by Ms. Teschendorf	6
Cross Examination by Mr. Nutter	10

Exhibit 1, photograph	10
Exhibit 2, photograph	10

6049

Direct Examination by Ms. Teschendorf	14
---------------------------------------	----

Exhibit 1, photograph	16
-----------------------	----

6050

Direct Examination by Ms. Teschendorf	16
---------------------------------------	----

Exhibit 1, photograph	18
-----------------------	----

6051

Direct Examination by Ms. Teschendorf	19
Cross Examination by Mr. Nutter	21

Exhibit 1, photograph	21
Exhibit 2, photograph	21

6054

Direct Examination by Ms. Teschendorf	22
Cross Examination by Mr. Nutter	23

Exhibit 1, photograph	23
Exhibit 2, photograph	23

sid morish reporting service

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

I N D E X

6056

Direct Examination by Ms. Teschendorf	24
Cross Examination by Mr. Nutter	25
Exhibit 1, photograph	25

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

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

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

1 MR. NUTTER: The hearing will come to order, please.
2 The first case we'll call this morning will be Case Number
3 6048, which is a case the Commission called on its own motion
4 to permit Saquaro Oil Company and all other interested parties
5 to appear and show cause why the Moran State Well Number 1,
6 located in Unit A of Section 36, Township 18 North, Range 9
7 West, McKinley County, New Mexico, should not be plugged and
8 abandoned in accordance with a Commission-approved plugging
9 program.

10 Also, at this time call Case 6049, which is in the
11 matter of the hearing called by the OCC on its own motion to
12 permit Douglas Kenaston, Mints-Kenaston Drilling Company, and
13 all other interested parties to appear and show cause why the
14 Masden-Selby Well Number 1 located in Unit I of Section 21,
15 Township 29 North, Range 11 West, San Juan County, New Mexico,
16 should not be plugged and abandoned in accordance with a
17 Commission-approved plugging program.

18 Also call Case 6050, which is in the matter of
19 the hearing called by the Oil Conservation Commission on its
20 own motion to permit J. Felix Hickman and all other inter-
21 ested parties to appear and show cause why the Malco State
22 Com Well Number 1 located in Unit G of Section 16, Township
23 26 North, Range 3 West, San Juan County, New Mexico, should
24 not be plugged and abandoned in accordance with a Commission-
25 approved plugging program.

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

1 Also call at this time Case Number 6051, which is
2 in the matter of the hearing called by the Oil Conservation
3 Commission on its own motion to permit B. G. West and N. W.
4 McIntosh and all other interested parties to appear and show
5 cause why the Rollins and Dodgen Well Number 2 located in
6 Unit D of Section 28, Township 18 North, Range 3 West, San-
7 doval County, New Mexico, should not be plugged and abandoned
8 in accordance with a Commission-approved plugging program.

9 We'll also at this time call Case Number 6054,
10 which is in the matter of the hearing called by the OCC on
11 its own motion to permit John F. Staver and all other inter-
12 ested parties to appear and show cause why the Paperthin Well
13 Number 1 located in Unit F of Section 26, Township 19 North,
14 Range 5 West, McKinley County, New Mexico, should not be
15 plugged and abandoned in accordance with a Commission-approved
16 plugging program.

17 We'll also call at this time Case 6056, which is
18 in the matter of the hearing called by the Oil Conservation
19 Commission on its own motion to permit Julius Chodorow,
20 American Employers' Insurance Company, and all other inter-
21 ested parties to appear and show cause why the Ute Well Num-
22 ber 1 located in Unit F of Section 20, Township 31 North,
23 Range 15 West, San Juan County, New Mexico, should not be
24 plugged and abandoned in accordance with a Commission-ap-
25 proved plugging program.

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

1 For purposes of testimony and hearing, these cases
2 will be consolidated. I'll call for appearances, please.

3 MS. TESCHENDORF: Lynn Teschendorf, appearing on
4 behalf of the Commission. I have one witness.

5 MR. NUTTER: Are there any other appearances, please
6 Are there any other appearances in these cases?

7 Yes, sir. Are you entering an appearance in a case?

8 MR. REYNOLDS: In Case 6048, yes, sir.

9 MR. NUTTER: Yes, sir. 6048, in relation to Saguaro
10 Oil Company?

11 MR. REYNOLDS: Yes, sir.

12 MR. NUTTER: Okay.

13 (At this time the Commission's witness was sworn.)

14 MR. NUTTER: Would you enter your name in the re-
15 cord, please?

16 MR. REYNOLDS: My name is Noel Reynolds, Farmington,
17 New Mexico. In Case 6048 I'm a one-third owner of the property;
18 Saguaro Oil Company is the operator, and I would like to re-
19 quest additional time to test this well and see if it is not
20 capable of producing oil in paying quantities.

21 MR. NUTTER: All right, sir. We'll call for your
22 statement at the conclusion of this witness' testimony, please.

23 Ms. Teschendorf.
24
25

A. R. KENDRICK

being called as a witness and being duly sworn upon his oath,
testified as follows, to-wit:

DIRECT EXAMINATION

BY MS. TESCHENDORF:

Q State your name, position, and place of residence
for the record, please.

A A. R. Kendrick, District Supervisor for the Oil
Conservation Commission. I reside in Aztec, New Mexico.

Q And how long have you held this position?

A About two years.

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

A They are.

