

State of New Mexico

Case No. 12737 Exhibit No. 6

Submitted OCD

Hearing Date 3/26/02

mean?

Q. Yes.

A. Yes, there were responses on many.

MR. BRUCE: Thank you.

EXAMINER CATANACH: Anything further?

MR. BROOKS: Nothing further.

EXAMINER CATANACH: This witness may be excused.

MR. BROOKS: At this time the Division will call

Mr. Tim W. Gum.

Good morning.

MR. GUM: Good morning.

TIM W. GUM,

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

DIRECT EXAMINATION

BY MR. BROOKS:

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

A. My name is Tim W. Gum.

Q. And how are you employed?

A. I'm currently employed with the Oil Conservation
Division, State of New Mexico, Artesia, New Mexico.

Q. And what is your capacity with the Division?

A. Currently I hold the position of District
Supervisor.

1 Q. And in that position are you generally in charge
2 of the operational and the Division's work in those
3 counties which are included in your District?

4 A. Yes, I am.

5 Q. And what counties are those?

6 A. There are ten southernmost counties of the State
7 of New Mexico. Primary production is in Chaves, Eddy,
8 Otero, Dona Ana, Luna, Sierra and -- just two or three
9 more, and I do not remember -- There's no production there,
10 so we really don't have --

11 Q. Eddy's the big one, isn't it?

12 A. Eddy's the biggest, yes.

13 Q. Okay, this proceeding includes Eddy and Chaves,
14 correct?

15 A. That's correct.

16 Q. Mr. Gum, Mr. Prouty -- Ms. Prouty has explained
17 what she did in the beginning of the inactive well project
18 back in early 2000. Would you explain what you did in that
19 project?

20 A. Basically, this project started with a mass
21 notice to all operators in May of 2000. There were two
22 intents of this particular mail-out.

23 One intent was to notify the operators that our
24 records indicated that the wells listed on this mail-out
25 were in noncompliance.

1 The second part of this mail-out was to ask the
2 operators, what did your records indicate for these wells?
3 And if your records indicated a different status to provide
4 documentation to show that -- and as Ms. Prouty indicated,
5 there was a large number of wells on this first mail-out,
6 there was a lot of them taken off on subsequent runs
7 because of the correction of the data from one operator to
8 our records.

9 Q. And what do you mean in terms of correction of
10 data? What kind of --

11 A. Just correction of the data in which the ONGARD
12 system, which is the master system in which this project is
13 being controlled by, the data there was actually corrected
14 with -- where it was incorrect in ONGARD.

15 Q. Well, for example, was it determined in some
16 instances that the wells were not, in fact, operated by the
17 people whom we had shown to be operated by?

18 A. That's one case. Another case was, there were a
19 lot of wells that were not shown properly TA'd or PA'd in
20 the ONGARD system.

21 Q. And were there some in which it was shown that
22 they actually were on production, but the production was
23 not reflected in our system for whatever reason?

24 A. There was a few, but that was the minor case.

25 Q. Okay. And when those errors were reported to you

1 by the operators, did you check them out to be sure that
2 their reports were correct, and not ours?

3 A. Yes, we utilized our files and the documentation
4 that was provided by the operators and had made the
5 necessary correction into ONGARD.

6 Q. And if it appeared after you and your staff
7 reviewed these that our information was not correct, did
8 you remove those wells from the inactive well list?

9 A. Yes. They would automatically be removed on the
10 next run, since they did not meet the criteria for inactive
11 wells.

12 Q. Okay. Now, were there some of the operators that
13 did not respond to your correspondence?

14 A. Yes, sir.

15 Q. And in September -- August or September of 2001,
16 did you prepare a list for me of operators that, according
17 to your records and files that are in Artesia, had not
18 responded to your previous inquires?

19 A. Yes, this was based on the data that was
20 requested for in the May, 2000, letter. And the letter was
21 sent out in September, and based on how the operators did
22 or did not respond was the context of the letter in
23 September.

24 Q. Okay. Now, I have -- Since you and I talked on
25 Tuesday in Artesia, I have been through your correspondence

1 files, and I know there were several letters sent out.
2 We're going to go over the correspondence that was in your
3 files, by operators, in just a minute. But in certain
4 instances these form letters, I believe, were sent out to
5 all of the operators that appeared on the inactive well
6 list; is that correct?

7 A. That's correct.

8 Q. And in some cases, copies of those letters with
9 specific well lists appear in these files, and in some
10 cases they do not, but would the absence of copies of those
11 letters in a specific operator's file mean that that
12 operator was not sent that letter?

