

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. 12,345

APPLICATION OF OIL CONSERVATION DIVISION)
 FOR AN ORDER REQUIRING A.P.A.)
 DEVELOPMENT, INC., TO PLUG THREE WELLS)
 IN SAN JUAN COUNTY, NEW MEXICO)

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

February 17th, 2000

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, February 17th, 2000, 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.

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OIL CONSERVATION DIV.
 00 MAR -2 PM 1:24

I N D E X

February 17th, 2000
 Examiner Hearing
 CASE NO. 12,345

PAGE

APPLICANT'S WITNESS:

CHARLIE T. PERRIN (Senior Field Oil and Gas
 Inspector, OCD, Aztec, New Mexico)

Direct Examination by Ms. Hebert

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	4	7
Exhibit 2	5	7
Exhibit 3	5	7
Exhibit 4	6	7
Exhibit 5	5	7

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A P P E A R A N C E S

FOR THE DIVISION:

LYN S. HEBERT
 Deputy General Counsel
 Energy, Minerals and Natural Resources Department
 2040 South Pacheco
 Santa Fe, New Mexico 87505

* * *

1 WHEREUPON, the following proceedings were had at
2 11:35 a.m.:

3 EXAMINER STOGNER: Call next case, Number 12,345,
4 which is in the Application of the Oil Conservation
5 Division for an order requiring A.P.A. Development, Inc.,
6 to plug three certain wells in San Juan County, New Mexico.

7 At this time I'll call for appearances.

8 MS. HEBERT: May it please the Examiner, my name
9 is Lyn Hebert. I'm appearing for the Oil Conservation
10 Division, and I have one witness to be sworn. I don't know
11 if you are going to need to re-swear him?

12 COURT REPORTER: No.

13 EXAMINER STOGNER: Let the record show that Mr.
14 Perrin has been previously sworn in Case Number 12,344.

15 CHARLIE T. PERRIN,
16 the witness herein, having been previously duly sworn upon
17 his oath, was examined and testified as follows:

18 DIRECT EXAMINATION

19 BY MS. HEBERT:

20 Q. Mr. Perrin, would you state your name for the
21 record, please?

22 A. Charlie T. Perrin.

23 Q. And where do you work and how long have you
24 worked there?

25 A. I work for the New Mexico Oil Conservation Aztec

1 Office. I've been with the OCD for eight years.

2 Q. And what is your position with OCD?

3 A. I'm the senior field oil and gas inspector.

4 Q. And have you previously qualified as an expert in
5 plugging oil and gas wells in New Mexico?

6 A. Yes, I have.

7 MS. HEBERT: I would ask the Examiner to take Mr.
8 Perrin as an expert in plugging wells in the State of New
9 Mexico.

10 EXAMINER STOGNER: Okay, I can do that, even in
11 San Juan County, New Mexico, I'll accept Mr. Perrin's
12 qualifications.

13 THE WITNESS: Thank you, Mr. Examiner.

14 EXAMINER STOGNER: Let the record show that
15 everybody left the room.

16 (Laughter)

17 MS. HEBERT: This is a much more exciting case.

18 Q. (By Ms. Hebert) Mr. Perrin, I'm handing you
19 what's marked as OCD Exhibit Number 1. Are these the
20 history of the three wells in question that you pulled from
21 the files in the District's Office?

22 A. Yes, ma'am, they are.

23 Q. And could you give us a brief history of these
24 wells, so far as when they were drilled and what their
25 production was and when their last production was?

1 A. Yes, ma'am. These wells were drilled in 1978.
2 They're approximately 5800 foot deep. They're to the
3 Entrada formation. The last reported production was 1994-
4 95.

5 Q. Mr. Perrin, I'm handing you what's been marked as
6 OCD Exhibit Number 2. Are these your recommended plugging
7 procedures for these three wells?

8 A. Yes, ma'am, they are.

9 Q. And again, we have one set of photographs for the
10 new wells in question. Could you give the Examiner an idea
11 of the conditions of these wells at this time?

12 A. Yes, ma'am. These wells are also abandoned. One
13 of them is leaking to the surface, it has visible oil.
14 There also is environmental concerns at the tank battery,
15 due to the standing fluid.

16 Q. Is it your recommendation that these wells be
17 plugged and abandoned to prevent waste, protect correlative
18 rights and to otherwise protect the environment?

19 A. Yes, ma'am, it is.

20 Q. Are you familiar with the bonds that exist on
21 these three wells?

22 A. Yes, ma'am.

23 Q. I'm handing you what's been marked as Oil
24 Conservation Exhibit 3a, -b and -c. Could you describe for
25 the Examiner what bonds exist for the three wells?

1 A. Yes, ma'am, there are two bonds that exist,
2 they're both \$7500 bonds. They exist on the Barbs 1 and
3 the Leggs 2. There is no bond on the Santa Fe Leggs Number
4 1.