Q Does District III include that part of McKinley,
San Juan, and Sandoval Counties involved in these cases?

A Yes.

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

A They do.

Q Are you familiar with the subject matter of Cases
6048, 6049, 6050, 6051, 6054, and 6056?

A Yes.

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

1 Q And what is the purpose of these cases?

2 A These cases are called to allow the owners and in-
3 terested parties in these wells to appear and show why these
4 wells should not be made as useful wells or to be plugged and
5 abandoned in accordance with the Commission Rules and Regu-
6 lations, or plugged in a manner approved by the Oil Conserva-
7 tion Commission.

8 Q Have you reviewed all the reports filed with the
9 Commission concerning these wells?

10 A Yes.

11 Q Do you have these records with you?

12 A Yes, I do.

13 Q Would you please refer to the records on Moran State
14 Well Number 1 and summarize it's history?

15 A The intention to drill, Form C-101, was approved
16 subject to final approval of the bond on December the 9th,
17 1974. A cover letter with that intent to drill said that an
18 application had been made for a bond and the bond would be
19 submitted upon its approval by the bonding company. The well
20 was drilled and no bond was submitted back in 1974.

21 On March the 11th, 1975, a form letter was sub-
22 mitted from the District Office to the operator requesting
23 further information about the well. There was no reply.

24 On May the 2nd, 1975, the operator was contacted
25 by phone and on May the 6th, Forms C-104 and C-105 were filed.

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

1 C-105 had to be supplemented in May because of
2 failure to complete the form.

3 The shutin letter was sent to the operator on April
4 the 23rd, 1976, for failure to comply with Commission Rules
5 and Regulations. There was no response.

6 The letter requesting this case was sent on August
7 the 22nd, 1977, and it came to our attention at that time that
8 the bond had not been approved. A consultant who had done
9 some work for the company was contacted and he contacted the
10 company again and they advised us they were applying for a
11 bond immediately, and that they would plug and abandon the
12 well before today.

13 On August the 14th or August the 15th, a note was
14 delivered by me -- to me saying that a bond for the Moran
15 State Well was approved by the Reliance Insurance Company in
16 the name of Saguaro Oil Company, and bond number was quoted.
17 I called the agency handling the bonding and was advised
18 orally that the bond was approved and was awaiting signature
19 and corporate seal; that it would be delivered to us imme-
20 diately upon approval by the company. No one from Saguaro
21 Oil Company has applied the signature and the corporate seal
22 to that bond, which was approved by the bonding company,
23 let's see, that date would have been September the 14th in-
24 stead of August the 14th; so in the last ten days there has
25 been insufficient time for the -- anyone from the company to

sid morrison reporting service

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

1 get his bond in shape.

2 The well was approved for production in 1975. It
3 produced from April to July, 1975; produced a total of 771
4 barrels of oil. There has been no reported production since
5 that time.

6 Q Any other communications relative to this case which
7 should be called to the Commission's attention?

8 A None.

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

11 A Yes, it could.

12 Q And in what way?

13 A Allowing the intermingling of water or oil or the
14 escape of oil from the producible formation.

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

18 A I'd rather sit down and work out a plugging program
19 with the operator of the well at a later date.

20 Q And do you have Exhibits One and Two with you?

21 A I have two photographs of the wellsite. The tank's
22 removed from the wellsite and oil was allowed to run about
23 300 feet down an arroyo. There is about 100 barrels, plus or
24 minus, of oil and BS in the pit; it is unfenced; the situation
25 is very sloppy; and my field man took pictures of that on

sid morrison reporting service

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

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

1 September the 20th; he had made a prior field trip on June
2 the 20th.

3 MR. NUTTER: Mr. Kendrick, these dates, June the
4 20th and September the 20th, they were in 1977, were they?

5 A. Yes, sir, they were, this year, and when he was
6 back on September the 20th, apparently no one had been to the
7 location to attempt any clean-up or remedial action on the
8 well from the time he was there in June until he was back in
9 September the 20th, which is some 28 days after the letter
10 went out advertising for this case.

11 MS. TESCHENDORF: At this time I would offer Ex-
12 hibits One and Two in this case.

13 MR. NUTTER: Exhibits One and Two in Case 6048
14 will be admitted in evidence.

15
16 CROSS EXAMINATION

17 BY MR. NUTTER:

18 Q. Were there tanks present at the well at one time,
19 Mr. Kendrick?

20 A. Yes, sir, the tanks were drained to be moved, is
21 the reason the oil is on the ground and in the pit.

22 Q. I see. Do you have any idea when those tanks were
23 moved?

24 A. No, sir.

25 MR. NUTTER: Are there any questions of Mr. Kendrick?

1 Mr. Reynolds, did you have any questions of this witness.

2 MR. REYNOLDS: No, I don't have any questions of
3 him.

4 I am, as I stated, part owner in this lease.
5 Saguaro Oil Company had been the operator, and I agree with
6 Mr. Kendrick that the lease has been neglected, and I am now
7 in the process of acquiring the interest of Saguaro Oil Com-
8 pany and intend to test this well if I can get my negotiations
9 completed to see if it will not make some oil, and I think
10 it will.

11 MR. NUTTER: How long do you think it's going to be
12 before you'll know whether you've got a viable producing
13 well here?

14 MR. REYNOLDS: I imagine, sir, it will take six
15 months to adequately test it, to get the equipment back on
16 the ground, and adequately test it.

