

CASE 6445: PLUGGING CASE - OGD
CONSOLIDATED MINERALS DEVELOPMENT CORP...
AMERICAN SURBIT CO., COLFAX COUNTY, N.M.

CASE NO.

6445

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,
ETC.

EXAM

CONSERVATION COMMISSION

SAR

HEARING

DATE

NEW MEXICO

Hearing Date

FEBRUARY 14, 1979

Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
Jason Kellahi	Kellahi	Lata &
W.R. Kendrick	El Paso	El Paso, TX
Donald Coffey	Hinkley	Midland, Texas
Steve Rogers	Flag -	Midland, Texas
Mark Schweitzer	Co. -	Midland, Texas
HARRY Bromquist	Co. -	" "
JOE THORNTON	Co. -	Midland, Texas
GARY MILLER	Co. -	DALLAS, TX
JOE MARTIN	Co. -	MIDLAND, TX
J.T. POWER	Co. -	MIDLAND, TX
DAVID CHRISTIAN	KERR	DALLAS, TX
Joe Janica	MOV -	OKLA CITY, OK.
Vic Lyon	CONT -	Hobbs
John -	Co. -	HOUSTON TX
Joel Carson	Co. -	Roswell NM
Roy Beck	Co. -	Artesia
Eddie Inalfood	Co. -	Artesia
Gerry Beck	Co. -	Artesia
Sam H. Smith	Co. -	Artesia
John C. Whitten	Co. -	Midland
	Co. -	Midland TX

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date FEBRUARY 14, 1979 Time: 9:00 A.M.

NAME	REPRESENTING	LOCATION
JA DAVIDSON	DOYLE HARTMAN	MIDLAND TX
Robert H. Strand	Harvey E. Yates Company	Roswell
Andrew LATTIN	Harvey E. Yates Co.	Midland
J B Burleson	B. L. H.	Midland

STATE OF NEW MEXICO
 ENERGY AND MINERALS DEPARTMENT
 OIL CONSERVATION DIVISION
 State Land Office Building
 Santa Fe, New Mexico
 14 February 1979

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to permit Consolidated Minerals Development Corporation, American Surety Company, and all other interested parties to appear and show cause why the Sarah "S" Well NO. 1 located in Unit J of Section 26, Township 31 North, Range 23 East, Colfax County, New Mexico, should not be plugged and abandoned in accordance with the Division-approved plugging program.

CASE
 6445

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
 Division:

Lynn Teschendorf, Esq.
 Legal Counsel for the Division
 State Land Office Bldg.
 Santa Fe, New Mexico 87503

SALLY WALTON BOYD
 CLERK OF THE DISTRICT COURT
 3020 Plaza Alamosa, (100) 471-4465
 Santa Fe, New Mexico 87502

I N D E X

CARL ULVOG

Direct Examination by Ms. Teschendorf

3

SALLY WALTON BOYD
CI ENTERED SOUTHWEST LIBRARIAN
20107mm, Memphis (008) 371-4465
Box 10, New Mexico 87501

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1 MR. NUTTER: Call Case Number 6445, which
2 is in the matter of a hearing called by the Oil Conservation
3 Division on its own motion to permit Consolidated Minerals
4 and Development Corporation, American Surety Company, and
5 all other interested parties to appear and show cause why
6 the Sarah "S" Well No. 1, located in Unit J of Section 26,
7 Township 31 North, Range 23 East, Colfax County, New Mexico,
8 should not be plugged and abandoned in accordance with a
9 Division-approved plugging program.

10 I'll call for appearances in this case.

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

14 MR. NUTTER: Are there other appearances in
15 Case Number 6445?

16 Will you proceed, please?

17 (Witness sworn.)

18
19 CARL ULVOG
20 being called as a witness and having been duly sworn upon
21 his oath, testified as follows, to-wit:

22
23 DIRECT EXAMINATION

24 BY MS. TESCHENDORF:

25 Q Would you please state your name, your posi-

SALLY WALTON JICVD
CLERK OF DISTRICT COURT
2010 Plaza Elan (305) 471-2462
Suite 20, New Mexico 87501

1 tion, and by whom you're employed?

