

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. 11,813
)
APPLICATION OF THE OIL CONSERVATION)
DIVISION FOR AN ORDER REQUIRING GEO)
ENGINEERING, INC., TO PLUG 45 WELLS)
IN MCKINLEY COUNTY, NEW MEXICO)
)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

RECEIVED

JUL 23 1997

July 10th, 1997

Oil Conservation Division

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, July 10th, 1997, at the New Mexico Energy, Minerals and Natural Resources Department, Porter Hall, 2040 South Pacheco, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

* * *

I N D E X

July 10th, 1997
 Examiner Hearing
 CASE NO. 11,813

PAGE

APPLICANT'S WITNESSES:

| | |
|---|----|
| <u>JOHNNY ROBINSON</u> (Field Rep 2, Aztec District, NMOCD; Present by telephone) | |
| Direct Examination by Mr. Carroll | 4 |
| Examination by Examiner Catanach | 10 |

| | |
|------------------------|----|
| REPORTER'S CERTIFICATE | 13 |
|------------------------|----|

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E X H I B I T S

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

* * *

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
 2040 South Pacheco
 Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 11:58 a.m.:

3
4
5 EXAMINER CATANACH: Okay, at this time I will
6 call Case 11,813, which is the Application of the Oil
7 Conservation for an order requiring Geo Engineering,
8 Incorporated, to plug 45 wells in McKinley County, New
9 Mexico.

10 I will call for appearances at this time.

11 MR. CARROLL: Mr. Examiner, my name is Rand
12 Carroll, appearing on behalf of the Oil Conservation
13 Division.

14 I have one witness to be sworn.

15 EXAMINER CATANACH: Call for additional
16 appearances.

17 Let the record show that there are no additional
18 parties present in the hearing room.

19 Mr. Robinson, can I get you to stand and raise
20 your right hand to be sworn in at this time?

21 MR. ROBINSON: Okay.

22 (Thereupon, the witness was sworn.)

23 EXAMINER CATANACH: Okay, Mr. Carroll, you may
24 proceed.

25 MR. CARROLL: Thank you.

1 JOHNNY ROBINSON (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. Robinson, will you please state your name,
7 your employer and your position with your employer for the
8 record?

9 A. My name is Johnny Robinson. I work for the State
10 Oil Conservation. I'm a Field Rep 2 in the Aztec District.

11 Q. Mr. Robinson, do your duties as a Field Rep 2
12 include the location and supervising of the plugging of
13 abandoned wells?

14 A. Yes, it does.

15 Q. Mr. Robinson, are you familiar with the subject
16 matter of this Application dealing with Case 11,813 and Geo
17 Engineering, Inc.?

18 A. Yes, I am.

19 Q. And have you testified before the Oil
20 Conservation Division before regarding the plugging of
21 abandoned wells?

22 A. Yes, I have.

23 MR. CARROLL: Mr. Examiner, I tender Mr. Robinson
24 as qualified.

25 EXAMINER CATANACH: Mr. Robinson is so qualified.

1 Q. (By Mr. Carroll) Mr. Robinson, can you refer to
2 the well filed for the Santa Fe Pacific Number 1 and the
3 Santa Fe Pacific Number 19, which have been marked as OCD
4 Exhibits 1 and 2?

5 MR. CARROLL: And Mr. Examiner, I'll ask at this
6 time for permission to, instead of going through all 45
7 wells, use these two wells as -- and Mr. Robinson will
8 testify that they are representative of all 45 wells.

9 EXAMINER CATANACH: Yes, you may do so Mr.
10 Carroll.

11 Q. (By Mr. Carroll) Mr. Robinson, are the wells
12 named Santa Fe Pacific Number 1 and Number 19
13 representative of the 45 wells that are the subject matter
14 of this hearing?

15 A. Yes, sir, they are.

16 Q. Okay. Will you please go through what has been
17 marked OCD Exhibit Number 1, which is the Santa Fe Pacific
18 1 well file and give us a brief history of the well?

