

## NEW MEXICO OIL CONSERVATION DIVISION

## EXAMINER HEARING

SANTA FE, NEW MEXICO

Hearing Date MARCH 21, 2002 Time 8:15 A.M.

NAME	REPRESENTING	LOCATION
Paul R. Owen	MONTGOMERY - ANDERSON	Santa Fe
ENICK Diffie	Arrington Oil & Gas	ROSWELL
Rebecca M. SARKIS	Richardson Prod	Denver
DAVID Richardson	Richardson Prod	Denver
Michael Sheard	West Oil	Santa Fe
SCOTT HALL	MILLER LAW FIRM	ST
David Cromwell	Energex Resources	Birmingham, AL.
BARNEY KAHN	" "	"
William J. J. J.	Holland + Hart	Santa Fe
Steven Burdick	Leach Burdick, Inc.	Holland, TX
Matt Gray	Burlington Energy	Fort Worth
PATRICK TOWER	EOG Resources, INC.	MIDLAND
RANDY CATE	"	"
James B. B.		Santa Fe

NAME 3/22

REPRESENTING

LOCATION

C.M. Bloodworth

SW Royal Hcs

MIDLAND

Lance Juntas

Cam Oil

Artesia, NM

Jim Pierce.

McQuarrie

Roswell

Russell White

N.E.W. Enterprise.

Prairie Sun, Inc.

John Smitherman

Bass Enterprises Prod. Co

Midland, TX

Eddie Lee

Lake Oil

Artesia, NM

H. Duane Ponder

Self

Artesia

Jackie Brewer

Sandlot Energy

Artesia, NM

Jim Bane

Banc Exploration, Inc.,  
et al.

San Joaquin

Mike Sistrup

Black Energy

Artesia

Sonny Hope

Vantage Drilling LLC

2000 Hwy

G.A. Baber

Pronghorn Mgt. Co.

Hobbs

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BARNEY KAHN	" "	"
William F. Jay	Holland + Hart	Santa Fe
Steven Burlington	Steven Burlington, Inc.	Midland, TX
McHerry	Burlington Resources	Farmington
PATRICK TOWER	EOG Resources, INC.	MIDLAND
RANDY CATR	"	"
James B. Blue		Santa Fe

NAME 3/22

REPRESENTING

LOCATION

G.M. Blosworth

SW Regal/HC

Midland

Lance Jutano

Cam Oil

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Rock Hill

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Pronghorn Mgt. Corp.

Hobbs

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. 12,811
	)	
APPLICATION OF THE NEW MEXICO OIL	)	
CONSERVATION DIVISION FOR AN ORDER	)	
REQUIRING OPERATORS TO BRING 388	)	
WELLS INTO COMPLIANCE WITH RULE 201.B	)	
AND ASSESSING APPROPRIATE CIVIL	)	
PENALTIES, EDDY, CHAVES AND OTERO	)	
COUNTIES, NEW MEXICO	)	
	)	

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

VOLUME I - March 21st, 2002

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday and Friday, March 21st and 22nd, 2002, 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.

\* \* \*

## I N D E X (Volume I)

March 21st, 2002  
Examiner Hearing  
CASE NO. 12,811

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\* \* \*

## E X H I B I T S

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Exhibit 75	10	-
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Exhibit 77	10	-
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Exhibit 79	10	-
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\* \* \*

## A P P E A R A N C E S

## FOR THE DIVISION:

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

## ALSO PRESENT:

DALTON BELL, Well Owner  
 (Happy Oil Company; JDR, Ltd.; Smith and Marrs)  
 811 Bullock Avenue  
 Artesia, New Mexico 882010

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   3:05 p.m.:

3           EXAMINER STOGNER: This hearing will come to  
4   order. At this time I'll call Case Number 12,811, the  
5   Application of the New Mexico Oil Conservation Division  
6   filed on its own motion for an order requiring operators to  
7   bring approximately 388 wells located in Eddy, Chaves and  
8   Otero Counties, New Mexico, into compliance with Rule 201.B  
9   of the New Mexico Oil Conservation Division Rules and  
10   Regulations and assessing appropriate civil penalties on  
11   said wells and operators.

