

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. 12,720

APPLICATION OF THE NEW MEXICO OIL)
CONSERVATION DIVISION, THROUGH THE)
SUPERVISOR OF DISTRICT III, FOR AN)
ORDER REQUIRING PITCO PRODUCTION)
COMPANY TO PROPERLY PLUG ONE WELL)
IN SANDOVAL COUNTY, NEW MEXICO,)
AUTHORIZING THE DIVISION TO PLUG)
SAID WELL AND ORDERING A FORFEITURE)
OF APPLICABLE PLUGGING BOND, IF ANY)

ORIGINAL

01 SEP 20 AM 10:10

OIL CONSERVATION DIV

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: DAVID R. CATANACH, Hearing Examiner

September 6th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, DAVID R. CATANACH, Hearing Examiner, on Thursday, September 6th, 2001, 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.

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I N D E X

September 6th, 2001
 Examiner Hearing
 CASE NO. 12,720

PAGE

APPLICANT'S WITNESS:

CHARLIE T. PERRIN (Senior Field Oil
 and Gas Inspector, Aztec District
 Office, District 3, NMOCD)

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REPORTER'S CERTIFICATE	11
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E X H I B I T S

Applicant's	Identified	Admitted
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A P P E A R A N C E S

FOR THE DIVISION:

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

* * *

1 WHEREUPON, the following proceedings were had at
2 8:30 a.m.:

3 EXAMINER CATANACH: At this time I'll call Case
4 12,720, which is the Application of the New Mexico Oil
5 Conservation Division, through the Supervisor of District
6 III, for an order requiring Pitco Production Company to
7 properly plug one well in Sandoval County, New Mexico,
8 authorizing the Division to plug said well and ordering a
9 forfeiture of applicable plugging bond, if any.

10 Call for appearances in this case.

11 MR. BROOKS: May it please the Examiner, I'm
12 David Brooks, assistant general counsel, Department of
13 Energy, Minerals and Natural Resources, appearing on behalf
14 of the New Mexico Oil Conservation Division.

15 EXAMINER CATANACH: Any additional appearances?

16 Okay, we'll let the record reflect that Mr.
17 Perrin has been sworn in and qualified in the previous
18 case, 12,719, and we'll proceed from there.

19 Mr. Brooks?

20 CHARLIE T. PERRIN,
21 the witness herein, having been previously duly sworn upon
22 his oath, was examined and testified as follows:

23 DIRECT EXAMINATION

24 BY MR. BROOKS:

25 Q. Very good. Mr. Perrin, are you familiar with

1 Pitco's State -- let's see, get this here exactly -- with
2 the Pitco -- I'm sorry. Hold on just one second, please,
3 Mr. Examiner.

4 EXAMINER CATANACH: Certainly.

5 Q. (By Mr. Brooks) Okay, I'm ready to go. Mr.
6 Perrin, are you familiar with the State 36-22-06 Number 1
7 well, located in Sandoval County, New Mexico, Section 36,
8 Township 22 North, Range West, Unit M?

9 A. Yes, sir, I am.

10 Q. And I show you what has been marked -- what I've
11 put before you, which has been marked OCD Exhibit Number 1
12 in this case and ask you to identify it.

13 A. It is the application for permit to drill.

14 Q. And the production history, is it not --

15 A. Yes, sir, it is.

16 Q. -- attached to -- as part of the same exhibit?

17 A. Yes, sir.

18 Q. Or rather the well file, the well history.

19 And who originally drilled that well? Whose name
20 -- who's the operator shown on the application for permit
21 to drill?

22 A. Benson Mineral Group.

23 Q. And it was subsequently changed more than once,
24 was it not?

25 A. Yes, it was.

1 Q. By a change of operators filed in the well file?

2 A. Yes, sir.

3 Q. And who is the operator shown on the last change
4 of operator?

5 A. PITCO Production Company.

6 Q. And what was the date of that change of operator?

7 A. March 28th, 1986.

8 Q. And are you familiar with anyone else having
9 taken over or operated that well?

10 A. No, sir, I am not.

11 Q. Now, Mr. Perrin, has the State 36-22-06 Number 1
12 well -- is it presently producing?

13 A. No, sir, it's not.

14 Q. Has it produced at any time within the last one
15 year?

16 A. No, sir, it has not.

17 Q. And looking at that well file, does it reflect
18 that at any time there's been an application for temporary
19 abandonment of that well?

20 A. No, sir, there has not.

21 Q. Mr. Perrin, are you familiar with the location of
22 the PITCO State 36-22-06 Number 1 well?

23 A. Yes, sir, I am.

24 Q. And I call your attention to what has been marked
25 as OCD Exhibit Number 3 and ask you to identify it.

1 A. This is a picture of the location and the well
2 status.

3 Q. Okay. Mr. Perrin, in your professional opinion
4 as an oil and gas inspector, does the PITCO State 36-22-06
5 Number 1 well need to be plugged in order to prevent fluids
6 from migrating from the strata in which they are found into
7 other strata and to protect the environment?

