

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: )  
 )  
APPLICATION OF THE NEW MEXICO OIL )  
CONSERVATION DIVISION FOR AN ORDER )  
REQUIRING JIM PIERCE TO BRING THREE )  
WELLS INTO COMPLIANCE WITH RULE 201.B )  
AND ASSESSING APPROPRIATE CIVIL )  
PENALTIES, EDDY COUNTY, NEW MEXICO )

CASE NO. 13,066

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: WILLIAM V. JONES, JR., Hearing Examiner

RECEIVED

AUG 21 2003

August 7th, 2003

Oil Conservation Division

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, WILLIAM V. JONES, JR., Hearing Examiner, on Thursday, August 7th, 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

August 7th, 2003  
Examiner Hearing  
CASE NO. 13,066

	PAGE
EXHIBITS	3
APPEARANCES	3
DIVISION WITNESSES:	
<u>ISABEL MONTOYA</u> (Clerk/Specialist) Direct Examination by Mr. Brooks	5
<u>VAN BARTON</u> (Field Supervisor, Artesia District Office, District 2, NMOCD) Direct Examination by Mr. Brooks Examination by Examiner Jones	7 12
REPORTER'S CERTIFICATE	14

\* \* \*

## E X H I B I T S

Applicant's	Identified	Admitted
Exhibit 1	8, 9	6, 12
Exhibit 2	8	12
Exhibit 3	8, 9	12
Exhibit 4	8	12
Exhibit 5	8	12
Exhibit 6	8	12
Exhibit 7	10	12
Exhibit 8	10	12
Exhibit 9	10	12
Exhibit 10	5	-

\* \* \*

## 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

\* \* \*

## ALSO PRESENT:

GAIL MacQUESTEN  
 Deputy General Counsel  
 Energy, Minerals and Natural Resources Department  
 1220 South St. Francis Drive  
 Santa Fe, New Mexico 87505

\* \* \*

STEVEN T. BRENNER, CCR  
 (505) 989-9317

1                   WHEREUPON, the following proceedings were had at  
2                   3:28 p.m.:

3  
4  
5  
6  
7  
8                   EXAMINER JONES: And we'll Case 13,066, continued  
9                   from June 19th, Application of the New Mexico Oil  
10                  Conservation Division for an order requiring Jim Pierce to  
11                  bring three wells into compliance with Rule 201.B and  
12                  assessing appropriate civil penalties, Eddy County, New  
13                  Mexico.

14                  Call for appearances in this case.

15                  MR. BROOKS: Mr. Examiner, David Brooks,  
16                  Assistant General Counsel, Energy, Minerals and Natural  
17                  Resources Department of the State of New Mexico, for the  
18                  Oil Conservation Division.

19                  I have two witnesses, both of whom were sworn in  
20                  the previous case.

21                  EXAMINER JONES: Okay, I'd like to remind the  
22                  witnesses they have been sworn, they're under oath.

23                  And no other appearances in the case? You may  
24                  proceed.

25                  MR. BROOKS: Very well, call Isabel Montoya.

ISABEL MONTOYA,

1  
2 the witness herein, having been previously duly sworn upon  
3 her oath, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. BROOKS:

6 Q. In this case you have the exhibit stack in front  
7 of you. Well, we'll go through the preliminaries again.

8 Ms. Montoya, would you state your name for the  
9 record, please?

10 A. Isabel Montoya.

11 Q. And by whom are you employed?

12 A. The Oil Conservation.

13 Q. In what office?

14 A. Santa Fe.

15 Q. And in what capacity?

16 A. I do the C-115s.

17 Q. Okay. I will call your attention to what has  
18 been marked as Exhibit Number 10 in the exhibit stack.

19 A. Okay.

20 Q. Can you identify that as being a copy of a  
21 printout of production reporting for the operator Jim  
22 Pierce in certain wells from the ONGARD system?

23 A. Yes.

24 Q. Looking at page 1 of that exhibit, that shows  
25 that the Leonard A State Number 1 reported production of

1 oil in August of '01, correct?

2 A. Of '01, yeah.

3 Q. And does not show any subsequent reports to  
4 that --

5 A. None.

6 Q. -- correct.

7 Q. For the Leonard State Number 4 it shows that  
8 production was reported from -- in April of 1998, and no  
9 production subsequent to that, correct?

