

I N D E X

June 19th, 2003
Examiner Hearing
CASE NO. 13,098

	PAGE
EXHIBITS	3
APPEARANCES	3
APPLICANT'S WITNESSES:	
<u>JANE E. PROUTY</u> (Computer Operations Specialist, NMOCD, Santa Fe)	
Direct Examination by Mr. Brooks	6
Examination by Examiner Jones	8
<u>CHRIS J. WILLIAMS</u> (District Supervisor, Hobbs District Office, District 1, NMOCD) (Present by telephone)	
Direct Examination by Mr. Brooks	8
Examination by Examiner Jones	15
REPORTER'S CERTIFICATE	18

* * *

E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	10	15
Exhibit 2	10	15
Exhibit 3	10	15
Exhibit 4	10	15
Exhibit 5	10, 13	15
Exhibit 6	11, 14	15
Exhibit 7	12	15
Exhibit 8	12	15
Exhibit 9	12	15
Exhibit 10	12, 13	15
Exhibit 11	11	15
Exhibit 12	6	7, 15

* * *

A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS, JR.
 Attorney at Law
 Energy, Minerals and Natural Resources Department
 Assistant General Counsel
 1220 South St. Francis Drive
 Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 8:50 a.m.:

3 EXAMINER JONES: Now let's call Case 13,098, the
4 Application of the New Mexico Oil Conservation Division for
5 an order requiring Jimmy Roberson Energy Corporation to
6 properly plug two wells, imposing civil penalties and
7 ordering a forfeiture of applicable security, Lea County,
8 New Mexico.

9 Call for appearances in this case?

10 MR. BROOKS: Mr. Examiner, I'm David Brooks,
11 Assistant General Counsel, Energy, Minerals and Natural
12 Resources Department of the State of New Mexico, appearing
13 for the New Mexico Oil Conservation Division.

14 I have two witnesses. One of them will be
15 appearing by telephone, and I'm not sure who it will be. I
16 would ask you to call the Hobbs District Office and ask for
17 Chris Williams, and he'll tell me whether Chris or Billy is
18 going to testify.

19 MR. WILLIAMS: This is Chris.

20 EXAMINER JONES: Hello, Chris?

21 MR. WILLIAMS: Yeah.

22 EXAMINER JONES: Can you hear me very well?

23 MR. WILLIAMS: Yeah.

24 EXAMINER JONES: Okay, we're on the record now on
25 Case 13,098

1 MR. WILLIAMS: Uh-huh.

2 EXAMINER JONES: Can you hold on just a second?

3 MR. WILLIAMS: Sure.

4 EXAMINER JONES: Okay.

5 MR. BROOKS: Okay Chris -- I'm sorry. Are you
6 going to testify, or is --

7 MR. WILLIAMS: No, I am.

8 MR. BROOKS: Oh, okay. Go ahead, your Honor.

9 EXAMINER JONES: Okay, any other appearances in
10 this case?

11 There being none, will the witnesses please stand
12 or stand by to be sworn in?

13 (Thereupon, the witnesses were sworn.)

14 EXAMINER JONES: Okay, Mr. Brooks, go ahead.

15 MR. BROOKS: Mr. Examiner, due to the necessity
16 of using the conference phone, I request the indulgence of
17 the Examiner to sit at the front table for the presentation
18 of this case so I can make myself heard over the conference
19 phone.

20 Will that be acceptable?

21 EXAMINER JONES: Sounds good.

22 MR. BROOKS: Thank you.

23 Call Jane Prouty.

24 May I proceed?

25 EXAMINER JONES: Yes.

1 MR. BROOKS: Thank you.

2 JANE PROUTY,

3 the witness herein, after having been first duly sworn upon
4 her oath, was examined and testified as follows:

5 DIRECT EXAMINATION

6 BY MR. BROOKS:

7 Q. Good morning, Ms. Prouty.

8 A. Good morning.

9 Q. Would you state your name for the record, please?

10 A. Jane Prouty.

11 Q. And where do you reside?

12 A. In Santa Fe, New Mexico.

13 Q. By whom are you employed?

14 A. The Oil Conservation Division.

15 Q. In what capacity?

16 A. As the manager of the group who processes the
17 monthly production reports.

18 Q. Ms. Prouty, would you look at what has been
19 marked as OCD Exhibit Number 12? Is this a production
20 report prepared by you?