8 A. Yes, sir, it does.

9 Q. Mr. Perrin, have you made efforts to contact
10 PITCO Production Company in order to secure their voluntary
11 action in plugging and abandoning this well?

12 A. Yes, sir, we have.

13 Q. Have those efforts been successful?

14 A. No, sir.

15 Q. Has the Oil Conservation Division prepared a
16 plugging program for this well?

17 A. Yes, sir, we have.

18 Q. And would you look at what has been identified as
19 OCD Exhibit Number 4 and identify it, please?

20 A. Yes, sir, it's the plugging program that I
21 prepared for the well.

22 Q. And Mr. Perrin, was OCD Exhibit Number 4 prepared
23 by you or under your direction?

24 A. Yes, sir.

25 Q. And in your professional opinion, Mr. Perrin, if

1 OCD Exhibit 4 were followed by a competent contractor,
2 would that properly plug and abandon that well and prevent
3 fluids from migrating from the strata in which they are
4 found into other strata?

5 A. Yes, sir, it will.

6 Q. Mr. Perrin, is there a bond covering this well?

7 A. No, sir, there's not.

8 Q. Do you know anything about the bonding history of
9 this well?

10 A. No, sir.

11 Q. There's nothing about the bonding history
12 reflected in the well file?

13 A. No, sir.

14 MR. BROOKS: Very good, we'll pass the witness.

15 EXAMINATION

16 BY EXAMINER CATANACH:

17 Q. Mr. Perrin, can you describe for me your contacts
18 with PITCO?

19 A. After two tries to call, using the Internet to
20 get numbers, we got no response. And then a letter that
21 was sent in 1997, there was no response to the letter.

22 Q. So is it safe to say you don't know their exact
23 whereabouts?

24 A. Yes, sir, it is.

25 EXAMINER CATANACH: And I assume -- Did we try

1 again in this case, Mr. Brooks, to send them a certified
2 letter?

3 MR. BROOKS: Yes, Mr. Examiner, we did. I intend
4 to offer OCD Exhibit Number 2 on my statement, as I did in
5 the previous case.

6 EXAMINER CATANACH: Okay.

7 Q. (By Examiner Catanach) And did this well ever
8 produce, Mr. Perrin, do you know?

9 A. No, sir, not to my knowledge.

10 Q. Okay. And do you know how this well is
11 completed? Does it have casing in it?

12 A. Yes, sir, it does. This well TD is 1831 foot to
13 the bottom perf. It has 7-inch surface pipe, 4-1/2
14 production casing. Both of them indicate to be circulated
15 with cement.

16 Q. Okay. On your plugging procedure I notice that
17 you've got perf and pump plug.

18 A. Yes, sir.

19 Q. Why would it be necessary to perforate?

20 A. It's been past experience with the Aztec Division
21 that many of the wells that have indicated circulated to
22 cement on the outside not only perforated but circulated to
23 surface, indicating no cement or lack thereof.

24 Q. Is there a -- I noticed -- Is there a pit on this
25 location?

1 A. Yes, sir, there is.

2 Q. And you intend to remediate or plug -- or take
3 care of the pit?

4 A. Yes, sir, it will be tested and remediated as
5 necessary.

6 Q. Okay, that's all I have.

7 MR. BROOKS: Very good, Mr. Examiner. I believe
8 if the Examiner will tender into evidence OCD Exhibits 1, 3
9 and 4 at this time.

10 EXAMINER CATANACH: Exhibits 1, 3 and 4 will be
11 admitted as evidence.

12 MR. BROOKS: Very well, Mr. Examiner. I call
13 your attention to OCD Exhibit Number 2, which consists of a
14 postal receipt showing a letter sent by certified mail to
15 PITCO Production Company, 1790 One Williams Center, Tulsa,
16 Oklahoma 74171. Attached thereto is a letter giving notice
17 of this hearing and a copy of the Application in Cause
18 Number 12,720.

19 Once again, Mr. Examiner, I will represent to you
20 that the return -- that neither the letter itself nor the
21 return receipt has -- the letter has not been returned to
22 the OCD to my knowledge, and the return receipt has not
23 been located. Once again, the honorable bond administrator
24 has represented to me that the initials D.P. were placed on
25 the return receipt in order to get it back to her but that

1 it did not come back for whatever reason.

2 And with that I will tender into evidence OCD
3 Exhibit Number 2.

4 EXAMINER CATANACH: Okay, Exhibit Number 2 will
5 be admitted as evidence.

6 MR. BROOKS: Very good, the OCD rests.

7 EXAMINER CATANACH: There being nothing further
8 in this case, Case 12,720 will be taken under advisement.

9 (Thereupon, these proceedings were concluded at
10 8:40 a.m.)

11 * * *

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16 I do hereby certify that the foregoing is
17 a complete record of the proceedings of
18 the Examiner hearing of Case No. 12720,
19 heard by me on Sept 6 1960.
20 David R. Catnach, Examiner
21 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 September 7th, 2001.



STEVEN T. BRENNER
CCR No. 7

My commission expires: October 14, 2002