12           At this time I'll call for appearances.

13           MR. BROOKS: Your Honor, I'm David Brooks,  
14   assistant general counsel, Energy, Minerals and Natural  
15   Resources Department of the State of New Mexico, appearing  
16   for the New Mexico Oil Conservation Division.

17           EXAMINER STOGNER: Any other appearances?

18           MR. BELL: I'm Dalton Bell. I'm the owner of the  
19   wells. There's various operators, but I'm the owner.

20           EXAMINER STOGNER: And what company, and how are  
21   they noted on here?

22           MR. BELL: Happy Oil Company, JDR Limited, and I  
23   believe Smith and Marrs.

24           EXAMINER STOGNER: Thank you, sir.

25           MR. BROOKS: Mr. Bell, are you going to testify?



1 If so, I imagine the Examiner will want to have you sworn.

2 EXAMINER STOGNER: Is that your intention today?

3 MR. BELL: Yes, whatever I need to do.

4 EXAMINER STOGNER: Okay, I tell you what, so we  
5 could sort of all kind of be a little closer, I'm going to  
6 move you over here into this chair, if you don't mind --

7 MR. BELL: Sure.

8 EXAMINER STOGNER: -- and that way it will be  
9 easier for my court reporter to see and watch you.

10 MR. BROOKS: I want to begin by making a  
11 statement, but I thought Mr. Bell might want to be sworn,  
12 since he's going to --

13 EXAMINER STOGNER: Okay, with that, I'm going to  
14 have our court reporter swear you, because you will be  
15 presenting testimony today.

16 (Thereupon, the witness was sworn.)

17 EXAMINER STOGNER: Before we continue, I see  
18 there's a new person in -- No, he's just come in to get his  
19 shoebox.

20 MR. BROOKS: Okay, I believe Mr. Carr has an  
21 interest in this case in regard to the wells that are GP  
22 Energy. Let's see, GP -- What is it called?

23 MR. CARR: GP II Energy.

24 MR. BROOKS: GP II Energy. Mr. Carr had asked me  
25 if he needed to be here tomorrow. Mr. Carr does not, as I

1 understand it, represent GP II Energy, but he represents an  
2 operator who is in the process of purchasing those wells,  
3 and I had informed him that he did not need to be here  
4 tomorrow, inasmuch as the Division sincerely hopes that  
5 those wells will be purchased and is not asking for any  
6 kind of coercive order against the purchaser in the event  
7 he takes over those wells, so...

8 MR. CARR: I did file a letter for GP II as well.

9 MR. BROOKS: Okay.

10 MR. CARR: And the request was that the hearing  
11 as to those wells be continued until an order is entered in  
12 the Vanco Case. Mr. Brooks and I discussed that, and it's  
13 my understanding that it is likely that an order could be  
14 entered that would say that it would go forward against the  
15 GP II wells but not against wells once they are sold to a  
16 new purchaser, and that at that time the matter would be  
17 addressed with them.

18 In any event, that's acceptable to me.

19 MR. BROOKS: Okay.

20 MR. CARR: There's really nothing to add, other  
21 than what was in my letter, and I would like to be excused  
22 tomorrow, unless you want me here.

23 MR. BROOKS: I don't think we need him. That is  
24 the type of order that the Division plans to ask for, an  
25 order to require GP II to bring into compliance all of the

1 listed wells if the sale is not completed or any that are  
2 excluded from the sale in the event that it is completed.

3 EXAMINER STOGNER: So be it. Mr. Carr, I don't  
4 see it necessary if you're here, since the arrangement has  
5 been made between you and Mr. Brooks accordingly. Thank  
6 you.

7 MR. BELL: That's fine.

8 MR. BROOKS: Okay. Now, may I make a statement?

9 EXAMINER STOGNER: Please.

10 MR. BROOKS: First of all, you will be pleased to  
11 know that the 388 wells has now gone down to 218 wells, and  
12 the 67 operators is now down to 44 operators.