21 A. Yes.

22 Q. And to what wells does it relate?

23 A. It has the Hardin B Number 4 and the Rice Number
24 3.

25 Q. And who does it show as being the operator?

1 A. Jimmy Roberson.

2 Q. And what does it show about production from these
3 wells since December of 2001?

4 A. It shows that we have not received any C-115s
5 since December of 2001 for these two wells.

6 Q. And the C-115 is the form on which the operator
7 is required to report production of oil and gas or water
8 from a well, correct?

9 A. Yes.

10 Q. Or injection, if it's an injection well?

11 A. Right.

12 Q. And since you haven't received any C-115s, that
13 means that no production has been reported for those wells?

14 A. Right.

15 Q. Is Exhibit 12 a printout of data that is stored
16 in the OCD's ONGARD system?

17 A. Yes.

18 Q. And given the procedures that you used, in your
19 opinion is it a faithful and accurate representation of
20 what the system indicates?

21 A. Yes.

22 MR. BROOKS: Offer Exhibit 12.

23 EXAMINER JONES: Exhibit 12 admitted into
24 evidence.

25 MR. BROOKS: Pass the witness.

EXAMINATION

BY EXAMINER JONES:

Q. Ms. Prouty, so the wells have not produced since 12 of '01, or they just haven't reported on the C-115s?

A. Yes, I can't tell you whether they've produced because we haven't received C-115s for these wells.

Q. And our Rules are one year of no production before they have to do something with the wells; is that correct?

MR. BROOKS: One year plus three months --

EXAMINER JONES: One year plus three months.

MR. BROOKS: -- Mr. Examiner.

EXAMINER JONES: Okay, that's the only questions I had. Thank you very much.

MR. BROOKS: Call Chris Williams.

And we'll need you in the next case also, Mr. Prouty. Thank you.

CHRIS WILLIAMS (Present by telephone),
the witness herein, after having been first duly sworn upon his oath, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. BROOKS:

Q. Mr. Williams --

A. Yes.

Q. -- would you state your name for the record,

1 please?

2 A. Chris Williams.

3 Q. And where do you reside?

4 A. Hobbs, New Mexico.

5 Q. By whom are you employed?

6 A. Oil Conservation Division.

7 Q. And in what capacity?

8 A. District Supervisor.

9 Q. As District Supervisor, are you responsible for
10 supervision of the wells that are located in Lea County,
11 New Mexico?

12 A. Yes, I am.

13 Q. Have you testified previously before Oil
14 Conservation Division Examiners?

15 A. Yes.

16 Q. And have your credentials as a well inspector
17 been made a matter of record --

18 A. Yes.

19 Q. -- before the Commission -- before the Division?

20 A. Yes.

21 Q. I sent down to the Hobbs Office copies of the
22 exhibits -- and of course they're on the imaging system,
23 but I sent down marked copies. Did you receive those?

24 A. Yes, I did.

25 Q. Do you have them in front of you?

1 A. Yes, I do.

2 Q. Okay. I will ask you at this time to look
3 through -- Well, I'll call your attention first to Exhibits
4 Numbers 1 through 5 and ask you, are those true copies of
5 documents appearing in the well file related to Jimmy
6 Roberson Energy Corp.'s Rice Well Number 3?

7 A. They are.

8 Q. And that is API Number 30-025-05444, located in
9 Section 13, Township 18 South, Range 37 East --

10 A. Correct.

11 Q. -- Lea County, New Mexico?

12 What basically do these documents tell about the
13 well? How deep is it and how long has it been around?

14 A. The well was drilled back in January of 1957, and
15 the TD originally was at 4051, and it was deepened to -- I
16 think it was 4090 -- or something, let me check. Okay, it
17 was deepened to 4198, and then it was frac'd and acidized.

