

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 13,129

APPLICATION OF THE OIL CONSERVATION)
DIVISION FOR AN ORDER REQUIRING WOOD,)
McSHANE & THAMS TO PROPERLY REMEDIATE)
THE LOCATION OF A PLUGGED WELL,)
ASSESSING AN APPROPRIATE CIVIL PENALTY)
IN THE EVENT OF THE OPERATOR'S FAILURE)
TO COMPLY AND AUTHORIZING THE DIVISION)
TO PERFORM REMEDIATION AND ORDERING A)
FORFEITURE OF APPLICABLE BOND, ROOSEVELT)
COUNTY, NEW MEXICO)

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Oil Conservation Division

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

September 4th, 2003

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, September 4th, 2003, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

September 4th, 2003
 Examiner Hearing
 CASE NO. 13,129

PAGE

APPLICANT'S WITNESS:

BILLY PRICHARD (Present by telephone)
 (Deputy Inspector, Hobbs District Office,
 District 1, NMOCD)

Direct Examination by Mr. Brooks

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Examination by Examiner Stogner

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REPORTER'S CERTIFICATE

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E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	7	8
Exhibit 2	6, 7	8

* * *

A P P E A R A N C E S

FOR THE DIVISION:

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

* * *

1 WHEREUPON, the following proceedings were had at
2 8:20 a.m.:

3
4 EXAMINER STOGNER: This hearing will come to
5 order. Please note today's date, September 4th, 2003.
6 We're gathered here to consider Docket Number 28-03.

7 As has been pre-arranged, at this time I'm going
8 to call Case Number 13,129, which is the Application of the
9 Oil Conservation Division for an order requiring Wood,
10 McShane & Thams to properly remediate the location of a
11 plugged well, assessing an appropriate civil penalty in the
12 event of the operator's failure to comply and authorizing
13 the Division to perform remediation and ordering a
14 forfeiture of applicable bond of a particular well in
15 Roosevelt County, New Mexico.

16 Call for appearances.

17 MR. BROOKS: Mr. Examiner, I'm David Brooks,
18 Assistant General Counsel, Energy, Minerals and Natural
19 Resources Department of the State of New Mexico, appearing
20 for the New Mexico Oil Conservation Division.

21 EXAMINER STOGNER: Any other appearances?

22 Mr. Brooks, do you have a witness in this matter?

23 MR. BROOKS: I have one witness.

24 EXAMINER STOGNER: And would you please identify
25 and explain what we're doing today.

1 MR. BROOKS: Okay, the witness is Billy Prichard
2 as deputy inspector in our Hobbs District Office, and he's
3 appearing by telephone.

4 EXAMINER STOGNER: All right. Mr. Prichard, can
5 you hear us?

6 MR. PRICHARD: Yes, I hear you fine.

7 EXAMINER STOGNER: Okay, I'm going to ask our
8 court reporter to swear you in at this time.

9 (Thereupon, the witness was sworn.)

10 MR. BROOKS: May I proceed?

11 EXAMINER STOGNER: Yes.

12 BILLY PRICHARD (Present by telephone),
13 the witness herein, after having been first duly sworn upon
14 his oath, was examined and testified as follows:

15 DIRECT EXAMINATION

16 BY MR. BROOKS:

17 Q. Mr. Prichard, would you state your name for the
18 record, please?

19 A. Yes, it's Billy Prichard.

20 Q. And by whom are you employed?

21 A. By the New Mexico Oil Conservation Division,
22 District 1, Hobbs Office.

23 Q. Okay, in Hobbs, New Mexico, correct?

24 A. Right.

25 Q. And in what capacity are you employed?

1 A. I call it field rep.

2 Q. Okay. I believe the formal title is Deputy Oil
3 and Gas Inspector, is it not, something like that?

4 A. David, I understand that the correct title is
5 compliance officer, but I'm not certain. I've heard two or
6 three different stories.

7 Q. Well, I have too. Okay, well, now that we've got
8 that out of the way, have your credentials as an oil and
9 gas well inspector been testified to and made a matter of
10 record with the Oil Conservation Division on previous
11 occasions?

12 A. Yes, it has.

13 MR. BROOKS: We'll tender the witness as a well
14 inspector.

15 EXAMINER STOGNER: Mr. Prichard is so qualified.

16 Q. (By Mr. Brooks) Are you familiar, Mr. Prichard,
17 with the Wood, McShane & Thams Newmarket & Green 16 State
18 Number 1 well?