2 A. Carl Ulvog, Senior Geologist for the Oil
3 Conservation Division, and based in Santa Fe.

4 Q. Have you previously testified before the
5 Division and have your credentials been made a matter of
6 record?

7 A. I have and they are.

8 Q. Are you familiar with the subject matter of
9 Case Number 6445?

10 A. Yes, I am.

11 MS. TESCHENDORF: Is the witness considered
12 qualified?

13 MR. NUTTER: Yes, he is.

14 Q. (Ms. Teschendorf continuing.) What is the
15 purpose of this case, Mr. Ulvog?

16 A. The purpose of this case is to determine
17 whether or not this well should in fact be plugged before
18 abandonment in accordance with our regulations.

19 Q. Have you reviewed all the reports filed with
20 the Division concerning this well?

21 A. Yes, I have.

22 Q. Do you have these records with you?

23 A. I do.

24 Q. Would you please refer to those records and
25 summarize the well's history?

SALLY WALTON, JOYD
CLERK, SUBSTITUTED RE NUTTER
2010 P.O. Box 20000, Santa Fe, N.M. 87501
505/426-5151

1 A. Yes, I will.

2 The only official reports that were ever
3 received in this office was the Form G-101, the application
4 for the permit to drill, which was received in this office
5 on September 26, 1956.

6 MR. NUTTER: That's C-101, right? C-101
7 rather than G-101?

8 A. C-101.

9 MR. NUTTER: Right.

10 A. This is what I said.

11 MR. NUTTER: No, you said G. Go ahead.

12 A. This is for the Consolidated Minerals De-
13 velopment Corporation No. 1 Sarah "S" Well, located in Unit
14 5 of Section 26, Township 31 North, Range 23 East, New
15 Mexico prime meridian, Colfax County, New Mexico.

16 The application for this permit stated that
17 the intention was to drill to approximately 700 feet; that
18 10-inch casing would be set at 20 feet and 7-inch casing
19 would be set at 650 feet.

20 The only other report which was received on
21 the same day, was a Form C-103, and that stated that the
22 drilling operation began September 10th and that on the 11th
23 they set the 20 feet of surface pipe, cemented with 3 sacks
24 of cement and drilled -- which was dumped down on the out-
25 side of the surface, and then they drilled the cement plug.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3010 27th Street, S.W. (996) 411-4481
Seattle 5, Wash. D.C.

1 That's all the reports that we ever received.

2 There is a volume of correspondence in the
3 file, dating from that, approximately that date onward,
4 calling for reports and so on, and never did get another
5 response from the company, and there's been a lot of cor-
6 respondence here with the surety company, which I won't
7 bother you with, but a notation was made on one of these
8 that the total depth was 708 feet, so this would be a rumor,
9 but nevertheless, that's all the information that I have.

10 I inspected that location on May 23rd, 1977,
11 on June 1st, 1978, and January 22nd, 1979, partly to deter-
12 mine the condition of the well and partly to get the per-
13 mission from the landowner to go on the property to do the
14 plugging, and the reason for the delay was that he wanted
15 to check to see whether or not he wanted to take the well
16 over for a water well.

17 The land, of course, has changed hands
18 numerous times since the well was drilled, and it was on
19 January 22nd that he determined that the water in that well
20 was so bad that he couldn't use it for anything, and then
21 we got the permission to go in and plug it.

22 Q Is there a bond covering this well, Mr.
23 Ulvog?

24 A Yes, there is.

25 Q And is that a \$5000 one-well bond?

SALLY WALTON BOYD
CIVIL ENGINEER
2010 Park Street, Suite 100
New Mexico 87501

SALLY WALTON BOYD
CITIZEN JOURNALISM REPORTER
2000 Penn. Plaza, N.W.
Washington, D.C. 20037
Phone: (202) 462-1400
Fax: (202) 462-1401

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A. Yes, it is.