13 This hearing was specially set for tomorrow,  
14 March 22nd. I caused notices to be sent out by mail giving  
15 that date as March 22nd. However, it was included on the  
16 docket for March the 21st and consequently created some  
17 confusion for some people.

18 Mr. Bell came here from Hobbs, I believe --

19 MR. BELL: Artesia.

20 MR. BROOKS: Artesia. Mr. Bell came up here from  
21 Artesia today, and we thought it expedient since he  
22 indicated that he was not anxious to cross-examine any of  
23 the witnesses offered by the Division but merely wished to  
24 present his own views, that we allow him to do so today,  
25 since he's here today.

1           We have handed you the exhibits that pertain to  
2 the operators that Mr. Bell is interested in that will be  
3 introduced tomorrow. Tomorrow we will have Ms. Jane Prouty  
4 to identify Exhibit Number 1A and Mr. Tim Gum to identify  
5 Exhibits 75 through 81, inclusive.

6           Exhibits 82 and 83 were furnished by Mr. Bell,  
7 and this is another aspect of the way this proceeding is  
8 being handled. I have represented to operators, since many  
9 of them indicated it would be a hardship to come to Santa  
10 Fe for the hearing, I have represented that any written  
11 explanation or plan that they wish to offer into evidence  
12 will be offered into evidence on behalf of the Division.

13           We will not, of course, have a witness to  
14 authenticate it, because as counsel I can't testify to  
15 those things. But obviously since they're being offered as  
16 the operator's explanation, we assume there will be no  
17 objection to their being put in evidence.

18           With that, I will say so far as the procedure  
19 that exists here, it's going to be very similar for each of  
20 the operators, and I will go through it tomorrow with Mr.  
21 Gum.

22           However, basically the situation is that the  
23 inactive well project was commenced in May of 2000 with a  
24 notice to each of the operators of those wells shown by the  
25 Division to be out of compliance at that time. There were

1 several follow-up notices sent out to the operators, and  
2 the operators were solicited to provide plans for remedying  
3 the noncompliant condition of the wells listed.

4           Some of the operators did submit such plans.  
5 However, the operators that are subject to this proceeding  
6 have not brought all of their wells into compliance. They  
7 are operators to whom this proceeding was filed in January  
8 of this year, had one or more wells remaining out of  
9 compliance.

10           Now, for this afternoon we are dealing with Happy  
11 Oil Company which has one well which was out of compliance  
12 in January of 2002, and JDR which had five wells that were  
13 then out of compliance, Smith and Marrs, which had nine  
14 wells that were then out of compliance.

15           With regard to Smith and Marrs, it appears that  
16 two of those nine wells -- and those are the two that are  
17 named Yates -- when we pulled the production statistics, it  
18 appears that the Smith and Marrs Yates Number 1 and the  
19 Smith and Marrs Yates Number 5 have reported production  
20 beginning in December of 2001. And accordingly, those  
21 would be dropped from the proceeding, leaving Smith and  
22 Marrs with seven wells.

23           So we are at this time looking at one well for  
24 Happy Oil Company, five wells for JDR and seven wells for  
25 Smith and Marrs.

1           The exhibits that are being sponsored by the  
2 Division, Number 75 is a notice letter to Happy Oil Company  
3 which was a follow-up to the May 11 letter. There is no  
4 copy of the May 11 letter in the Artesia file. The  
5 September 8th letter shows receipt by Happy Oil Company but  
6 does not show a printout of the wells, and that was  
7 apparently the procedure that was followed in the September  
8 8th letters, that they did not list the wells specifically,  
9 because they referred back to the May correspondence which  
10 had listed the wells.