19 A. Yes, I am.

20 Q. And can you tell us in general terms where that
21 well is located?

22 A. That well in general terms is approximately 14
23 miles southeast of Elida, New Mexico.

24 Q. And has that well been plugged?

25 A. Yes, it was, I think it was plugged in 1996.

1 Q. It would appear from this document that I have in
2 front of me, which I'm going to offer into evidence -- Did
3 you get the fax copy I sent you of OCD Exhibit Number 2
4 yesterday?

5 A. No, I didn't, David, I sure didn't.

6 Q. Okay. Well, I'm going to tender it in evidence
7 as a document in the well file which the Examiner can
8 easily check by the imaging system. But it appears from
9 OCD Exhibit Number 2, which is a copy of a C-103 Final
10 Report of Plugging and Abandonment, that the well was
11 plugged in 1987.

12 A. 1987, okay? Okay, I couldn't recall the exact
13 date, David.

14 Q. Okay, very good. Then has the surface
15 remediation that's required by OCD Rule 203 ever been
16 accomplished at that well? I guess that's 202. 203 is
17 temporary abandonment. Has that surface remediation ever
18 been done?

19 A. No, it has not. The reserve pit is still open
20 with loose plastic blowing, you know. It's been sitting
21 there for a long time.

22 Q. Okay. In your opinion as a well inspector, does
23 that surface area need to be cleaned up for the protection
24 of the environment, to prevent contamination of water and
25 protect the public health and safety?

1 A. Yes, it does.

2 Q. Okay. And to your knowledge, does the OCD hold a
3 well-plugging bond from Wood, McShane & Thams?

4 A. Yes, it does, I checked that out.

5 Q. Okay. What's happened to Wood, McShane & Thams?
6 Do you have any knowledge of that?

7 A. Well, I've heard that they sold out to different
8 operators, and I've also heard that they went bankrupt, so
9 I don't know. I have sent correspondence, I believe two --
10 and maybe just one -- to the last known address that the
11 OCD had, and it came back as undeliverable, in Monahans,
12 Texas.

13 MR. BROOKS: Okay. Since the witness didn't get
14 the fax, I'm in the position of tendering these exhibits
15 just as records, but both of them are -- OCD Exhibit Number
16 1, Mr. Examiner, is a copy of the plugging bond that is on
17 file with the Santa Fe Office of the New Mexico Oil
18 Conservation Division. Trinity Universal Insurance Company
19 is the surety.

20 Exhibit Number 2 is a copy of the C-103, Final
21 Report of Plugging and Abandonment, which is in the well
22 file for this well.

23 I will tender both of these exhibits at this time
24 as OCD records which I will ask you as Examiner to take
25 administrative notice.

1 EXAMINER STOGNER: Exhibits 1 and 2 will be
2 admitted into evidence, and also I'll take administrative
3 notice of the records of this well in the OCD's files,
4 either in Santa Fe or in Hobbs.

5 EXAMINATION

6 BY EXAMINER STOGNER:

7 Q. Let's see, Mr. Prichard, kind of bring me up to
8 date on something on the procedural matters.

9 I'm looking at Exhibit Number 2, and I understand
10 you don't have it, but it's a Form C-103 for this well, and
11 it's the subsequent report of plug and abandonment. And it
12 has the signature of the drilling foreman, but underneath
13 it, it has Approved by the OCD Field Representative, Gary
14 Wink, dated January 23rd, 2003.

15 I thought before these things were approved by
16 the Division that the surface also had to be remediated --
17 worked over and cleaned up before it was signed; is that
18 not correct?

19 A. That is correct. And what they have done since
20 we've gone paperless is that that form should have on
21 there, Well is released per wellbore -- I'm pulling that
22 file up right now.

23 Q. Oh, actually I think it's stamped, "Approved as
24 to plugging of the Well Bore."

25 A. Right.

1 Q. "Liability under bond is retained until surface
2 restoration is completed." Could you explain how this
3 procedure now works?

4 A. Well, in the past the C-103s were signed by the
5 field reps when the surface remediation was done and the
6 well was cleaned up, and this change is for us to
7 electronically release these wells, and to also -- when we
8 receive a C-103 subsequent report of plugging, we can go
9 ahead and plug the well in the system without showing it
10 active, but the well is not released until the surface
11 location is cleaned up. And then once we've finished that
12 inspection for the final cleanup, then we electronically
13 release that well.