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

A. Well, yes, I would think so, because at that depth there could be -- and with apparently, and I say apparently because I did not see any 7-inch casing. All I saw was the 10-inch casing. So it's a possibility that we have an open hole from 20 feet to better than 700 feet.

Q. And that means that water or fluids could migrate into other strata, is that correct?

A. That's correct.

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

A. I can recommend a program but it would have to be quite flexible because when we go in that well, we might find conditions entirely different than what we anticipate at this time.

Q. Have you located a representative of the company?

A. No, we have sent registered mail to the company and it's never been delivered, but there is apparently, from all this correspondence, I would say that there is a law firm by the name of Calley and Calley which has been representing this company ever since the well began,

SALLY WALTON BRYD
OF STAFF AND REPORTER
3010 Plaza Blanca, Suite 100
Baltimore, Md. 21201

1 and they are still at the same address and the same people
2 involved, and so on and so forth. But they also have not
3 replied to the correspondence.

4 Q Isn't it true that Division personnel have
5 been in contact with them by phone?

6 A At some time in the past. I never have.

7 Q Do you have anything further you wish to add
8 to your testimony?

9 A I believe that covers it.

10 MR. NUTTER: Mr. Ulvog, where is this firm
11 of Calley and Calley?

12 A It's in New York.

13 MR. NUTTER: That's the law firm that re-
14 presents Consolidated Minerals?

15 A That's right.

16 MR. NUTTER: Did Consolidated Minerals have
17 an address back there somewhere?

18 A No, they simply used the address 140 South
19 Second Street in Raton, New Mexico.

20 MR. NUTTER: Consolidated did?

21 A That's correct. That's the only address they
22 ever used.

23 MR. NUTTER: And mail mailed to them at --

24 A I beg your pardon. In some of the correspon-
25 dence the address appears 8319 Childs Road, Philadelphia,

BILLY WALTON BOYD
 CO-UNITED STATES REPORTER
 2015 Penn. Avenue (G-8) 471-4162
 Suite 20, New Mexico 87501

1 Pennsylvania.

2 MR. NUTTER: I know we've got Philadelphia.

3 A. But there never was a response from there.

4 MR. NUTTER: And mail addressed to Consoli-
 5 dated Minerals both at Raton and Philadelphia has been re-
 6 turned on that?

7 A. That's right.

8 MR. NUTTER: And Calley and Calley choose
 9 not to respond also, apparently.

10 A. Now, they did receive their letter, the re-
 11 gistered mail that was sent to them on January 30th, 1979.
 12 The card was signed and came back. They did receive it.

13 MR. NUTTER: Calley and Calley?

14 A. That's correct.

15 MR. NUTTER: So they're still in existence
 16 anyway.

17 A. That's right.

18 Q. (Ms. Teschendorf continuing.) Isn't it
 19 true, Mr. Ulvog, that the bond shows that Mr. Frank Calley
 20 was the president of Consolidated Minerals?

21 A. That's correct.

22 MR. NUTTER: And we do have a bond with
 23 American Surety Company?

24 A. That's correct.

25 MR. NUTTER: Maybe they can find them.

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Does anyone have any questions of Mr. Ulvog?

He may be excused.

Do you have anything further, Ms. Teschendorf?

MS. TESCHENDORF: Nothing more.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6445?

We'll take the case under advisement.

(Hearing concluded.)

SALLY WALTON DOWD
CCL HUMAN SERVICES IMPROVEMENT
302 72nd Street (2nd) 471-4463
Staten Is., New York 10311

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill, from my notes taken at the
 time of the hearing.

Sally W. Boyd CSR
 Sally W. Boyd, C.S.R.