11           Exhibit Number 76 is the September 8th, 2000,  
12 letter to JDR, Ltd.

13           Exhibit Number 77 is a January 29th, 2001,  
14 letter. This was addressed to Mr. Dalton Bell, because Mr.  
15 Bell had responded on behalf of both Happy Oil Company and  
16 JDR and also Smith and Marrs, and there is a well printout  
17 of the wells of those companies attached to the January 29,  
18 2001, letter. And there is also a return receipt  
19 indicating that Mr. Bell -- that someone did receive this  
20 on behalf of Mr. Bell.

21           Exhibit Number 78 is another copy of the January  
22 29th, 2001, letter to Mr. Bell, which has a table attached  
23 to it with some notes that appear to have been made by Mr.  
24 Bell and apparently returned to the Division.

25           Exhibit Number 79 is Mr. Gum's final notice, and

1 you will be seeing a number of these in the course of the  
2 proceeding. This letter was sent to all of the operators  
3 in this proceeding, and it is in effect an ultimatum that  
4 they have all of their wells in compliance by November 1 of  
5 2001.

6 Exhibit Number 80 is apparently another copy of  
7 the schedule that appears on Exhibit Number 78, and it may  
8 have some different or additional notes on there.

9 Exhibit Number 81 is an October 6, 2001, letter  
10 from Mr. Bell which appeared in the District's file.

11 Exhibits 82 and 83 are plans that have been  
12 furnished by Mr. Bell since this proceeding has been filed,  
13 to bring the wells into compliance.

14 The information on Exhibit 83 indicates that  
15 three of the JDR, Ltd., wells are now in compliance. Now,  
16 that has not been confirmed by the District Office, so I  
17 have not taken them of this proceeding. All those wells  
18 that I've been told by the District Office are now in  
19 compliance I have taken off.

20 You'll note Exhibit Number 83, beside the Brooks  
21 Number 11 -- which I have no interest in, by the way; I  
22 have no interest in the Brooks 11, 17, 16, 20 and 22 wells;  
23 must be named for some other member of the family -- but  
24 the Exhibit 83 indicates that the Brooks 11 and 17 have  
25 been plugged and that the Brooks 16 has been returned to

1 production. As I say, that information has not been  
2 confirmed by the OCD District Office in Artesia.

3 That, basically, Mr. Examiner, will be the  
4 Division's case which we plan to put on against these  
5 operators tomorrow.

6 Based on that case, the District Supervisor of  
7 District 2 is requesting penalties against these operators,  
8 and the formula that will be used as to all the operators  
9 upon the recommendation of the District Supervisor will be  
10 that the operators be penalized \$6000 per well for each  
11 well that's not in compliance as of March 22nd, 2001.

12 The reason for \$6000 is, \$1000 for their being  
13 out of compliance as of November 1, 2001, the ultimatum  
14 date, and \$1000 per month for each month from that date to  
15 this.

16 There will be additional penalties asked of  
17 operators who have been specifically notified prior to May  
18 11th, 2000, that certain wells were out of compliance.  
19 However, the entities we're dealing with this afternoon do  
20 not fall into that category, so basically it would be the  
21 \$6000 per well that the District would be recommending as  
22 regards to these three entities.

23 And as I say, we have one well at this point for  
24 Happy Oil Company, we have a factual dispute apparently as  
25 to the number of wells for JDR, we have seven wells left



1 for Smith and Marrs after deleting the Yates Number 1 and  
2 Number 5.

3 Tomorrow at the hearing I will have a large  
4 spreadsheet for all the operators showing all this  
5 information for each operator. It's not ready yet. But  
6 that is the situation with regard to these operators.

7 And with that, since we have no witnesses to  
8 present our case this afternoon, we ask that the Division  
9 receive Mr. Bell's evidence and allow the Division to  
10 present its case tomorrow, Mr. Bell having indicated that  
11 he did not need to cross-examine the Division's witnesses.

12 Thank you.

13 EXAMINER STOGNER: Thank you, Mr. Brooks. And  
14 thank you for making the opportunity today for Mr. Bell to  
15 appear and also giving a rendition of what is to be  
16 presented tomorrow and planned.

17 Okay, Mr. Bell, after hearing this what do you  
18 have to say at this point, or would you like to make a  
19 presentation?