18 Q. And in what formation was it completed?

19 A. Grayburg.

20 Q. Okay. Now, are you familiar with this well on
21 the ground, either by personal observation or by reports of
22 persons employed by the OCD and reporting to you?

23 A. Yes, I am.

24 Q. And is this well currently producing?

25 A. No.

1 Q. And in your opinion, does it need to be plugged
2 for the protection of groundwater and the environment?

3 A. Yes, it does.

4 Q. Call your attention to what has been marked as
5 OCD Exhibit Number 6 and ask you to identify it.

6 A. Okay.

7 Q. Or -- well, I'm sorry, I don't believe you have
8 marked copies of this. What I'm calling your attention to
9 is the --

10 A. -- plugging procedure?

11 Q. -- plugging procedure, and unfortunately I got
12 them reversed on here, and it's actually -- the plugging
13 procedure for the Rice is marked OCD Exhibit Number 11.

14 A. Okay.

15 Q. Do you have the plugging procedure for the Rice
16 Number 3 in front of you?

17 A. Yes.

18 Q. Was this document prepared by you or by personnel
19 under your supervision?

20 A. It was prepared by personnel under my
21 supervision.

22 Q. And in your opinion, if the Rice Number 3 were
23 plugged in accordance with this plugging procedure, which
24 is OCD Exhibit Number 11, would it be properly plugged and
25 abandoned in accordance with the Oil and Gas Act and the

1 Rules of the Oil Conservation Division?

2 A. Yes, it would.

3 Q. Call your attention to what has been marked as
4 OCD Exhibits Numbers 7 through 10.

5 A. Okay.

6 Q. Are these true copies of documents appearing in
7 the well file of the Jimmy Roberson Energy Corp. Hardin B
8 Well Number 4?

9 A. Yeah, they are.

10 Q. And is this API Number 30-025-07354 located in
11 Unit Letter C, Section 18, Township 18 South, Range 38
12 East, Lea County, New Mexico?

13 A. That's correct.

14 Q. Tell us what these records reflect about the
15 Hardin B Number 4.

16 A. The first -- Well, Exhibit Number 7 is a
17 completion form. The well was completed as an oil well.

18 Q. And does it show the depth here?

19 A. Yeah, the depth is 4194.

20 Q. Okay, and what formation?

21 A. It's Grayburg.

22 Q. Okay, and when was it completed?

23 A. March 5th, 1960.

24 Q. Okay. Anything else of significance in these
25 exhibits, as far as these wells are concerned?

1 A. Just the -- the original request for an
2 allowable, which was a C-104, and then a sundry notice
3 where they did an acid job and a frac job on the well back
4 in 19- -- February. Probably in 1960, yeah, February of
5 1960.

6 Q. Okay, and I forgot to do this on the Rice, so
7 I'll back up just a minute and call your attention
8 specifically to what has been marked as OCD Exhibit Number
9 5 in regard to the Rice Number 3. Does OCD Exhibit Number
10 5 reflect that Jimmy Roberson Energy Corp. assumed
11 operations of the Rice Number 3?

12 A. Correct, it's a change of operator on a C-104?

13 Q. Okay, and then I'll call your attention to what's
14 marked as OCD Exhibit Number 10.

15 A. Okay.

16 Q. And does that show that Jimmy Roberson Energy
17 Corp assumed operations of the Hardin B Number 4?

18 A. Correct.

19 Q. Are Exhibits Numbers 1 -- well, before I do that,
20 you have the plugging procedure for the Hardin B Number 4
21 in front of you?

22 A. Yes, I do.

23 Q. And for the record, that has been marked as OCD
24 Exhibit Number 6. If -- I'm getting out of order again.

25 Are you familiar with the Hardin B Number 4 well,

1 either through personal observations or the reports of
2 persons working under your direction?

3 A. Yes, I am.

4 Q. Does that well need to be plugged for the
5 prevention of waste and protection of groundwater and the
6 environment?