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 examiner hearing of Case No. 6405
 heard by me on 2/14 1977
[Signature], Examiner
 Oil Conservation Division

SALLY WALTON BOYD
 COURT REPORTER
 309 1/2 Main Street (Rt. 1) 411-4461
 8 Main St., New Mexico 87501

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
State Land Office Building
Santa Fe, New Mexico
14 February 1979

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to permit Consolidated Minerals Development Corporation, American Surety Company, and all other interested parties to appear and show cause why the Sarah "S" Well NO. 1 located in Unit J of Section 26, Township 31 North, Range 23 East, Colfax County, New Mexico, should not be plugged and abandoned in accordance with the Division-approved plugging program.

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6445

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Lynn Teschendorf, Esq.
Legal Counsel for the Division
State Land Office Bldg.
Santa Fe, New Mexico 87503

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2021 Plaza Blanca (S.E.) 411-4403
Santa Fe, New Mexico 87501

I N D E X

CARL ULVOG

Direct Examination by Ms. Teschendorf

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SALLY WALTON BOYD
CENTRAL INTELLIGENCE REPORTER
2020 1/22/88 (303) 421-4482
Suite 176, New Mexico 87501

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MS. TESCHENDORF: Lynn Teschendorf, appearing
on behalf of the Division, and I have one witness to be
sworn.

MR. NUTTER: Are there other appearances in Case Number 6445?

Will you proceed, please?

(Witness sworn.)

CARL ULVOG

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

DIRECT EXAMINATION

BY MS. TESCHENDORF:

Q Would you please state your name, your posi-

1 tion, and by whom you're employed?

2 A Carl Ulvog, Senior Geologist for the Oil
3 Conservation Division, and based in Santa Fe.

4 Q Have you previously testified before the
5 Division and have your credentials been made a matter of
6 record?

7 A I have and they are.

8 Q Are you familiar with the subject matter of
9 Case Number 6445?

10 A Yes, I am.

11 MS. TESCHENDORF: Is the witness considered
12 qualified?

13 MR. NUTTER: Yes, he is.

14 Q (Ms. Teschendorf continuing.) What is the
15 purpose of this case, Mr. Ulvog?

16 A The purpose of this case is to determine
17 whether or not this well should in fact be plugged before
18 abandonment in accordance with our regulations.

19 Q Have you reviewed all the reports filed with
20 the Division concerning this well?

21 A Yes, I have.

22 Q Do you have these records with you?

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24 Q Would you please refer to those records and
25 summarize the well's history?

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3010 Penn Street (S.W.) 411-4163
Washington, D.C. 20001

1 A Yes, I will.

2 The only official reports that were ever
3 received in this office was the Form G-101, the application
4 for the permit to drill, which was received in this office
5 on September 26, 1950.

6 MR. NUTTER: That's C-101, right? C-101
7 rather than G-101?

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14 J of Section 26, Township 31 North, Range 23 East, New
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16 The application for this permit stated that
17 the intention was to drill to approximately 700 feet; that
18 10-inch casing would be set at 20 feet and 7-inch casing
19 would be set at 650 feet.

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21 the same day, was a Form C-103, and that stated that the
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23 they set the 20 feet of surface pipe, cemented with 3 sacks
24 of cement and drilled -- which was dumped down on the out-
25 side of the surface, and then they drilled the cement plug.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Fern Hillman (505) 471-4433
Bureau, P.O., New Mexico 87101

1 That's all the reports that we ever received.

2 There is a volume of correspondence in the
3 file, dating from that, approximately that date onward,
4 calling for reports and so on, and never did get another
5 response from the company, and there's been a lot of cor-
6 respondence here with the surety company, which I won't
7 bother you with, but a notation was made on one of these
8 that the total depth was 708 feet, so this would be a rumor,
9 but nevertheless, that's all the information that I have.

10 I inspected that location on May 23rd, 1977,
11 on June 1st, 1978, and January 22nd, 1979, partly to deter-
12 mine the condition of the well and partly to get the per-
13 mission from the landowner to go on the property to do the
14 plugging, and the reason for the delay was that he wanted
15 to check to see whether or not he wanted to take the well
16 over for a water well.