17 MR. NUTTER: You mean it's going to take six months
18 before you can commence testing the well?

19 MR. REYNOLDS: No, no, no. No, I can start within
20 thirty days, but I think it will probably, because it is ad-
21 joining a waterflood, I think we're going to have to pump
22 excessive amounts of water off before we can know for sure
23 what it will produce in oil. In the beginning it made some
24 oil and looked like it was capable of making pretty good
25 production. Then it was allowed to be shut down for some time

sid morrish reporting service

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

1 and of course the water encroached and it was -- it needs to
2 be pumped now and tested.

3 MR. NUTTER: In other words, you feel like if you
4 install tanks out there and you -- apparently there is a
5 pumping jack on the well.

6 MR. REYNOLDS: Yes, sir.

7 MR. NUTTER: Is there a motor there on that pumping
8 jack?

9 MR. KENDRICK: Yes, sir.

10 MR. REYNOLDS: It is electric.

11 MR. NUTTER: So all you'd need would be the in-
12 stallation of the tanks; maybe separation facilities.

13 MR. REYNOLDS: Right, and separation facilities
14 will be somewhat difficult there because we do not make any
15 gas and we may have a little problem there and would have to
16 have a heat -- heat separation process and we don't have any
17 gas. Maybe we can arrange some method of getting some gas
18 from our neighbors there; looks like maybe we can.

19 MR. NUTTER: And then you feel like you'd have to
20 put the well on pump and pump it for some time and producing
21 probably only water initially?

22 MR. REYNOLDS: Yes, sir.

23 MR. NUTTER: And that maybe later it would commence
24 producing oil.

25 MR. REYNOLDS: Yes, sir.

1 MR. NUTTER: And you feel like you could commence
2 these tests within thirty days?

3 MR. REYNOLDS: I believe so, yes, sir.

4 MR. NUTTER: Are there any questions of Mr. Reynolds
5 from any of our staff?

6 MR. REYNOLDS: I might like to make the statement
7 that Saguaro, I understood, just this last week had acquired
8 their bond that was -- that Mr. Kendrick was talking about
9 here. I believe they have acquired that now.

10 MR. NUTTER: The Commission hasn't received the
11 bond yet, though, Mr. Reynolds.

12 MR. REYNOLDS: I believe not.

13 MR. NUTTER: Now, you're a third owner, I think you
14 stated --

15 MR. REYNOLDS: Yes, sir.

16 MR. NUTTER: -- of Saguaro Oil Company. Is this a
17 corporation or is it --

18 MR. REYNOLDS: Saguaro, they're a corporation; I'm
19 not. My interest is a private owner; they're the operator.

20 MR. NUTTER: Well, you're a part owner of the well
21 but Saguaro Corporation is also an owner, is that it?

22 MR. REYNOLDS: Yes, sir, that's right.

23 MR. NUTTER: And it's your intent to buy out Saguaro's
24 interest in the well?

25 MR. REYNOLDS: Yes, sir.

sid 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. NUTTER: And then it would be solely yours, is
 2 that it?

3 MR. REYNOLDS: That's right.

4 MR. NUTTER: Now, who's getting the bond? Are you
 5 getting a bond or is Saguaro getting a bond?

6 MR. REYNOLDS: Well, as of now they have a bond.
 7 I will acquire one if it becomes my property; then I under-
 8 stand it becomes my responsibility.

9 MR. NUTTER: Would you assume ownership of the well
 10 prior to the time you tested it?

11 MR. REYNOLDS: Yes, sir.

12 MR. NUTTER: Are there any other questions of Mr.
 13 Kendrick? Do you have any questions of Mr. Kendrick? Mr.
 14 Kendrick may be excused. Does anyone else have anything they
 15 wish to offer in Case Number 6048?

16 Proceed with the others.

17
 18 A. R. KENDRICK

19 being recalled to the witness stand, testified as follows,
 20 to-wit:

21
 22 DIRECT EXAMINATION

23 BY MS. TESCHENDORF:

24 Q. Mr. Kendrick, would you now refer to the record on
 25 the Masden-Selby Well Number 1 and summarize its history?

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

1 A. The Masden-Selby Well was drilled in 1952 and Form
2 C-105 was received in 1952, showing the well being completed
3 as a very low producible well or dry hole.

4 In September, 1953, we received an intent to plug
5 and abandon, which was approved. The subsequent report of
6 abandonment was approved on September the 28th, 1953, wherein
7 the operator signed a certificate swearing that the plugs had
8 been set and that a marker had been set on the surface of the
9 hole.

10 A real estate developer called me and asked me if
11 I'd check about a wellhead in a piece of property that he
12 wanted to subdivide into town lots, and the well happens to
13 have a wellhead on it instead of a marker, and it does need
14 to be plugged and abandoned.

15 There is a very little bit of gas at the surface on
16 the tubinghead and the bradenhead will flow a little bit of
17 oil, so the well does need to be plugged.

18 Q Do you have a picture, which is Exhibit 1, showing
19 that well?

20 A. I have. The bond was released on this well in June
21 the 5th, 1956.

22 MR. NUTTER: And this is a well, Mr. Kendrick, that
23 was supposedly plugged and a plugging report was filed on it?

24 A. Yes.

25 MR. NUTTER: But there it is with the bradenhead

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

1 sticking out of the ground and a wellhead on that.