20 DALTON BELL,  
21 the witness herein, after having been first duly sworn upon  
22 his oath, testified as follows:

23 DIRECT TESTIMONY

24 BY MR. BELL:

25 THE WITNESS: I am well aware of all of this.

1 Dating back to at least October the 6th, I've been writing  
2 letters and I've been working diligently to get these  
3 things into compliance.

4 I'm a very small operator, I have one son that  
5 works for me and one grandson that works part-time, and  
6 they're in school over in Hobbs for a drilling and  
7 completion school that the BLM is going to require of us,  
8 and the State is paying for it. So I've been working the  
9 last week or so by myself.

10 But like I say, as far as October, I've been  
11 conversing and writing letters and working on these things.  
12 I have during that same period of time -- this has really  
13 nothing to do with this, I guess, but I bought at the same  
14 time about 20 wells that were all out of compliance, and  
15 all were fixing to go to a hearing, from Hanson Energy, and  
16 I've got all of them in compliance, and I've got all but  
17 two -- or -- no, three wells on the Brooks in compliance,  
18 and I've got application approved on one of them and  
19 submitted on one of them for -- there's just two left, on  
20 the other.

21 Now, the reason that the District doesn't have --  
22 I submitted -- These are federal wells, and I submitted  
23 them on a federal form. And I should have taken a copy to  
24 the District, which I'll do Monday. So that's why they're  
25 not shown as being plugged.

1           So we're down to two on it, we're down to one on  
2     the Happy Oil Company, and we're going very -- By March the  
3     22nd, we will have 15, 16 and 18 on the Smith and Marrs  
4     back in production. We've already got our pumpjacks in  
5     place on some of those.

6           The thing that holds us up the most is the  
7     plugging. We just can't afford to hire a \$2000-a-day  
8     pulling unit, and a Halliburton or a BJ truck to go out  
9     there for another \$2000 or \$3000, just to set up to plug on  
10    a 500-foot well.

11           We've been this way and this way and this way  
12    with our -- If you can imagine your salary going down 75  
13    percent and then coming up to a real reasonable level, then  
14    dropping another 50 percent, what kind of situation you  
15    would be in. And this is what we've been facing. We're  
16    not trying to ignore the situation. We know it exists, and  
17    we've been really trying hard.

18           Fining me would put me out of business. I  
19    realize that's the rule, and if that's the decision, why,  
20    that's what we'll just live with.

21                               EXAMINATION

22    BY EXAMINER STOGNER:

23           Q.    Anything else? Do you have anything to present  
24    at this time --

25           A.    No, I --

1 Q. -- as far as papers --

2 A. -- I have -- I've just presented the -- what I  
3 intend to do and the plans that I have made, and it will  
4 bring -- I don't -- I can't -- I cannot say that on these  
5 P-and-A's -- Smith and Marrs have been plugging wells for  
6 me forever, and they can come in and do the -- in fact,  
7 they do the vast majority of the contract plugging for the  
8 State of New Mexico, and they keep them so busy I can't get  
9 them.

10 They have their own cement trucks, they have  
11 their own water trucks, they have their own wireline truck,  
12 they have their own pulling unit. They do it all, and it  
13 just -- the cost is not anywhere near what it is to go out  
14 and hire all these other people to do it. And if you're  
15 dealing with these stripper wells, why, it's just not  
16 there.

17 And all I can say in my defense is, as you can  
18 see, I've made a lot of progress and I'm still progressing.

19 Q. Now, is it my understanding -- You said you  
20 picked up -- you just bought 20 wells?

21 A. This was back at the same time or just before I  
22 bought these other wells, and they were the ones that were  
23 all out of compliance, all but two of them, leave out the  
24 whole bunch.

25 Q. And you bought these from Hanson Energy?

1           A.    Uh-huh.  And the reason I was able to buy them is  
2 because they were cheap, and they were -- they had to get  
3 rid of them.