17 The land, of course, has changed hands
18 numerous times since the well was drilled, and it was on
19 January 22nd that he determined that the water in that well
20 was so bad that he couldn't use it for anything, and then
21 we got the permission to go in and plug it.

22 Q Is there a bond covering this well, Mr.
23 Ulvog?

24 A Yes, there is.

25 Q And is that a \$5000 one-well bond?

SALLY WALTON BOYD
CERTIFIED SHOOTING REPORTER
30507th St. El Paso, Texas 79905 (915) 471-4002
Dallas, Texas, New Mexico 57501

1 A Yes, it is.

2 Q In your opinion could the failure to plug
3 this well cause waste?

4 A Well, yes, I would think so, because at that
5 depth there could be -- and with apparently, and I say
6 apparently because I did not see any 7-inch casing. All I
7 saw was the 10-inch casing. So it's a possibility that we
8 have an open hole from 20 feet to better than 700 feet.

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25 been representing this company ever since the well began,

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3030 Park Avenue (SOS) 411-4463
Baltimore, Maryland 21201

1 and they are still at the same address and the same people
2 involved, and so on and so forth. But they also have not
3 replied to the correspondence.

4 Q Isn't it true that Division personnel have
5 been in contact with them by phone?

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12 A It's in New York.

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19 Second Street in Raton, New Mexico.

20 MR. NUTTER: Consolidated did?

21 A That's correct. That's the only address they
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23 MR. NUTTER: And mail mailed to them at --

24 A I beg your pardon. In some of the correspon-
25 dence the address appears 8319 Childs Road, Philadelphia,

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Park Avenue (202) 471-2465
Room 704, New Mexico 87601

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
2020 Plaza Blanca (505) 491-4462
Santa Fe, New Mexico 87501

1 Pennsylvania.

2 MR. NUTTER: I know we've got Philadelphia.

3 A But there never was a response from there.

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5 dated Minerals both at Raton and Philadelphia has been re-
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12 The card was signed and came back. They did receive it.

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14 A That's correct.

15 MR. NUTTER: So they're still in existence
16 anyway.

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18 Q (Ms. Teschendorf continuing.) Isn't it
19 true, Mr. Ulvog, that the bond shows that Mr. Frank Calley
20 was the president of Consolidated Minerals?

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23 American Surety Company?

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Does anyone have any questions of Mr. Ulvog?

He may be excused.

Do you have anything further, Ms. Teschendorf?

MS. TESCHENDORF: Nothing more.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6445?

We'll take the case under advisement.

(Hearing concluded.)

SALLY WALTON BOYD
CERTIFIED INTERVIEW REPORTER
8020 Penn. Avenue (N.W.) 471-4400
Suite 201, New Mexico 87501

REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY
 CERTIFY that the foregoing and attached Transcript of
 Hearing before the Oil Conservation Division was reported
 by me; that said transcript is a full, true, and correct
 record of the hearing, prepared by me to the best of my
 ability, knowledge, and skill, from my notes taken at the
 time of the hearing.

Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
 CERTIFIED SHORTHAND REPORTER
 2022 Penn. Avenue (S.E.) 421-4455
 Suite 10, New Mexico 87501

I do hereby certify that the foregoing is
 a complete record of the proceedings in
 the Exam. hearing of Case No. 6445
 heard by the on 7/14 19 77
[Signature]
 Oil Conservation Division, Examiner



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APDACA
GOVERNOR

NICK FRANKLIN
SECRETARY

POST OFFICE BOX 8088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

March 6, 1979

Consolidated Minerals
Development Corp.
c/o Frank Cally
Attorney at Law
150 Broadway
New York, New York 10038

Re: CASE NO. 6445
ORDER NO. R-5940

Applicant:

OCD (Consolidated Minerals Development Corp.)