2 A Yes, sir.

3 Q (Ms. Teschendorf continuing.) Do you have any other
 4 communications relative to this case that should be called to
 5 the Examiner's attention?

6 A I don't think so.

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

9 A It could.

10 Q And how would it do that?

11 A Since there is oil on the bradenhead it would be
 12 available to any formation behind the casing and there is a
 13 bit of gas on the tubing so that if the long string develops
 14 a leak, the gas may enter shallow water sand.

15 MS. TESCHENDORF: At this time I'll offer Exhibit 1
 16 in evidence.

17 MR. NUTTER: Exhibit 1 in Case 6049 will be admitted
 18 in evidence.

19 Take the next case.

20 Q (Ms. Teschendorf continuing.) Mr. Kendrick, would
 21 you now refer to the record on the Malco State Com Well Number
 22 1 and summarize its history?

23 A The Malco State Well Number 1 was drilled in 1956.
 24 The last production from this well was in 1968. It was com-
 25 pleted as a Pictured Cliffs producible gas well. In 1968 it

1 produced 129 Mcf in April; 84 Mcf in May; 9 Mcf in August.
2 The cumulative production was 153,532 Mcf.

3 The well has not been attended. The operator failed
4 to respond to our reports requesting those abandoned wells to
5 be classed as temporary abandoned over the last couple of years,
6 so this case was requested on August the 22nd, 1977.

7 The bond for this operator was cancelled on July
8 the 29th, 1958, in error. The well had not been plugged.
9 There's no indication that a plugging attempt has been re-
10 quested or made.

11 I have a photograph of the wellhead which was buried
12 by another operator as they drilled a well on the same loca-
13 tion to a different formation.

14 Q Is that Exhibit 1 in this case?

15 A It is.

16 Q In your opinion, Mr. Kendrick, could a failure to
17 plug this well cause waste?

18 A Yes. Since the well did produce we know that it
19 is completed in the reservoir containing petroleum products
20 and should a casing failure occur, it could lose some gas
21 from the Pictured Cliffs formation into the shallower sands.

22 MS. TESCHENDORF: At this time I'll offer Exhibit 1
23 in evidence.

24 MR. NUTTER: Mr. Kendrick, you mean under all that
25 sand there where that sign is there's a wellhead?

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

1 A. They uncovered enough to show a bit of the wellhead
2 itself so they'd know where to put the sign.

3 MR. NUTTER: And a bulldozer, apparently, has pushed
4 that sand over there in clearing a location for the other
5 well.

6 A. Yes, sir.

7 MR. NUTTER: But you can find this well and get it
8 plugged?

9 A. Yes, sir.

10 MR. NUTTER: Exhibit Number 1 in Case 6050 will be
11 admitted.

12 For the record, we do have a letter relating to
13 this case from James E. Sperling of Albuquerque, New Mexico,
14 attorney for Mr. J. Felix Hickman. The letter reads as
15 follows: "The captioned matter is set for hearing on Sep-
16 tember 28th, 1977. On behalf of J. Felix Hickman, please be
17 advised that Mr. Hickman agrees that the well is subject"--
18 "that the well which is the subject of the hearing and located
19 in Unit G of Section 26, Section 16, should be plugged and
20 abandoned. Mr. Hickman will undertake to salvage such down-
21 hole equipment as is feasible and will arrange for the plug-
22 ging of the well. A report of the plugging of the well will
23 be filed with the Commission on the prescribed form, C-103.
24 It is my understanding that Form C-105 has already been filed
25 with the Commission following the original completion of the

sid morrish reporting service

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

1 well." Signed by James E. Sperling.

2 Does anyone have anything they wish to offer in
3 Case Number 6050? We'll take the case under advisement and
4 call 6051.

5
6 Q (Ms. Teschendorf continuing.) Mr. Kendrick, would
7 you now refer to the records on the Rollins and Dodgen Well
8 Number 2 and summarize its history?

9 A The well was approved for production in 1962 with
10 Rollins and Dodgen as the operator and the operation was
11 changed to B. G. West and N. W. McIntosh on August the 13th,
12 1964.

13 In July of 1969 the USGS sent an intent to cancel
14 their lease because of no production. Our files do not re-
15 flect that that answer -- that there was an answer to that
16 letter. Excuse me. Our files do show an answer to that
17 letter, filed August the 17th, an intent to rework and retest
18 the well.

19 In September of 1969 the USGS issued an extension
20 of time to October the 1st of 1969 for this rework and re-
21 testing.

22 On October the 17th the operator finally filed an
23 intent to rework and replaced the pump. Their same report
24 showed that the pump replacement was unsatisfactory and they
25 intended to repair other trouble. There was no further re-

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

1 sponse from the operator or from the USGS since that commun-
2 ication in late 1969.

3 This is on a Federal lease and the USGS may have a
4 bond; we have no bond wherein we are the beneficiary.

5 This well produced last -- or the last production
6 shown was in May, 1972, one barrel of oil; in June, 1972, one
7 barrel of oil, with a cumulative production of 2,251 barrels.

8 On September the 12th our field man, Mr. Golson,
9 inspected the location and advised me that the engine was
10 gone from the pumping unit; there is a tank on location; and
11 he provided me with a colored photograph.

12 I visited the location yesterday and what appeared
13 to be oil staining the tank in his photograph is rust staining
14 the tank.

