

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARING

SANTA FE, NEW MEXICOHearing Date APRIL 6, 1995 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
William F. Carr	Campbell, Carr and Berger, P.A.	Santa Fe
John Rhodes	Yates Drilling Co.	Artesia.
RANDALL CATE	Enron O&G	MIDLAND
STEVE WENTWORTH	" "	" "
BRUCE INSALACO	" "	" "
Jim Cable	Bonneville Fuels	DENVER, CO
Bob Kogack	"	"
Pinson McWhorter	Yates Petroleum	Artesia
Paul Cooter	Kemp Smith	Albuquerque
Robert Bullock	Yates Petroleum	Artesia
Jim W. Escom	N.M. O&G	ARTEZIA
W. Kelch	Kelch & Kelch	Santa Fe
Maurice Brunner	Byram Co.	"
Raye Miller	Marbob Energy Corp	Artesia
MIKE HANAGAN	Marbob	"
Tanya Trujillo	Campbell, Carr & Berger, P.A.	Santa Fe
David Frge	Naumann Oil & Gas, Inc.	Dallas
Joe A. Young	Naumann Oil & Gas, Inc.	Dallas

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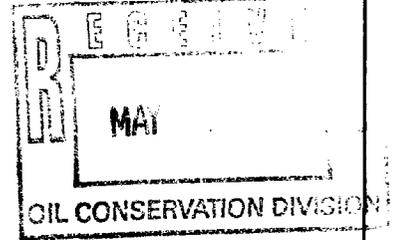
Hearing Date APRIL 6, 1995 Time: 8:15 A.M.

NAME	REPRESENTING	LOCATION
Ernie K. Land	Loose Law Firm	Artesia
Brent May	Yates Pet.	Artesia
Mica Maunten	Yates Petr.	Artesia
Jerry Hoover	Conoco	Midland
Bob Fant	Yates Pet	Artesia
Warren Richardson	Conoco	midland
Ken Beyer	Yates Pet	Artesia
Opus Richardson	Yates Pet	Artesia
John Beyer	Red Beyer	582
Jerry Elger	Neabury	midland

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:)
)
HEARING CALLED BY THE OIL)
CONSERVATION DIVISION ON)
ITS OWN MOTION)
_____)

CASE NO. 11,228

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

April 10th, 1995

Santa Fe, New Mexico

This matter came on for hearing before the Oil Conservation Division on Monday, April 10th, 1995, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, before Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

April 10th, 1995
 Examiner Hearing
 CASE NO. 11,228

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* * *

A P P E A R A N C E S

FOR THE DIVISION:

RAND L. CARROLL
 Attorney at Law
 Legal Counsel to the Division
 State Land Office Building
 Santa Fe, New Mexico 87504

* * *

1 WHEREUPON, the following proceedings were had at
2 10:35 a.m.:

3 EXAMINER CATANACH: Okay, let me go back on the
4 record at this time, and I will call Case 11,228, which is
5 in the matter of the hearing called by the Oil Conservation
6 Division on its own motion to permit the operator, Rapid
7 Company, Incorporated, and all other interested parties, to
8 appear and show cause why the Copelan State Well Number 1,
9 located 330 from the north line and 1650 from the west
10 line, and the Copelan State Well Number 2, located 660 feet
11 from the north and east line, both in Section 31, Township
12 10 South, Range 27 East, Chaves County, New Mexico, should
13 not be plugged and abandoned in accordance with a Division-
14 approved plugging program.

15 Are there appearances in this case?

16 MR. CARROLL: Yes, my name is Rand Carroll, and
17 I'm appearing on behalf of the Oil Conservation Division,
18 and I have one witness to be sworn.

19 EXAMINER CATANACH: Any additional appearances?

20 There being none, may I ask you, Mr. Smith, to
21 stand up so I can swear you in at this time?

22 (Thereupon, the witness was sworn.)

23 EXAMINER CATANACH: You may be seated.

24 Mr. Carroll, you may proceed.

25 MR. CARROLL: Thank you, Mr. Examiner.

1 RAY SMITH (Present by telephone),
2 the witness herein, after having been first duly sworn upon
3 his oath, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. CARROLL:

6 Q. Mr. Smith, will you please state your name, your
7 place of residence, your employer and your position with
8 your employer, for the record?

9 A. My name is Ray Smith. I live in Artesia, New
10 Mexico, employed by the Oil Conservation Division. I'm a
11 Field Rep 2 here at the Artesia office.

12 Q. Mr. Smith, have you testified before the Division
13 before and had your qualifications accepted?

14 A. I have not.

15 Q. Mr. Smith, will you please briefly go over your
16 education and experience for the Examiner so he may
17 determine whether you're qualified to testify as to the
18 matters presented to the Examiner today?

19 A. I have a high-school education. I have about
20 forty- -- nearly 42 years' experience in the oil industry.
21 I have filled this position as Field Rep 2 close to three
22 years now.