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division 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 American Surety Company

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6445
Order No. R-5940

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION ON ITS OWN MOTION TO PERMIT CONSOLIDATED MINERALS DEVELOPMENT CORPORATION, AMERICAN SURETY COMPANY, AND ALL OTHER INTERESTED PARTIES TO APPEAR AND SHOW CAUSE WHY THE SARAH "S" WELL NO. 1 LOCATED IN UNIT J OF SECTION 26, TOWNSHIP 31 NORTH, RANGE 23 EAST, COLFAX COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 14, 1979, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 28th day of February, 1979, the Division Director, 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 Division has jurisdiction of this cause and the subject matter thereof.
- (2) That Consolidated Minerals Development Corporation is the owner and operator of the Sarah "S" Well No. 1, located in Unit J of Section 26, Township 31 North, Range 23 East, NMPN, Colfax County, New Mexico.
- (3) That American Surety Company is the surety on the Oil Conservation Division plugging bond on which Consolidated Minerals Development Corporation is principal.
- (4) That the purpose of said bond is to assure the state that the subject well will be properly plugged and abandoned when not capable of commercial production.
- (5) That in order to prevent waste and protect correlative rights said Sarah "S" Well No. 1 should be plugged and abandoned

-2-

Case No. 6445

Order No. R-5940

in accordance with a program approved by the Santa Fe District Office of the New Mexico Oil Conservation Division on or before May 31, 1979, or the well should be returned to active drilling status or placed on production.

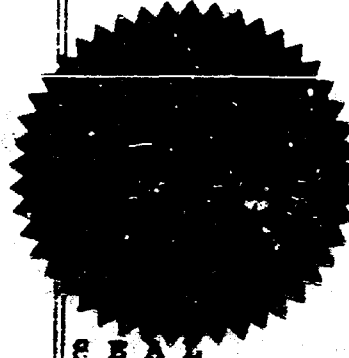
IT IS THEREFORE ORDERED:

(1) That Consolidated Minerals Development Corporation is hereby ordered to plug and abandon the Sarah "S" Well No. 1, located in Unit J of Section 26, Township 31 North, Range 23 East, NMPM, Colfax County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before May 31, 1979.

(2) That Consolidated Minerals Development Corporation, prior to plugging and abandoning the above-described well, shall obtain from the Santa Fe office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Santa Fe office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

S E A L

fd/

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

January 30, 1979

CERTIFIED - RETURN
RECEIPT REQUESTED

C
O
P
Y

Consolidated Minerals Development Corp.
c/o Frank Cally
Attorney-at-Law
150 Broadway
New York, New York 10038

American Surety Company
c/o Transamerica Insurance Co.
P. O. Box 54256
Los Angeles, California 90054

Re: Sarah "S" Well No. 1,
located in Unit J of
Section 26, Township 31
North, Range 23 East,
Colfax County
Plugging Bond

Gentlemen:

Enclosed is a copy of the advertisement of the
Examiner Hearing to be held on Wednesday, February 14,
1979, at 9 o'clock a.m. in the Oil Conservation Division
Conference Room, State Land Office Building, Santa Fe,
New Mexico. Case 6445 concerns the above captioned
subject matter.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/fd
enc.

Dockets Nos. 7-79 and 8-79 are tentatively set for hearing on February 28 and March 14, 1979. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 14, 1979

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

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

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for March, 1979, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.
 - (2) Consideration of the allowable production of gas for March, 1979, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.
 - (3) Consideration of purchaser's nominations for the one year period beginning April 1, 1979, for both of the above areas.

CASE 6445: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Consolidated Minerals Development Corporation, American Surety Company, and all other interested parties to appear and show cause why the Sarah "S" Well No. 1 located in Unit J of Section 26, Township 31 North, Range 23 East, Colfax County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6446: Application of Flag-Redfern Oil Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres formation through the perforated interval from 4,969 feet to 4,984 feet in its Santa Fe Well No. 2 located in Unit D of Section 35, Township 10 South, Range 36 East, Dickinson-San Andres Pool, Lea County, New Mexico.