15 The tank never ran over with oil; apparently hasn't
16 had enough oil to fill it.

17 I would submit two photographs as exhibits, both
18 showing that the flowline from the wellhead to the tank does
19 not go to the tank but goes to the pit and there is no head
20 on the pumping unit.

21 Q In your opinion could failure to plug this well
22 cause waste?

23 A Yes, it could. The well has produced, which identi-
24 fies it being into -- in communication with the producible
25 zone. It is in the pool with some other wells and there could

sid 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 be the loss or the contamination of oil by failure of the
2 casing.

3 MS. TESCHENDORF: At this time I'll offer Exhibits
4 1 and 2 in evidence.

5 MR. NUTTER: Exhibits 1 and 2 in Case 6051 will be
6 admitted in evidence.

7
8 CROSS EXAMINATION

9 BY MR. NUTTER:

10 Q When is the last actual correspondence that the
11 Commission or the GS has had with these operators, Mr. Ken-
12 drick?

13 A I sent them a copy of the letter on August the 22nd
14 requesting this hearing and have not heard any response from
15 the operator.

16 Q Do you know when the last time we heard from them
17 was, though?

18 A Other than that, no. The last information in the
19 well file was in 1969.

20 Q That's when they asked for that extension of time
21 to work on the well with the GS, I think, wasn't it?

22 A Yes.

23 MR. NUTTER: Does anyone have any comment to make
24 on this well? We'll take that case under advisement and
25 proceed to Case Number 6054.

1 Q (Ms. Teschendorf continuing.) Mr. Kendrick, would
2 you now refer to the records on the Paperthin Well Number 1
3 and summarize its history?

4 A This well is also on a Federal lease. If there is
5 a bond it is to the USGS and not to the Oil Conservation Com-
6 mission.

7 The C-104 was approved on this well as a producible
8 well with Eastern Petroleum Corporation as the operator. In
9 December of 1972 an intent to plug and abandon was filed by
10 the Eastern Petroleum Corporation.

11 A C-104 showing a change of ownership was filed by
12 John F. Staver, which was approved May the 8th, 1974.

13 There is no further correspondence in this file
14 since 1974. The 1973 production was zero; the 1974 production
15 was 51 barrels during the month of May. The cumulative
16 production is 923 barrels.

17 Q And do you have two exhibits related to this case?

18 A I have two photographs of this location.

19 Q In your opinion could the failure to plug this well
20 cause waste?

21 A Yes, it could.

22 Q And would you elaborate in how it could cause waste?

23 A In a similar manner that should the casing fail in
24 the wellbore, the pollution of the oil or the pollution of
25 the water, or both, could occur.

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

1 MS. TESCHENDORF: I'll now offer Exhibits 1 and 2.

2 MR. NUTTER: Exhibits 1 and 2 in Case 6054 will be
3 admitted in evidence.

4
5 CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Mr. Kendrick, there's no pumping unit on this well.
8 Was this a hydraulically lifted well or was it a flowing well,
9 or what?

10 A I don't know whether the well flowed or whether
11 there was at one time a pumping unit on it.

12 Q What is that that's sticking up out of the top of
13 the thing? Is that a polished rod or is that a pipe or just
14 what would that be?

15 A That would be a polished rod.

16 Q Where there had been a pumping unit installed.

17 A Yes, sir, there had been a pumping unit at one time.

18 Q Okay. And there was zero production in 1973. The
19 well made 51 barrels in '74, and that was the end of the
20 production, as far as you know?

21 Q That's the last reported production, yes.

22 MR. NUTTER: Are there any questions of this wit-
23 ness regarding this well? Are there any comments regarding
24 this well?

25 We'll take that case under advisement and proceed

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

1 to Case Number 6056.

2
3 Q (Ms. Teschendorf continuing.) Would you now refer
4 to the record on the Ute Well Number 1 and summarize its his-
5 tory?

6 A The Ute Well Number 1 operated by Julius Chodorow,
7 the C-110 was approved for production as Keith Williams, In-
8 corporated, Barker Dome Unit Number 1, in 1960. In February
9 of 1962 a form C-110 changed the operator to Jacob I. Smith,
10 Trustee, Well 9 changed to the Ute Number 1.

11 On March the 12th, 1964 there was a change of trans-
12 porters. In May of 1971 there was a change of operators to
13 Julius Chodorow, who took over after Jacob I. Smith was the
14 trustee of the estate of Keith Williams, Incorporated.

15 In April of 1972 there was a change in transporters
16 by C-104. The last entry in the well file was a letter of
17 August 22nd calling this case. The production in the well
18 in 1974, in April there was 6 barrels of oil; in May, 2 barrel
19 of oil; June, 3 barrels of oil; July and August each reported
20 1 barrel per month. The cumulative production was 12,149
21 barrels.

22 This is on an Indian lease with the Ute Indian
23 Reservation. We have no bond wherein we are the beneficiary.
24 If there is a bond it would be to the USGS.

25 Q Do you have an exhibit relating to this case?

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

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

1 A I have two photographs -- or excuse me, one photo-
2 graph of this well location. Charles Golson visited the
3 location on June the 21st and reported all production equip-
4 ment still on the location. I visited the location on Sep-
5 tember the 12th and noted that the engine was gone from the
6 pumping unit. There is no apparent to the well readily and
7 weeds have grown up in the road, so it's not real easy to
8 find. So someone removed that engine from the pumping unit
9 had to know how to get there.