23 Q. Okay. Can you briefly go over your 42 years of
24 experience in the industry?

25 A. Out of high school I went right to work on a

1 pulling unit, worked on rig floors, from there to drilling
2 rigs, then briefly for a while, till the company shut down,
3 a cable-tool rig. I was a tool-dresser on the cable tool.

4 Then I had ten years' experience with Einer
5 Natural Gas as a field well tender in the Texas panhandle.
6 I had a couple of years experience as a logging engineer
7 for McCulloch Tool Company.

8 And then the remainder of this has been about 11
9 years with the NMOCD, as a Field Rep 1 at Hobbs for nine
10 years, and then two years over in Artesia, Field Rep 2.

11 MR. CARROLL: Mr. Examiner, are Mr. Smith's
12 qualifications acceptable?

13 EXAMINER CATANACH: Yes, they are.

14 Q. (By Mr. Carroll) Mr. Smith, have you had a
15 chance to review the well file maintained on the Copelan
16 State Well Number 1 and the Copelan State Well Number 2?

17 A. Yes, I have.

18 Q. And are these well files maintained by the Oil
19 Conservation in its ordinary course of business?

20 A. Yes, they are.

21 Q. Mr. Smith, can you please give the Examiner a
22 brief history of these two wells?

23 A. Okay, starting with the Copelan Number 1, this
24 well was drilled March, 1976, by Land Oil Company, to a
25 depth of 1250 feet.

1 There was a change of operator in November, 1977,
2 to the Rapid Company. January of 1978, the operator
3 changed his name to Sage Oil Company. Then back in July,
4 1979, he changed it back to Rapid Oil Company.

5 Then in June, 1983, the OCD Artesia Office
6 received plugging procedure.

7 And that is the extent that this operation was
8 carried. It's never been plugged.

9 Q. Okay, Mr. Smith, can you please give a brief
10 history of the Copelan State Well Number 2?

11 A. Okay, the State Number 2 was drilled in July,
12 1961, by Sinclair Oil and Gas to a depth of 6930 feet. The
13 well was tested and plugged in August of 1961. The well
14 was re-entered in February, 1978, under the name of Sage
15 Oil Company. Then in 1979 he changed the name to Rapid Oil
16 Company.

17 We received a plugging procedure in June of 1983,
18 and the well has not been plugged to this date.

19 The last date of production on both wells was
20 July, 1983.

21 Excuse me, on the Number 1 it was July, 1982.

22 EXAMINER CATANACH: Mr. Smith, that was the
23 Number 1, was 1982?

24 THE WITNESS: Yeah, Number 1 is 1982, July.

25 MR. CARROLL: Mr. Examiner, if I could direct

1 your attention to what I've marked as OCD Exhibit Number 1,
2 which are copies of two letters plus attachments sent to my
3 attention from Ray Smith concerning the need to plug the
4 two wells in question.

5 And also at this time I refer you to what is
6 marked as OCD Exhibits 2 and 3, which are copies of the
7 well files maintained in this case.

8 Q. (By Mr. Carroll) Mr. Smith, these two letters
9 dated July 20th, 1994, and December 19th, 1994, indicate
10 that these wells should be plugged.

11 What is the condition of the wells that they need
12 plugging?

13 A. The Copelan Number 1 is just sitting there with a
14 wellhead and some piping. I think there's an old bolted
15 500-barrel tank there.

16 In Number 2, we have had some leak from downhole.
17 Everything is open. The dryhole marker has been removed.
18 Apparently someone at some time, without the knowledge of
19 the OCD, has apparently tried to re-enter the thing and
20 just drove off and left it as such.

21 We have had oil on the surface that pretty well
22 covered the location at one time when we apparently got a
23 gas bubble up.

24 Q. So plugging each of the wells at this time would
25 be in the best interests of protecting correlative rights,

1 preventing waste, and protecting the public health and
2 environment?

3 A. I believe so.

4 Q. Mr. Smith, have you prepared a plugging procedure
5 to plug each of these wells?

6 A. Yes, we have.

7 MR. CARROLL: Mr. Examiner, I'll direct your
8 attention to exhibits that have been marked as OCD Exhibits
9 Number 4 and 5, which are the plugging procedures prepared
10 by Mr. Smith regarding each of these wells.

11 Q. (By Mr. Carroll) Mr. Smith, could you briefly go
12 over the two plugging procedures you've prepared?

13 A. Okay. On the Copelan Number 1, we propose to set
14 a cast iron bridge plug at 615 feet, cut the casing at 600
15 and pull it, run in-hole with the tubing to just above the
16 bridge plug and pump cement to the surface, set dryhole
17 marker.