5 Q. And is that well the saltwater injection well?

6 A. Yes, ma'am.

7 Q. Are these bonds cash bonds?

8 A. Yes, ma'am.

9 Q. And are they at the First National Bank in
10 Farmington?

11 A. Yes, ma'am, they are.

12 Q. Finally, I'm handing you what's been marked as
13 OCD Exhibit Number 4. This is an affidavit again from Rand
14 Carroll.

15 Are you familiar with the efforts that have been
16 made to contact the former operator, A.P.A. Development,
17 and the holder of the cash deposits, First National Bank of
18 Farmington?

19 A. Yes, ma'am, I am.

20 Q. And do these attachments to this affidavit
21 indicate that A.P.A. Development refused acceptance of the
22 notice that was sent to them for this hearing?

23 A. Yes, ma'am, they did.

24 Q. And the Application, excuse me.

25 A. (Nods)

1 Q. And do the records indicate that the First
2 National Bank of Farmington did receive notification of the
3 Application of this proceeding?

4 A. Yes, ma'am, they did.

5 MS. HEBERT: Thank you. I move for admission of
6 OCD Exhibits 1 through 5 in this matter.

7 EXAMINER STOGNER: Exhibits 1 through 5 will be
8 admitted into evidence.

9 EXAMINATION

10 BY EXAMINER STOGNER:

11 Q. Mr. Perrin, was one of these wells an injection
12 well?

13 A. Yes, sir, it was.

14 Q. And was it a -- It was saltwater disposal also
15 into the Entrada?

16 A. Yes, sir.

17 Q. What's your records show on when that well quit
18 disposing of water?

19 A. I have no reported injection at all.

20 Q. Oh, okay. So are you saying that it never
21 injected or you don't know --

22 A. I'm saying there was nothing reported.

23 Q. What's the general area around these particular
24 wells?

25 A. These wells are located just outside of the Chaco

1 Monument, Chaco National Monument Park. They're just
2 south, which is east and north of a small community. I
3 believe it is -- I'm going to say Nageesi.

4 Q. Can it be seen from the road?

5 A. No, sir, it cannot. They can be seen from the
6 road going into the monument, not the main highway, not
7 Highway 44.

8 Q. Okay, then you're talking about the road coming
9 off of 44 --

10 A. That goes to Chaco National Monument, yes.

11 Q. They can be seen from that road?

12 A. Yes, sir.

13 Q. Nice representation of New Mexico's beauty.
14 That's not a question. I made a comment.

15 Now, has there been anybody approach the District
16 Office about taking over the operations of these wells?

17 A. I understand there's been a contact made to Ms.
18 Hebert.

19 MS. HEBERT: Mr. Examiner, I have received two
20 phone calls. I have not returned them -- I haven't had the
21 chance to return them -- from Mr. Jeff Einardt, who
22 apparently operated the wells that were on the Navajo
23 reservation that are not a subject of this proceedings. He
24 has indicated an interest in possibly trying to recomplete,
25 I believe, is what he said.

1 I believe the District's recommendation is to,
2 again, have an order from the Examiner ordering that these
3 be plugged and abandoned, but having Mr. Einardt deal with
4 the District as to any possible recompletion in a timely
5 fashion.

6 EXAMINER STOGNER: So there has been some
7 interest.

8 Q. (By Examiner Stogner) Mr. Perrin, I'm looking at
9 a picture of a -- Actually, it looks like a nice size, a
10 metal building with a tank attached to it, with what
11 appears to be a pulling unit in the background. Is that on
12 the lease?

13 A. Yes, sir, that unit has also been robbed from.
14 The battery and various pieces of it is also gone. The
15 building encompasses two pumps, injection pumps.

16 Q. What would become of this equipment?

17 A. This would be salvaged to help offset the expense
18 of plugging.

19 Q. And that would go toward whoever was hired or who
20 got the contract?

21 A. Yes, whoever was awarded the bid, correct.

22 Q. Here's an interesting picture here of a gentleman
23 by a wellbore.

24 A. Yes.

25 Q. Who is that?

1 A. That's Mr. Denny Foust.

2 Q. Is he with the OCD?

3 A. Yes, he is. He's the environmentalist.

4 Q. Is this well leaking gas or anything?

5 A. No, the well is leaking oil. It is seeping
6 between the tubing and the wellhead cap.

7 Q. So the expression on this gentleman's face is not
8 being overcome by any gas fumes or anything? That's his
9 normal look?

10 A. Yes, sir, I'm afraid so.

11 EXAMINER STOGNER: Okay. Anything further in
12 Case Number 12,345?

13 MS. HEBERT: No, Mr. Examiner, that's all. We
14 request that the order be issued, ordering these wells
15 plugged and abandoned.

16 EXAMINER STOGNER: This case will be taken under
17 advisement.

18 (Thereupon, these proceedings were concluded at
19 11:45 a.m.)

20 * * *

21 I hereby certify that the foregoing is
22 a complete record of the proceedings in
the Examiner hearing of Case No. 12345.
heard by me on 17 February 2000

23  , Examiner
24 Off Conservation Division
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 February 21st, 2000.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002