19 A. Brief history is, they drilled the well with a
20 6 3/4 bit down to 316 feet.

21 Q. When did they do this?

22 A. February 5th, 1975.

23 Q. Okay.

24 A. They cemented the casing with ten sacks of
25 cement. And it was an open-hole completion from 306 to

1 316.

2 And the fourth month of 1975, they tested the
3 well, and it made five barrels of oil and 20 barrels of
4 water.

5 And since that -- Since 1975 I don't show
6 anything else.

7 Q. So Mr. Robinson, the target formation was that
8 shallow?

9 A. Right, yes, sir.

10 Q. Can you refer to what has been marked OCD Exhibit
11 Number 2, which is the Santa Fe Pacific Number 19 well, and
12 do the same facts apply to that well?

13 A. Yes, sir. Basically it's about the same. It's a
14 little bit deeper, is the only difference.

15 Q. And are the other 43 wells similar? Drilled to
16 about the same depth, drilled at the same time and the same
17 operations performed on them?

18 A. Yes, they are.

19 Q. What is the current condition of all these 45
20 wells?

21 A. These wells are shut in at this time.

22 Q. And in order to protect public health and the
23 environment, prevent waste and protect correlative rights,
24 are they in need of plugging at this time?

25 A. Yes, they are.

1 Q. Have you prepared a plugging procedure?

2 A. Yes, sir, we have a plugging procedure that had
3 two different procedures. One is a rigless procedure where
4 we just hook onto the tubing and determine whether there's
5 any holes in that casing and determine if we can get cement
6 down to the perforations, and we do it with a rigless
7 completion.

8 Q. What would you estimate to be the cost of
9 plugging these wells?

10 A. On the rigless, probably around \$800 apiece.

11 Q. And if a rig is required?

12 A. With a rig it's kind of hard to say, because if
13 we have to move a rig on we may have to clean out the
14 casing, and depending on what we find inside the casing it
15 could run anywhere from \$3000 to \$8000.

16 MR. CARROLL: Mr. Examiner, the plugging
17 procedures for both the rigless and the rig plugging are
18 contained in OCD Exhibit Number 4.

19 Q. (By Mr. Carroll) Mr. Robinson, have you been in
20 contact with the operator of these wells?

21 A. No, sir, there's no operator available.

22 Q. What do you mean, there's no operator? We have a
23 Geo Engineering, Inc., listed as operator.

24 A. Well, I mean, there's no one to get ahold of. As
25 I understand it, they're deceased or gone.

1 Q. Who is the principal of Geo? Do you recall?

2 A. No, I don't.

3 Q. Okay. But you've attempted to contact Geo
4 Engineering or their principals, and you've had no luck?

5 A. Right. Ernest sent some letters to the operator
6 and never got any response.

7 Q. Were the letters returned as undeliverable?

8 A. I'm reading his letter here, and I don't see it
9 in it, and I would imagine that was the case.

10 Q. Okay. Mr. Robinson, are you aware of any bond,
11 plugging bond, that covers these wells?

12 A. There's a \$50,000 bond that's in place for Red
13 Mountain.

14 There's a -- He found a C-104 that changes the
15 ownership from Geo to Red Mountain in 1984.

16 Q. I believe you've got it switched, you've got them
17 backwards.

18 A. Oh, okay.

19 Q. The C-104 changes the operator name from Red
20 Mountain Associates to Geo Engineering, Inc.

21 A. Oh, I see, he's got two bonds here, one for Red
22 Mountain and the another for Geo, that's right.

23 MR. CARROLL: Right.

24 And Mr. Examiner, if I could direct your
25 attention to what has been marked OCD Exhibit Number 3,

1 which is the \$50,000 blanket plugging bond in the name of
2 Geo Engineering, Inc.