14 And so the copy that's stamped with that deal
15 that Gary Wink signed was when we were going from paper to
16 paperless. And that's the way these well inspections came
17 up, was, there was several P-and-A'd wells that had been
18 plugged but had never been released, and we went out and
19 inspected them. All four of the field reps here were
20 involved in it. And there was an awful lot of those that
21 did get released, you know, from that point.

22 But this change here is strictly to handle it
23 electronically now.

24 Q. Okay, thank you for that explanation. Now, have
25 you personally been up there and seen the well location?

1 A. Yes, I have.

2 Q. And let's see, as you stated, the pit has not
3 been graded or bladed up and restored. What will be the
4 necessary work to restore this location?

5 A. Essentially, we'll just need to either bring in a
6 bulldozer or a backhoe and level the reserve pit out and
7 bury the plastic on location. As far as the -- You know,
8 it's really not real bad, if it wasn't for the plastic
9 that's in it and stuff. The cattle have a tendency to chew
10 on the plastic.

11 It's a long ways from any residence, you know. I
12 mean, I don't feel like there's any environmental hazard as
13 far as people is concerned, but the plastic, and it needs
14 to be contoured back to the natural contour of the land.

15 Q. Now, is this -- Does the location have caliche on
16 it, or is it natural?

17 A. It's pretty natural. It's been sitting there so
18 long that it's pretty well grewed up.

19 Q. Okay. So as far as any reseeding, that is not
20 our responsibility, nor is that even in the plans or even a
21 requirement; is that correct?

22 A. Right, we haven't required the operators to do
23 that, so I don't feel like we should be required to do that
24 on state land.

25 And I have visited with the State Land Office

1 about this well. We attempted to find a bond that we could
2 go back on for this surface restoration, other than the
3 plugging bond. And I worked with Scott Dawson out of the
4 State Land Office, and we couldn't find a bond that was
5 applicable. And that's the reason for moving it to a
6 hearing.

7 Q. Okay. Now, the bond that you're referring to is
8 a state bond with the State Land Office for such work; is
9 that correct?

10 A. That's correct.

11 Q. Okay. When do you propose to start work, or is
12 there any weather requirements that you need to be aware of
13 or I need to be aware of?

14 A. I can't think of any. Well, we wouldn't want to
15 go in there when it's real wet, because the road is real
16 faint and it's mostly a sandpacked road so, you know, you
17 wouldn't want to get heavy equipment in there when it's
18 wet. Other than that, I see no problems with moving on it
19 anytime.

20 Now, the way Lyn Hebert and I handled that on
21 another well up here was, we went out and got bids from
22 dirt contractors to get in there and do that work.

23 Q. Now, this is up in Roosevelt County, New Mexico,
24 near Elida. That's closer to what, Portales --

25 A. Yes.

1 Q. -- as opposed to Hobbs; is that correct?

2 A. That's right.

3 EXAMINER STOGNER: Okay. I have no other
4 questions of your witness, Mr. Brooks. Any other
5 questions?

6 MR. BROOKS: No, I have no further questions.

7 I would add, Mr. Stogner, that I believe the case
8 file will reflect -- assuming we can find it -- will
9 reflect that notice was attempted to be given to Wood,
10 McShane & Thams by letter to their last known address and
11 was returned undeliverable and that notice was, in fact,
12 given to Trinity Universal Insurance Company and that --
13 the return receipt in the file, and I will ask you to take
14 administrative notice of the contents of the case file with
15 respect to notice.

16 EXAMINER STOGNER: I assure you the case file
17 will be found, and I'll take administrative notice of the
18 contents therein.

19 Is there anything further?

20 MR. BROOKS: Nothing further.

21 EXAMINER STOGNER: Thank you, Mr. Prichard.

22 THE WITNESS: Yes, thank you.

23 EXAMINER STOGNER: Since there's nothing further
24 in Case 13,129, this matter will be taken under advisement.

25 Thank you, Mr. Brooks.

1 MR. BROOKS: Thank you. Have a good day, Billy.

2 MR. PRICHARD: All right, thank you, David.

3 (Thereupon, these proceedings were concluded at
4 8:35 a.m.)

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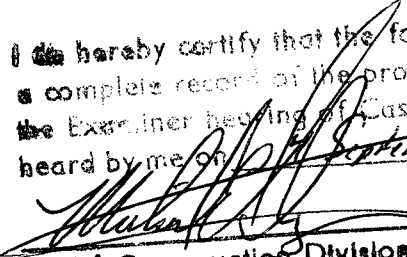
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I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 13129
heard by me on September 22, 2003.
 Examiner
Oil Conservation Division

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 September 4th, 2003.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 16th, 2006