10 Q Please identify Charles Golson for the record.

11 A Charles Golson is an Oil Commission employee in
12 District III as a Field Representative.

13 Q In your opinion could the failure to plug this well
14 cause waste?

15 A It could. It has been drilled into a producible
16 formation and therefore is part of the reservoir in the
17 Horseshoe-Gallup Pool and a casing failure could allow con-
18 tamination of the oil or the water in that proximity.

19 MS. TESCHENDORF: I will offer Exhibit 1 in evidence.

20 MR. NUTTER: Exhibit 1 in Case 6056 will be admit-
21 ted in evidence.

22

23 CROSS EXAMINATION

24 BY MR. NUTTER:

25 Q Mr. Kendrick, you mentioned that the well in 1974

1 had produced 12 or 14 barrels in the summer months there. Is
2 that the last production there has been from that well?

3 A Yes, sir, and the total cumulative production
4 through the present is 12,149 barrels, and that was the last
5 production in August of 1974.

6 Q Now, prior to that production in '74, had there
7 been a long spell there where the well had not produced at
8 all?

9 A No, the well seemed to produce pretty good up until
10 about April and then it then it really went on a very rapid
11 decline.

12 Q Then a decline set in and 2 barrels one month and
13 finally got down to 1 barrel per month and then zero.

14 A Yes.

15 MR. NUTTER: Are there any questions of Mr. Kendrick
16 regarding this well? Does anyone have any comments on this
17 well?

18 Does anyone have anything to offer -- Mr. Kendrick
19 may be excused.

20 Does anyone have anything to offer in Case Number
21 6048, 6049, 6050, 6051, 6054 or 6056?

22 We'll take these cases under advisement and call
23 now Case Number 6052,

24 (Hearing concluded.)
25

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

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Certified Shorthand Reporter,
DO HEREBY CERTIFY that the foregoing and attached Transcript
of Hearing before the New Mexico Oil Conservation Commission
was reported by me, and the same is a true and correct record
of the said proceedings to the best of my knowledge, skill
and ability.

Sally Walton Boyd
Sally Walton Boyd, C.S.R.

I do hereby certify that the foregoing is
a copy of the original transcript in
the files of the New Mexico Oil Conservation Commission
heard on 9/28/77.

[Signature], Secretary
New Mexico Oil Conservation Commission

6048
6049
6050
6051
6054
6056

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



OIL CONSERVATION COMMISSION

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



DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO

STATE GEOLOGIST
EMERY C. ARNOLD

December 27, 1977

Mr. Noel Reynolds
Saguaro Oil Company
P. O. Box 51
Farmington, New Mexico 87401

Re: CASE NO. 6048
ORDER NO. R-5597

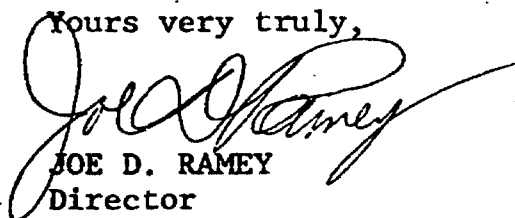
Applicant:

OCC (Saguaro Oil Company)

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	<u>X</u>
Artesia OCC	<u>X</u>
Aztec OCC	<u>X</u>

Other _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

CASE NO. 6048
Order No. R-5597

IN THE MATTER OF THE HEARING CALLED BY THE
OIL CONSERVATION COMMISSION ON ITS OWN MOTION
TO PERMIT SAGUARO OIL COMPANY AND ALL OTHER
INTERESTED PARTIES TO APPEAR AND SHOW CAUSE
WHY THE MORAN STATE WELL NO. 1 LOCATED IN UNIT
A OF SECTION 36, TOWNSHIP 18 NORTH, RANGE 9 WEST,
McKINLEY 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 September 28,
1977, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 27th day of December, 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 Saguaro Oil Company is the owner and operator of
the Moran State Well No. 1, located in Unit A of Section 36,
Township 18 North, Range 9 West, NMPM, McKinley County, New Mexico.

(3) That in order to prevent waste and protect correlative
rights said Moran State Well No. 1 should be plugged and abandoned
in accordance with a program approved by the Aztec District Office
of the New Mexico Oil Conservation Commission on or before
January 15, 1978, or the well should be returned to active
drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Saguaro Oil Company is hereby ordered to plug
and abandon or return to active drilling status the Moran State
Well No. 1, located in Unit A of Section 36, Township 18 North,
Range 9 West, NMPM, McKinley County, New Mexico, on or before
January 15, 1978.

(2) That Saguaro Oil Company, prior to plugging and
abandoning the above-described well, shall obtain from the Aztec

-2-

Case No. 6048

Order No. R-5597

office of the Commission, a Commission-approved program for said plugging and abandoning, and shall notify said Aztec 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, Chairman