CASE 6447: Application of Atlantic Richfield Company for approval of infill drilling and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of a well in the SW/4 of Section 25, Township 20 South, Range 32 East, South Salt Lake Field, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the previously approved 160-acre non-standard proration unit which cannot be so drained by the existing unit well.

CASE 6448: Application of Sam H. Snoddy for amendment of Order No. R-5521, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5521 to change the 160-acre non-standard proration unit to a 320-acre non-standard proration unit comprising the SW/4 of Section 25 and the NW/4 of Section 36, both in Township 20 South, Range 32 East, South Salt Lake Field, Lea County, New Mexico.

CASE 6449: Application of The Superior Oil Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Strawn and Morrow production in the wellbore of its Ryan Com. Well No. 1 located in Unit D of Section 5, Township 23 South, Range 27 East, South Carlsbad Field, Eddy County, New Mexico.

CASE 6450: Application of Sun Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for its East Millman Pool Unit Area comprising 920 acres, more or less, of Federal and state lands in Township 19 South, Range 28 East, Eddy County, New Mexico.

CASE 6451: Application of Bursleson & Huff for approval of infill drilling and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the drilling of its Coll A Well No. 2 to be located at an unorthodox location 1980 feet from the North line and 330 feet from the East line of Section 29, Township 25 South, Range 37 East, Jalmat Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the previously approved 160-acre non-standard proration unit which cannot be so drained by the existing unit well.

CASE 6452: Application of Bursleson & Huff for approval of infill drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks a finding that the recompletion of its Harrison Well No. 2 located in Unit N or, in the alternative, the drilling of its Harrison Well No. 4 to be located in Unit L, both in Section 25, Township 24 South, Range 36 East, Jalmat Gas Pool, Lea County, New Mexico, is necessary to effectively and efficiently drain that portion of the previously approved 160-acre non-standard proration unit which cannot be so drained by the existing unit well.

CASE 6453: Application of Moranco for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blinberry and Drinkard production in the wellbore of its EM Elliott Well No. 1 located in Unit E of Section 35, Township 21 South, Range 37 East, Lea County, New Mexico.

DRAFT

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

dr/

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6445

Order No. R- 5940

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION
ON ITS OWN MOTION TO PERMIT CONSOLIDATED MINERALS DEVELOPMENT
CORPORATION, AMERICAN SURETY COMPANY, AND ALL OTHER INTERESTED
PARTIES TO APPEAR AND SHOW CAUSE WHY THE SARAH "S" WELL NO. 1
LOCATED IN UNIT J OF SECTION 26, TOWNSHIP 31 NORTH, RANGE 23
EAST, COLFAX COUNTY, NEW MEXICO, SHOULD NOT BE PLUGGED AND
ABANDONED IN ACCORDANCE WITH A DIVISION-APPROVED PLUGGING PROGRAM.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on February 14
19 79, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this _____ day of February, 19 79, the Division
Director, 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 Division has jurisdiction of this cause and the subject
matter thereof.

(2) That Consolidated Minerals / Development Corporation is the owner and
operator of the Sarah "S" Well No. 1
located in Unit J of Section 26, Township 31 North,
Range 23 East, NMPM, Colfax County, New Mexico.

(3) That American Surety Company is the
surety on the Oil Conservation Division plugging bond on which
Consolidated Minerals Development / Corporation is principal.

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

(5) That in order to prevent waste and protect correlative
rights said Sarah "S" Well No. 1 should
be plugged and abandoned in accordance with a program approved by

the Santa Fe District Office of the New Mexico Oil Conservation Division on or before May 31, 1979, or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED:

(1) That Consolidated Minerals Development Corporation and American Surety Company, IS are hereby ordered to plug and abandon the Sarah "S" Well No. 1 located in Unit J of Section 26, Township 31 North, Range 23 East, NMPM, Colfax County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before May 31, 1979.

(2) That Consolidated Minerals Development Corporation and American Surety Company, prior to plugging and abandoning the above-described well, shall obtain from the Santa Fe office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Santa Fe office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

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

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