10 A. Yeah, but that one was not reported by Jim  
11 Pierce, it was reported by BM&A.

12 Q. Yeah, but Jim Pierce is shown as the operator  
13 currently, correct?

14 A. Right.

15 Q. And then for the State S Number 2 there's no  
16 production report shown --

17 A. No.

18 Q. -- correct?

19 A. Huh-uh.

20 MR. BROOKS: Pass the witness.

21 EXAMINER JONES: Ms. Montoya, I really don't have  
22 any questions for you at this time.

23 MR. BROOKS: I forgot to tender Exhibit Number 1.

24 EXAMINER JONES: Oh, Exhibit Number 1 will be  
25 admitted to evidence.

1 MR. BROOKS: Thank you.

2 EXAMINER JONES: And thank you very much.

3 THE WITNESS: That's it?

4 MR. BROOKS: Call Van Barton again.

5 VAN BARTON,

6 the witness herein, after having been first duly sworn upon  
7 his oath, was examined and testified as follows:

8 DIRECT EXAMINATION

9 BY MR. BROOKS:

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

11 A. Van Barton.

12 Q. And by whom are you employed?

13 A. Energy, Minerals and Natural Resources, Oil  
14 Conservation Division.

15 Q. And what office?

16 A. Artesia.

17 Q. In what capacity?

18 A. Compliance officer.

19 Q. And Mr. Barton, I forgot to go through this with  
20 you on the last case, but you have testified before the Oil  
21 Conservation Division and had your credentials as a well  
22 inspector accepted previously, have you not?

23 A. Yes, sir.

24 MR. BROOKS: We will tender Mr. Barton as a well  
25 inspector.

1 EXAMINER JONES: Okay, Mr. Barton is so  
2 qualified.

3 MR. BROOKS: Thank you.

4 Q. (By Mr. Brooks) Are you familiar with an  
5 operator named -- or do you know about an operator named  
6 Jim Pierce?

7 A. Yes, sir.

8 Q. And I guess first of all I will call your  
9 attention to Exhibits 1, 2 and 3 -- actually, it's 1  
10 through 6 -- and ask you, can you identify these as copies  
11 of correspondence between Jim Pierce and the Artesia  
12 District Office of the Oil Conservation Division regarding  
13 one or more of the wells that are the subject of this  
14 proceeding?

15 A. I can identify them as such, yes, sir.

16 Q. Okay. Now, this reflects that Jim Pierce was  
17 first alerted to problems with the Leonard State Number 4  
18 on July 29th of '02, correct? Exhibit Number 1?

19 Well, I guess we go back to Exhibit Number 2 is  
20 the first one.

21 Exhibit Number 2 -- Let's see, Exhibit Number 2  
22 includes two of the three wells we're discussing here,  
23 correct?

24 A. That is correct.

25 Q. The State S Number 2 and the Leonard A State

1 Number 1?

2 A. That's correct.

3 Q. And based on this, Mr. Pierce was alerted to the  
4 fact that those two wells were inactive as of September 13  
5 of '02, correct?

6 A. Yes, sir.

7 Q. Now, once again I ask you to go back to that --  
8 the Exhibit Number 1 relates to the Leonard State Number 4,  
9 correct?

10 A. That's correct.

11 Q. And it appears there was an attempt to  
12 temporarily abandon that well at that time in '02, but it  
13 didn't pass the test?

14 A. That is correct.

15 Q. Okay. Now, in Exhibit -- Looking at Exhibit  
16 Number 3, in December 23rd of '02, Mr. Pierce was again  
17 alerted to the fact that all three of these wells were  
18 inactive, correct?

19 A. That's correct.

20 Q. And there's some further correspondence here on  
21 this subject, but let me ask you, then, are you familiar  
22 with the Leonard A State Number 1, the Leonard State Number  
23 4 and the State S Number 2 wells?

24 A. Yes, sir.

25 Q. And are they all inactive at this time?

1 A. They are.

2 Q. Looking at Exhibits 7, 8 and 9, are those  
3 pictures of those three wells?

4 A. They are.

5 Q. And were they taken by you?

6 A. No, sir.

7 Q. Were they taken by inspectors acting under your  
8 direction?

9 A. They were.

10 Q. Since we're not asking for a plugging order in  
11 this case but only for an order that these wells be brought  
12 into compliance, I won't -- I did not have plugging  
13 procedures -- I did not ask you to prepare plugging  
14 procedures on these wells.