18 Q. And the plugging procedure for the State Well
19 Number 2?

20 A. All right, run in the hole with tubing to 770
21 feet, pump cement to surface, set dryhole marker.

22 Q. Mr. Smith, have any attempts been made to contact
23 the operator of these wells to get the operator to plug
24 them?

25 A. Yes, sir, we sure have.

1 Q. And what has been done?

2 A. I have received all correspondence back to this
3 office.

4 Q. Pardon me? You have what?

5 A. The letters have been returned to this office
6 undelivered.

7 Q. And who were the letters sent to?

8 A. To Sage Oil Company, to Rapid Company, and they
9 both go to an address in Hobbs which I believe is a scout,
10 Ms. Donna Holler.

11 Q. And you said none of these letters have been
12 accepted; they've all been returned to you?

13 A. Right.

14 Q. Mr. Smith, is there a bond covering these wells?

15 A. No, there is not.

16 Q. Do you know what happened to the bond, if there
17 ever was one, covering these wells?

18 A. Yes, sir. About five years ago, something along
19 there, I plugged seven wells in the Ranger Lake Pool west
20 of Tatum, New Mexico.

21 Q. So what happened to the bond? Was --

22 A. The bond was taken at that time and, along with
23 the salvage from the wells, paid the plugging bill.

24 Q. So the bonds have been used for other wells then?

25 A. Right.

1 Q. So, Mr. Smith, it is your recommendation that
2 these two wells be the subject of an order, ordering Rapid
3 Company to plug these wells and that this is necessary to
4 protect the public health and the environment; is that
5 correct?

6 A. Yes, sir.

7 MR. CARROLL: Mr. Examiner, at this time I'd like
8 to direct your attention to what has been marked as OCD
9 Exhibit Number 6, which is the letters that have been sent
10 by certified mail to Rapid Company, Inc., notifying Rapid
11 Company that -- by the January 9th letter, that a hearing
12 would be held regarding this matter if they did not
13 respond, and then notice of this actual hearing.

14 I don't believe we have -- Yes, we did receive
15 the letter returned from Rapid Company, and it was marked
16 as undeliverable.

17 I will also point out to the Examiner that in the
18 correspondence from Mr. Smith, a Mr. Raney McKay was
19 mentioned, who supposedly was the principal of Rapid
20 Company, Inc.

21 I have tried to locate Mr. Raney McKay and have
22 called the operator in Lovington, New Mexico, to find out
23 whether there was a number listed for Mr. McKay, and there
24 was not.

25 So I could not obtain any other address, other

1 than the one that was on file for Rapid Company, Inc.

2 With that, I have no further questions of this
3 witness, and I would like to offer what has been marked as
4 Exhibits OCD Numbers 1 through 5 into the record.

5 EXAMINER CATANACH: Exhibits 1 through 5 will be
6 admitted as evidence in this case.

7 MR. CARROLL: 1 through 6. Did I say 1 through
8 5?

9 EXAMINER CATANACH: 1 through 6 will be admitted
10 as evidence.

11 MR. CARROLL: Thank you.

12 EXAMINATION

13 BY EXAMINER CATANACH:

14 Q. A couple of questions, Mr. Smith.

15 Is there freshwater sources in this area, to your
16 knowledge?

17 A. I believe that there are some windmills in the
18 area. I don't know whether it's a whole lot of water, or
19 even very good water. It's pretty guppy out in that part
20 of the country.

21 Q. Okay. You mentioned something about the Number 2
22 well, that you had observed some leakage. Was that at the
23 surface?

24 A. Yes, sir.

25 Q. And did you say that was oil?

1 A. It is oil, uh-huh.

2 Q. Is the well continuing to leak at this point?

3 A. We were by there just recently and took some
4 photographs, and it seemed that the well -- the oil has
5 gone back downhole. We have nothing at the surface right
6 now.

7 EXAMINER CATANACH: Okay. I have nothing further
8 of this witness.

9 Is there anything further in this case, Mr.
10 Carroll?

11 MR. CARROLL: No, there is not, Mr. Examiner.

12 EXAMINER CATANACH: All right. There being
13 nothing further in this case, Case 11,228 will be taken
14 under advisement.

15 (Thereupon, these proceedings were concluded at
16 10:45 a.m.)

17 * * *

18 I do hereby certify that the foregoing is
19 a complete record of the proceedings in
the Examiner hearing of Case No. 11228,
20 heard by me on April 6 1995.

21 David R. Catanch, Examiner
Oil Conservation Division
22
23
24
25

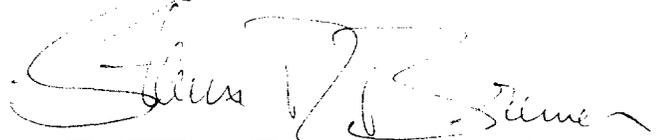
CERTIFICATE OF REPORTER

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 April 27th, 1995.



STEVEN T. BRENNER
 CCR No. 7

My commission expires: October 14, 1998