4           Q.    Now, how many of these 20 wells of Hanson's did  
5 you have to plug?

6           A.    Three.

7           Q.    So three were plugged?

8           A.    All the rest -- Uh-huh.  All the rest were put in  
9 production.

10          Q.    And they're currently producing at this point?

11          A.    That's correct.

12          Q.    What's the rate?

13          A.    Anywhere from one to three barrels a day.  Some  
14 of them are 400 feet deep, incidentally.

15          Q.    What's the deepest one?

16          A.    About 2000.

17          Q.    Okay, as far as the wells listed here today, the  
18 Brooks wells, the Chilcat, the Fair and the RLSU wells,  
19 what depths are these?

20          A.    All under 2000 feet.  The Brooks wells are 500 to  
21 600 feet, the Fair is 1900 and so are the RLSU wells,  
22 approximately 1900 feet.  The Yates wells are all...

23          Q.    And when was the last conversation you had with  
24 Mr. Gum?  I've got the written --

25          A.    It's probably been -- probably two months, I

1 guess, since I've talked to Mr. Gum. And for no particular  
2 reason, except when I was in the office he was out and so  
3 forth. And he and I get along just fine. That's no sign  
4 that he's going to be lenient with me, I'm not saying that,  
5 but we don't have any disputes.

6 In fact, I felt a little funny about -- I had  
7 written Ms. Wrotenbery and I had written Ms. -- I asked if  
8 it would be possible, for one thing, to move this hearing  
9 to Artesia or some central point down there, because so  
10 many of our operators are pretty much in the same shoes I'm  
11 in, and some stuff like that, and I felt like you would  
12 think that I was going over his head when I did this.

13 Q. Why did you request that it go over to Artesia?

14 A. Because nearly all of these operators are in  
15 Hobbs, Lovington, Roswell, Carlsbad and Artesia.

16 Q. So you feel more people would have been able to  
17 attend the meeting?

18 A. That's right.

19 Q. As opposed --

20 A. At a lot less expense and -- And Ms. Wrotenbery  
21 was kind enough to come down and hold a meeting in Artesia  
22 a couple years, not long after you took office, and was  
23 very -- we were very pleased to have her come down and talk  
24 to us, or visit with us.

25 Q. Okay, let me get this straight. Of the wells

1 that you feel have not been complied -- There's a few that  
2 have been complied --

3 A. Yes.

4 Q. -- but haven't been confirmed with Mr. Gum?

5 A. Yes.

6 Q. What would it take to plug those wells, get them  
7 in compliance or whatever Mr. Gum requires? What do you  
8 think would be a solution here?

9 A. Well, I put the farthestest out as the seventh  
10 month, and now that I've got these others done I can bring  
11 that back. But I don't see me being able to do this before  
12 the end of April.

13 Q. Now, when you say "this", what --

14 A. Complete this -- This is really all we lack,  
15 right here.

16 Q. Okay, now, what are you referring to?

17 A. 83.

18 Q. Oh, Exhibit Number 83?

19 A. Yeah.

20 Q. To bring all of those that are not circled in  
21 this instance --

22 A. That's correct.

23 Q. -- you feel you would need an additional amount  
24 of time?

25 A. That's right. And I hope you understand that it

1 isn't because most people haven't tried. There's a few  
2 that haven't tried, there's a few people that are going to  
3 play it however they can. But the vast majority of the  
4 guys down there are in pretty much the same situation I am.  
5 And when you're producing strippers, it's a challenge.

6 Q. And all of -- Well, you just mentioned all the 17  
7 producing wells that you had are strippers.

8 A. Uh-huh.

9 Q. Are there any wells that you operate that aren't  
10 listed, either under the Hanson Energy old wells or on this  
11 list? Do you have any other producers?

12 A. No, I think not. I think this is all I have.  
13 Yeah, there's -- I'm sorry, I have Conoco State that is not  
14 on the list, that their well is on the list.