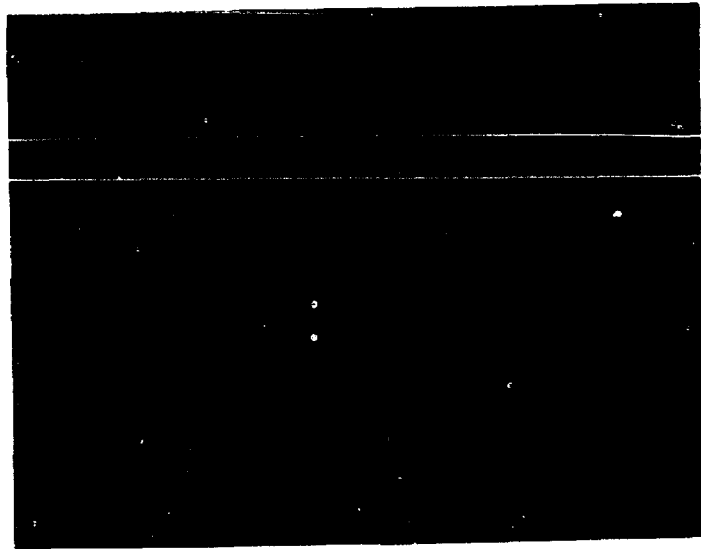
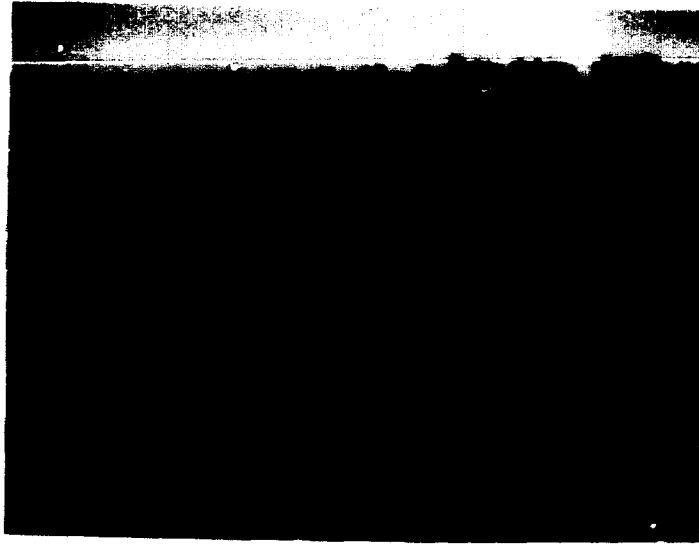


Emery C. Arnold
EMERY C. ARNOLD, Member

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

S E A L

jr/



LOGS 1, 2 9-20-77
SAGAURD OIL CO. MORAN
STATE #1 A-36-18N-9W
TANK BOTTOMS DRAINED ON
LOCATION PRIOR TO MOVING
(300' down array)
(100± bbl oil & BS in pit)

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	1
USE NO.	6048

9-20-77
SAGAURD OIL CO.
MORAN STATE #1
A-36-18N-9W

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
EXHIBIT NO. 1
USE NO. 6048

6048

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

October 5, 1977

Mr. Charles L. Harrington
Four Corners Agency
500 W. Main
Farmington, New Mexico 87401

Re: Saguaro Oil Company Bond,
Moran State Well No. 1,
A-36-T18N, R9W,
Case No. 6048

Dear Mr. Harrington:

I am returning the above-referenced bond for the following reasons. New bond forms became effective June 16, 1977, and I have enclosed one for your convenience. Additionally, the corporate seal has not been affixed, and I would prefer to have the footage location of the well on the face of the bond.

If the new bond is not on file and approved by the Commission by October 23, 1977, the Commission will be forced to commence legal proceedings.

Very truly yours,

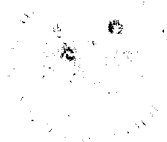
LYNN TESCHENDORF

LT/dr

cc: Al Kendrick, District Supervisor
Saguaro Oil Company

enclosed for Harrington bond 5000'
no reply
call again Dec 9-10-11

2000' 2 m. only
325-4500
Reliance Surety
Don't
BO32600
10/17/77



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
1000 RIO BRAZOS RD. - AZTEC

87410

DIRECTOR
JOE D. RAMEY

LAND COMMISSIONER
PHIL R. LUCERO



STATE GEOLOGIST
EMERY C. ARNOLD

September 30, 1977

Mr. Dan Nutter
Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico

Re: Plugging cases heard on September 28, 1977

Dear Dan:

Proposed time schedules for completion or plugging of the wells is listed below:

Case No. 6048: Noel Reynolds should own well in his name within 30 days if he intends to test it for a sustained period. If he does initiate a test he should be required to test continuously until he determines the well to be either an oil producer or a water well. No piddling around. Six months should be the limit.

Case No. 6049: Since the bond has been cancelled and we are going to do the plugging, 30 days should suffice.


Case No. 6050: Since J. Felix Hickman plans to plug, 60 or 90 days should be ample time. If he runs into trouble we can stall a bit.

Case No. 6051, No. 6053, No. 6054, and No. 6056: All these wells are on Federal leases. We only have a bond for No. 6056. We will probably have to let these for bid and collect the hard way. Sixty days should be sufficient time to contract for plugging at an early date.

We will need the plugging rigs next summer for other holes; so, let's get these done this fall.

If there are other remarks, I will call.