3 And Mr. Examiner, at this time I will refer you
4 also to what has been marked OCD Exhibit Number 5, which is
5 the affidavit of notice for this case.

6 Notice was sent to Geo Engineering, Inc., and
7 American Manufacturers Mutual Insurance, the surety on the
8 plugging bond.

9 We did receive a receipt from American
10 Manufacturers and have not received a receipt or a letter
11 returned as undeliverable for Geo Engineering, Inc. The
12 address we have for Geo Engineering, Inc., the last known
13 address, is P.O. Box 2966, here in Santa Fe, New Mexico.

14 Q. (By Mr. Carroll) Mr. Robinson, at this time do
15 you recommend that these -- all 45 wells be plugged in
16 order to protect public health and the environment or
17 prevent waste or protect correlative rights?

18 A. Yes, I do.

19 Q. Do you have anything further to add at this time?

20 A. No, I can't think of anything.

21 MR. CARROLL: Mr. Examiner, I would ask that what
22 has been marked OCD Exhibits Numbers 1 through 5 be
23 admitted into the record.

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

EXAMINATION

BY EXAMINER CATANACH:

Q. Mr. Robinson, are you aware that there were waterflood operations conducted out there at one time?

A. No, I'm not.

Q. I was just noticing on one of the -- on your Exhibit Number 2, on the C-101, at the bottom there is a note from -- I presume it was written in by Frank Chavez, who says, "WFX required before injection".

So it appears that there may have been some sort of water injection project out there at one time or another.

A. I know there is a lease right next to it that's owned by InterDyne, and I know he has plans for a waterflood.

Q. Okay. As a matter of fact, that is an attachment to your Exhibit Number 2 where Geo Engineering was authorized to inject into the Menefee formation and I guess several wells which are entitled Chaco Wash Mesaverde wells.

Just for the record. I don't have any questions on it; I was just noting that for the record.

You're not aware of any waterflow situations at this point in that field, are you, Mr. Robinson?

A. No, I'm not.

1 Q. Are most of these wells -- Have you been out
2 there?

3 A. I was out there one day and looked at six or
4 seven wells.

5 Q. All right, are they -- The ones you looked at,
6 are they just open to the atmosphere?

7 A. No, most of them are -- they have plugs or
8 something in them.

9 Q. Do they have wellheads on them?

10 A. Yeah, they have tubing sticking up with a bull
11 plugger.

12 EXAMINER CATANACH: Okay. For the record, I
13 would just like to say that the -- I believe the principal
14 of this company, of Geo Engineering, Inc., was a gentleman
15 named Jim Law, who I was acquainted with. He actually
16 presented a case or two in Santa Fe, I believe, during the
17 last part of the 1980s.

18 It's my understanding that Mr. Law has passed
19 away several years ago, and I don't know that there were
20 any other principals with his company, so that's just for
21 the record.

22 I have no further questions of this witness at
23 this time.

24 Mr. Carroll, do you have anything further in this
25 case?

1 MR. CARROLL: I have nothing further in this
2 case.

3 EXAMINER CATANACH: Okay, there being nothing
4 further in this case, Case 11,813 will be taken under
5 advisement.

6 And this hearing is adjourned.

7 (Thereupon, these proceedings were concluded at
8 12:10 p.m.)

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16
17 I do hereby certify that the foregoing is
18 a complete record of the proceedings in
19 the Examiner hearing of Case No. 11813,
20 heard by me on July 10 1987.
21 David L. Catnach, Examiner
22 Oil Conservation Division
23
24
25

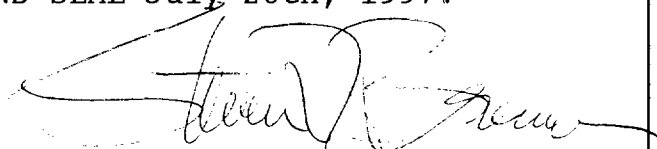
CERTIFICATE OF REPORTER

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 July 20th, 1997.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 1998