15 Well, there's a lot of wells that weren't on this  
16 list that we had -- that are in compliance. There's 34  
17 wells on the Red Lake Sand Unit, the RLSU, and we're down  
18 to -- what? Twelve? One, two, three -- After we get the  
19 three in production, we will be down to five wells out of  
20 34 on it. Yates is taken care of, Chilcat is plugged, Fair  
21 is waiting on a plugging unit. The two wells left on the  
22 Brooks, the 20 and 22, we could manage to get them plugged,  
23 that's not a big deal.

24 Q. Okay. Now, usually in procession such as this --  
25 or a proceeding such as -- "procession" -- proceeding such



1 as this, a case is taken under advisement, a certain amount  
2 of time is taken to issue an order. Now, just because the  
3 case has gone forward, are you still going to go back and  
4 still continue working with --

5 A. Oh, yeah, that -- I called Mr. Brooks to see how  
6 necessary it was for me to even come. And I thought today,  
7 and was my error. I owe you guys an apology. I really --  
8 I thought it was today.

9 Q. Sir, I owe you a great deal of gratitude for  
10 coming here in this proceeding and taking enough of your  
11 time.

12 A. Anyway, my hands will be out of school tomorrow  
13 afternoon, and we're going to get back on it.

14 Q. Again, I thank you for coming today, and --

15 A. They're going to this school that the BLM is  
16 going to eventually require everybody to have. And the  
17 State offers to pay for some of us to go, so I got them in  
18 this session.

19 Q. Do you operate any other wells in any other  
20 states?

21 A. No. I did have some in Texas, but I sold them to  
22 my son.

23 Q. This is not one of your sons that's working for  
24 you, is it?

25 A. No.

1 Q. No.

2 A. No, this one makes more money than I do. He's  
3 George Bush's friend, so...

4 Q. Well, I don't really have any other --

5 A. All I'm really asking for is as much time as I  
6 can get without going against the rules or the law,  
7 whatever can be worked out. But can bet if you come to see  
8 me next week, you won't find me at home.

9 Q. Now, what do you mean by that? You're not  
10 skipping town, are you?

11 (Laughter)

12 Q. You're going to be working on your wells, that's  
13 what you meant?

14 A. My wife is going to drive me out.

15 EXAMINER STOGNER: Well, if there's nothing  
16 further as far as the proceedings today --

17 THE WITNESS: I have nothing to --

18 EXAMINER STOGNER: Okay --

19 THE WITNESS: -- present, sir, that --

20 MR. BROOKS: Mr. Examiner, could I ask a couple  
21 of questions, just to clarify the record?

22 EXAMINER STOGNER: Yes, sir, please.

23 EXAMINATION

24 BY MR. BROOKS:

25 Q. Mr. Bell, OCD Exhibit Number 83, which was

1 admitted in evidence, this was a copy of a list which you  
2 had previously given me, which is part of OCD Exhibit  
3 Number 82, and you've made some changes on that list. Now,  
4 the changes that you have typed-in items on OCD Exhibit  
5 Number 83, does that represent your current projections as  
6 to what you can do with these wells?

7 A. Well, yes, only I think I can move these up.  
8 Getting these two wells plugged, these three wells plugged,  
9 I didn't know I could do it that soon.

10 Q. Okay.

11 A. So these numbers can be shortened considerably.

12 Q. Okay. The Happy Oil Company Chilcat Number 6,  
13 that one has been dropped from this proceeding. I don't  
14 know if you were aware of that --

15 A. Okay, I --

16 Q. -- because it's been confirmed by the District  
17 that that one has been plugged.

18 A. Yeah.

19 Q. Now, with regard to the JDR, or the JDR Brooks 11  
20 and 17, Exhibit Number 83 indicates that those wells are  
21 plugged. Can you tell the Examiner what the current status  
22 of those wells is, exactly?

23 A. We have -- They were witnessed by Don Early, who  
24 works for the BLM, and at this point we haven't finished  
25 cleaning up the locations. As soon as that's done, which

1 it will be done early this week, we will submit those to --  
2 those plugging affidavits.