7 A. Correct, it does.

8 Q. Looking at OCD Exhibit Number 6, the plugging
9 procedure, was that a plugging procedure for the Hardin B
10 Number 4, prepared by you or personnel under your
11 direction?

12 A. Yes, it was.

13 Q. And if the well were plugged in accordance with
14 that procedure, would it be properly plugged and abandoned
15 in accordance with the Oil and Gas Act and OCD Regulations?

16 A. Yes, it would.

17 Q. I believe we've established that Exhibits 6 and
18 11 were prepared under your direction, correct?

19 A. Correct.

20 Q. And Exhibits 1 through 5 and 7 through 10, are
21 those true copies of reports that are included in the well
22 files kept by the Oil Conservation Division in the ordinary
23 course of business?

24 A. Correct.

25 Q. Tender into evidence Exhibits 1 through 12.

1 EXAMINER JONES: Exhibits 1 through 12 admitted
2 into evidence.

3 MR. BROOKS: Pass the witness.

4 EXAMINATION

5 BY EXAMINER JONES:

6 Q. Mr. Williams --

7 A. Yes.

8 Q. -- the Rice well, it's got a DV tool, and are you
9 -- Do you set a plug across that DV tool?

10 A. Yes, we will, because -- either that or we'll go
11 in and put a cast-iron bridge plug above it.

12 Q. Okay. As far as contacting these people, do we
13 have a record of attempting to contact them?

14 A. Yes, we do, certified letters plus the e-mails
15 and phone calls.

16 EXAMINER JONES: Okay. And are we going to
17 establish the bonds, talk about the bonds?

18 MR. BROOKS: Yes, Mr. Examiner, I will address
19 that issue. The bond in this case was identified and made
20 a matter of record in Case Number 12,981, which involved
21 some other Jimmy Roberson wells. And of course we don't
22 know in what order we'll plug them, but the other wells
23 involved in Case Number 12,981 were more than sufficient to
24 exhaust the bond, so we will ask that the Examiner take
25 administrative notice of the matter concerning the bond

1 that appears in Case Number 12,981.

2 EXAMINER JONES: Okay, Case 12,981, we'll make
3 that part -- the matter concerning the bond is part of this
4 record in this case, 13,098.

5 Q. (By Examiner Jones) So Mr. Williams, you are
6 convinced these wells need to be plugged?

7 A. Yes, I am.

8 Q. Okay. And where are they located at? I got the
9 section, township range. Are they close to Buckeye?

10 A. No, they're actually just north of the City of
11 Hobbs, out towards the college.

12 Q. Okay. So there's no other possibilities of
13 recompletions that these people have presented any sundries
14 or notice of intention to do any other work on these wells?

15 A. They have stripped all the equipment.

16 EXAMINER JONES: Okay. Okay, that's all my
17 questions. Thank you very much.

18 MR. BROOKS: Mr. Examiner, I believe the case
19 file in this case will reflect that the Oil Conservation
20 Division has attempted to give notice to Jimmy Roberson
21 Energy Corp. of the filing of this proceeding by certified
22 mail, return receipt requested, to the address appearing in
23 the Oil Conservation Division's well operators database,
24 and the notice has been returned undelivered --
25 undeliverable.

1 Also that notice has been given to the surety and
2 that there is a return receipt in the file indicating that
3 the notice to the surety was received.

4 With that, I have nothing further.

5 EXAMINER JONES: Anything further in this case?
6 There being none, we'll take Case 13,098 into advisement,
7 under advisement.

8 Thank you, Chris.

9 (Thereupon, these proceedings were concluded at
10 9:11 a.m.)

11 * * *

12
13
14
15
16
17
18
19
20 I do hereby certify that the foregoing is
21 a complete record of the proceedings in
22 the Examiner hearing of Case No. 13018,
23 heard by me on June 19 1963.
24 Will Jones, Examiner
25 Oil Conservation Division

CERTIFICATE OF REPORTER

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL June 19th, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006