15 Can you tell the Examiner what -- as to each of  
16 these wells, what the current status of these wells are, to  
17 your knowledge?

18 A. The S 2 has been cleaned out and tubing run in  
19 it, in preparation for production equipment.

20 Q. That's the State S Number 2?

21 A. That's correct.

22 Now, the Number 1 --

23 Q. That's the Leonard A State Number 1?

24 A. Let's see, that's the one that the wellbore is  
25 plugged, but there's no dryhole marker, no cleanup, no

1 paperwork.

2 Q. C-103 final report has not been filed?

3 A. That's correct, that's correct.

4 And then the last one --

5 Q. -- the Leonard A State Number 4.

6 A. -- it is partially plugged. They were plugging  
7 on it and then -- They did not get through, but they rigged  
8 down.

9 Q. And has Mr. Pierce indicated with regard to the  
10 State S Number 1 that he intends to restore it to  
11 production?

12 A. No, it's the Number 2 he was going to --

13 Q. The State S Number 2, I'm sorry.

14 A. Yes, sir, in conversations that I had with him  
15 the day before yesterday, he indicated they were going to  
16 bring it back to production.

17 Q. And he's indicated with regard to the Leonard  
18 State Numbers 1 and 4 that he intends to complete the  
19 plugging and abandonment of those wells; is that correct?

20 A. That's correct, sir.

21 Q. And did he indicate that he'd get that done  
22 within 60 days?

23 A. He did.

24 MR. BROOKS: Okay, very good. We'll tender into  
25 evidence Exhibits 1 through 9.

1 EXAMINER JONES: Exhibits 1 through 9 are  
2 admitted into evidence.

3 MR. BROOKS: Pass the witness.

4 EXAMINATION

5 BY EXAMINER JONES:

6 Q. Mr. Barton, the S 2 prepared for production. Is  
7 there a form he needs to file with you to -- I guess he  
8 needs to go ahead and test it and file a form -- what --

9 A. He needs to complete the work is what he needs --

10 Q. He needs to complete the work and the file --

11 A. And then --

12 Q. -- report it?

13 A. Yes, he has to report --

14 Q. Okay.

15 A. -- that he is producing it, yeah, that is  
16 correct.

17 Q. Okay. So he's not in compliance so far on a  
18 well?

19 A. That is correct, it is still an idle well.

20 Q. And he knows that, he just hasn't done it yet?

21 A. Correct.

22 Q. And why would they rig down on this other one?  
23 Ran out of money or -- there's no reason -- no way to tell,  
24 I guess, is there?

25 A. Would you like me to speculate?

1 Q. Sure.

2 A. Money. There was a prepaid agreement for a  
3 certain amount of work, and this is -- work that is done  
4 was pretty much prepaid, and then when the amount of work  
5 ran out that's where they stopped, or where the prepaid  
6 work ran out, that's pretty much where they stopped.

7 Q. Okay. And is Mr. Pierce -- is his company named  
8 Pierce, Jim Pierce? Is that the company name, or --

9 A. Yes.

10 Q. That -- I know he does work for other companies.  
11 And so it's just Jim Pierce Enterprises or -- Let's see  
12 here.

13 MR. BROOKS: I believe he just operates in his  
14 own name, Mr. Examiner, Jim Pierce?

15 THE WITNESS: I believe that's correct.

16 EXAMINER JONES: Okay, just Jim Pierce. Okay,  
17 that's all the questions I have. Thanks very much.

18 MR. BROOKS: Thank you, nothing further, Mr.  
19 Examiner.

20 EXAMINER JONES: With that, Case 13,066 will be  
21 taken under advisement. And this hearing, Docket Number  
22 24-03, is adjourned.

23 (Thereupon, these proceedings were concluded at  
24 3:40 p.m.)

25 I do hereby certify that the foregoing is  
a complete record of the proceedings in  
\* \* \* the Examiner hearing of Case No. \_\_\_\_\_  
heard by me on \_\_\_\_\_ 19\_\_\_\_

## 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 August 11th, 2003.



STEVEN T. BRENNER  
 CCR No. 7

My commission expires: October 16th, 2006