13 A. Not necessarily. It would mean that there was no
14 record of it for that file.

15 MR. BROOKS: Okay, very good. We will be going
16 over those. I did not -- I remember -- I want to provide
17 copies of the exhibits that refer to specific operators to
18 the attorneys who have appeared for those operators, and I
19 believe, Mr. Carr, that you appear for Exxon Mobil and
20 Wiser; is that --

21 MR. CARR: No, I appear for Julian Ard.

22 MR. BROOKS: Oh, and you appeared for Exxon
23 Mobil --

24 MR. BRUCE: Yes, sir.

25 MR. BROOKS: -- and Wiser, and you are for Julian

1 EXAMINER CATANACH: -- letter? Okay, we can
2 provide that to you.

3 And Mr. Gum, do you know why these addresses are
4 different, or where did you get your mailing lists from?

5 THE WITNESS: My best recollection is, the letter
6 in September was sent to the same address as the May
7 letter. Then a call from this particular gentleman on the
8 January 11th letter indicated that the correspondence
9 needed to be sent to him personally at that particular
10 address. That's why they're different than these two
11 letters are.

12 EXAMINER CATANACH: Okay. You may proceed, Mr.
13 Brooks.

14 MR. BROOKS: Thank you.

15 DIRECT EXAMINATION (Resumed)

16 BY MR. BROOKS:

17 Q. Mr. Gum, I call your attention to what has been
18 marked as OCD Exhibit Number 8 and ask you to identify it.

19 A. Yes, this is another form letter, the September
20 8th, 2000, mail-out, that it was sent to General Minerals
21 Corp. at this particular address.

22 Q. And is this the same form letter as OCD Exhibit 6
23 that was just discussed in connection with Exxon and Mobil?

24 A. Yes, sir.

25 Q. Now once again, your file for General Minerals

1 Corp. does not reflect -- does not contain a copy of the
2 May, 2000, letter. Based on the fact that the September,
3 2000, letter was sent to General Minerals Corp. and a copy
4 is in the file, would it be a fair assumption that the May,
5 2000, letter was previously sent to General Minerals Corp.?

6 A. Yes, sir.

7 Q. And once again there is a copy of a return
8 receipt on the copy of Exhibit 8 that is being offered, and
9 would that indicate that a return receipt was received in
10 Artesia and filed with the correspondence to which it
11 related?

12 A. Yes, sir.

13 Q. I next call your attention to what is marked as
14 OCD Exhibit Number 9 and ask you to identify it.

15 A. This is a follow-up letter for the December 26th,
16 2000, mail-out to General Minerals at the same address as
17 the prior letter was sent to, with one exception: It was
18 not accepted at this point in time at the same address.

19 Q. And did this -- was this letter returned to the
20 Artesia Office of the Division?

21 A. Yes, sir.

22 Q. And the third page -- I call your attention to
23 the third page of Exhibit Number 9. Is that a copy of the
24 envelope that was returned to the Artesia Division and
25 filed with the correspondence --

1 A. Yes, sir.

2 Q. -- which it originally contained?

3 A. Right.

4 Q. Now, I will call your attention to the second
5 page of OCD Exhibit Number 9 and ask you if that was a
6 document that was attached to Exhibit Number 9 when it was
7 mailed to General Minerals Corp.

8 A. Yes, sir.

9 MR. BROOKS: And Mr. Examiner, I will ask that --
10 I will suggest the record reflects that the well listed on
11 the second page of Exhibit Number 9 is the one and only
12 well of General Minerals Corp. which is the subject of this
13 proceeding.

14 EXAMINER CATANACH: Okay. I do have a question
15 on this, Mr. -- If you're done.

16 MR. BROOKS: Go ahead, pass the witness.

17 EXAMINATION

18 BY EXAMINER CATANACH:

19 Q. Mr. Gum, I notice on Exhibit Number 8, the
20 mailing address is not quite the same as it is on Exhibit
21 Number 9.

22 And I don't know -- Do you have an opinion as to
23 why -- whether that had any bearing on whether the second
24 notice was not received by the Applicant or by the company?
25 The first one says 4133 North Lincoln Boulevard, the second

1 letter says 413 North Lincoln Boulevard.

2 A. Mr. Examiner, that may have been a typo on the
3 letter.

4 I do not see the address that it was sent to on
5 the envelope. I could not answer the question
6 specifically.

7 EXAMINER CATANACH: Okay.

8 MR. BROOKS: It would appear, Mr. Examiner, that
9 the address on the envelope was blocked out by a sticker
10 that was placed on the envelope by the Postal Service.

11 Q. (By Examiner Catanach) You've had no further
12 correspondence with this company after this final notice?

13 A. No.

14 MR. BROOKS: May I proceed?

15 EXAMINER CATANACH: Please.

16 DIRECT EXAMINATION (Resumed)

17 BY MR. BROOKS:

18 Q. Okay, the next is Guadalupe Operating Company,
19 LLP, and I will call your attention, in connection with
20 that operator, to OCD Exhibit Number 10 and ask you to
21 identify it.

22 A. Yes, this again is a form letter mailed out
23 September 8th, 2000, to all of the operators that did not
24 respond to the May 11th, 2000, letter.

25 Q. And would the fact that Exhibit Number 10 was