Yours very truly,


A. R. Kendrick
Supervisor, District #3

ARK:mrc

No. 481749

RECEIPT FOR CERTIFIED MAIL—30¢

SENT TO Saguaro Oil Company		POSTMARK OR DATE
STREET AND NO. P. O. Box 51		
P. O., STATE, AND ZIP CODE Farmington, New Mexico 87401		
EXTRA SERVICES FOR ADDITIONAL FEES		
Shows to whom and date delivered <input type="checkbox"/> 10¢ fee	Shows to whom, date, and where delivered <input type="checkbox"/> 35¢ fee	Deliver to Addressee Only <input type="checkbox"/> 50¢ fee

POD Form 3800
Mar. 1966

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL (See other side)

RECEIPT

Received the numbered article described below

REGISTERED NO.		ADDRESS OR NAME OF ADDRESSEE (Must always be filled in)
CERTIFIED NO. 481749		SIGNATURE OF ADDRESSEE'S AGENT, IF ANY
INSURED NO.		
DATE DELIVERED 9/20/77		SHOW WHERE DELIVERED (If requested, and include ZIP Code)

5. Same as receipt in 4 plus an \$1000.00 "Security".

CASE 6048

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

September 19, 1977

CERTIFIED - RETURN
RECEIPT REQUESTED

C
Saguaro Oil Company
P. O. Box 51
Farmington, New Mexico 87401

Re: Moran State Well No. 1,
located in Unit A of
Section 36, Township 18
North, Range 9 West,
McKinley County
Plugging Bond

P
Gentlemen:

Y
Enclosed is a copy of the docket of the Examiner
Hearing to be held on Wednesday, September 28, 1977, at
9 o'clock a.m. in the Oil Conservation Commission Con-
ference Room, State Land Office Building, Santa Fe, New
Mexico. Case 6048 concerns the above captioned subject
matter.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/fd
enc.

Dockets Nos. 31-77 and 32-77 are tentatively set for hearing on October 12 and 26, 1977. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - SEPTEMBER 28, 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. Rutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 6048: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Saguaro Oil Company and all other interested parties to appear and show cause why the Moran State Well No. 1 located in Unit A of Section 36, Township 18 North, Range 9 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6049: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Douglas Kenaston, Mints-Kenaston Drilling Co., and all other interested parties to appear and show cause why the Masden-Selby Well No. 1 located in Unit I of Section 21, Township 29 North, Range 11 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6050: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit J. Felix Hickman and all other interested parties to appear and show cause why the Malco State Com Well No. 1 located in Unit G of Section 16, Township 26 North, Range 8 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6051: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit B. G. West and N. W. McIntosh and all other interested parties to appear and show cause why the Rollins and Dodgen Well No. 2 located in Unit D of Section 28, Township 18 North, Range 3 West, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6052: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Western Energy Corporation and all other interested parties to appear and show cause why the Ute Well No. 2 located in Unit O of Section 23, Township 31 North, Range 16 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6053: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Noel Reynolds and all other interested parties to appear and show cause why the Torreon Water Well No. 1 located in Unit J of Section 28, Township 18 North, Range 3 West, Sandoval County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6054: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit John F. Staver and all other interested parties to appear and show cause why the Paperthin Well No. 1 located in Unit F of Section 26, Township 19 North, Range 5 West, McKinley County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6055: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Han-San, Inc., and all other interested parties to appear and show cause why the Grevey Well No. 4 located in Unit E of Section 26, Township 26 North, Range 1 East, Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6056: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Julius Chodorow, American Employers' Insurance Company, and all other interested parties to appear and show cause why the Ute Well No. 1 located in Unit F of Section 20, Township 31 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Commission-approved plugging program.
- CASE 6021: (Readvertised)
- Application of Yates Petroleum Corporation for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation in the interval from 963 feet to 1560 feet in its Federal HJ Well No. 1 located in Unit A of Section 31, Township 6 South, Range 26 East, Linda-San Andres Pool, Chaves County, New Mexico.
- CASE 5983: (Continued from September 14, 1977, Examiner Hearing)
- Application of Yates Petroleum Corporation for the amendment of Order No. R-5445, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5445 to provide for a 200 percent risk factor for drilling the unit well rather than 20 percent. Said order pooled the N/2 of Section 19, Township 20 South, Range 25 East, Eddy County, New Mexico.

dr/

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

Order No. R- 5597

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION COMMISSION
ON ITS OWN MOTION TO PERMIT SAGUARO OIL COMPANY AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY THE MORAN STATE WELL NO. 1 LOCATED
IN UNIT A OF SECTION 36, TOWNSHIP 18 NORTH, RANGE 9 WEST, MCKINLEY
COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE
WITH A COMMISSION-APPROVED PLUGGING PROGRAM.

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on September 28, 19 77, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of October, 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,

(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 Saguaro Oil Company is the owner and operator of the Moran State Well No. 1, located in Unit A of Section 36, Township 18 North, Range 9 West, NMPM, McKinley County, New Mexico.

~~(3) That _____ is the
surety on the Oil Conservation Commission plugging bond on which
MokanxSkax Saguaro Oil Company _____ 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.

(3) That in order to prevent waste and protect correlative rights said Moran State Well No. 1 should be plugged and abandoned in accordance with a program approved by the Aztec District Office of the New Mexico Oil Conservation Commission on or before June 15, 1972, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Saguaro Oil Company

or return to active drilling
are hereby ordered to plug and abandon the

Moran State Well No. 1

located in Unit A of Section 36, Township 18 North
Range 9 West, NMPM, McKinley County, New Mexico, on or
before January 15, 1978.

(2) That Saguaro Oil Company

, prior to plugging and abandoning the above-
described well, shall obtain from the Aztec office of the
Commission, a Commission-approved program for said plugging and
abandoning, and shall notify said Aztec 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.