3 Q. To the district.

4 A. To the district.

5 Q. You'll submit them to the BLM.

6 A. I'll submit them to the BLM --

7 Q. But --

8 A. -- and a lot of times I just -- and I should have  
9 done that on these others, take a copy by the State Office.

10 Q. Okay, given the status of this proceeding, that  
11 would probably be helpful.

12 Now, the JDR Brooks Number 16 says "Return to  
13 production", and then typed in is "Completed". Is that  
14 well back on production now?

15 A. Yes, that's correct.

16 Q. And do you know what will be the first month in  
17 which we can expect a production report?

18 A. It will be this month.

19 Q. March of 2002?

20 A. Yes, March of 2002.

21 Q. Thank you. Now, the Brooks 20 and 22 you are  
22 planning to plug --

23 A. Yes.

24 Q. -- but they have not yet been plugged?

25 A. That's correct. I just got the approval -- You

1 have to submit that approval to the BLM --

2 Q. Right.

3 A. -- and I just got the approval on Number 20, and  
4 I've submitted it on 22, and I don't doubt but what they  
5 will approve it.

6 Q. Okay. You've also submitted a plugging plan on  
7 the Happy Oil Fair Number 1?

8 A. And it has been approved.

9 MR. BROOKS: Okay. Very good, I think that's all  
10 I have.

11 EXAMINER STOGNER: Thank you for clarifying that  
12 for me, Mr. Brooks.

13 FURTHER EXAMINATION

14 BY EXAMINER STOGNER:

15 Q. Let's see, back to this one that was witnessed by  
16 the BLM, is there a written report or record from the BLM  
17 whenever that --

18 A. Well, when --

19 Q. -- witness of abandonment?

20 A. -- when I submit my report, they will put their  
21 signature and whatever approval or -- yeah, approval of it  
22 on their report, and then they will send a copy of it to  
23 the State -- the District Office. But I will submit a copy  
24 of what I send to the BLM to the -- down to the District  
25 Office.

1 Q. Now, has that been submitted -- That has not been  
2 submitted --

3 A. No --

4 Q. -- to the BLM?

5 A. -- no.

6 Q. How long ago -- When was that plugged? That was  
7 February 28th?

8 A. Yeah, about the end of February, uh-huh.

9 EXAMINER STOGNER: Well, I'm not prepared today  
10 to enter any kind of a decision in this, because I want to  
11 hear the case tomorrow --

12 THE WITNESS: Sure.

13 EXAMINER STOGNER: -- and like I said, usually we  
14 take them under advisement, and then I'll take some  
15 additional time at that point.

16 But if there's nothing further, then you may step  
17 down. And I would appreciate and encourage you to work  
18 with Mr. Gum -- I'm sure you will --

19 THE WITNESS: Yes.

20 EXAMINER STOGNER: -- to get the rest of the  
21 wells into compliance. and there is certainly some time  
22 between now and the time an order is issued.

23 If there's nothing further in this case, then  
24 this matter is adjourned, and we stand in recess until --  
25 What time is a good time tomorrow, Mr. Brooks?

1 MR. BROOKS: Well, I think we've told everybody  
2 8:15.

3 EXAMINER STOGNER: 8:15.

4 MR. BROOKS: Obviously, it would be easier on us  
5 if we started later, since I still have a lot of  
6 preparation to do, but I think there are going to be a  
7 bunch of folks show up at 8:15.

8 EXAMINER STOGNER: Well, if 8:15 is necessary, we  
9 can always extend this recess until that time.

10 But as of today, we stand adjourned.

11 (Thereupon, these proceedings were concluded at  
12 3:41 p.m.)

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Conservation Division

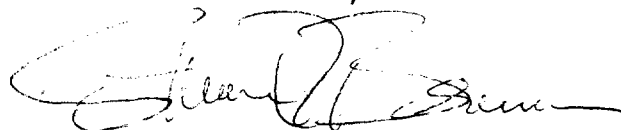
## CERTIFICATE OF REPORTER

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 March 30th, 2002.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002