

FARMINGTON, N. M.  
PHONE 325-1182ALBUQUERQUE, N. M.  
PHONE 243-6691

BEFORE THE  
OIL CONSERVATION COMMISSION  
High School Auditorium  
1300 East Scharbauer  
Hobbs, New Mexico

May 16, 1962

REGULAR HEARING

IN THE MATTER OF:

In the matter of the hearing called on the  
motion of the Oil Conservation Commission  
to consider the revision of Rules 201 and  
1105 to eliminate the requirement that off-  
set operators be notified prior to the  
commencement of well plugging operations.

CASE NO.  
2560

BEFORE: Edwin L. Mechem, Governor  
E. S. "Johnny" Walker, Land Commissioner  
A. L. "Pete" Porter, Secretary-Director of Commission

TRANSCRIPT OF HEARING

MR. PORTER: The next case is 2560.

MR. MORRIS: In the matter of the hearing called on the  
motion of the Oil Conservation Commission to consider the revision  
of Rules 201 and 1105 to eliminate the requirement that offset  
operators be notified prior to the commencement of well plugging  
operations.

MR. PORTER: Have the witnesses stand and be sworn.



(Witnesses sworn.)

DANIEL S. NUTTER,

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATIONBY MR. MORRIS:

Q Please state your name and position.

A Dan Nutter, chief engineer for the New Mexico Oil Conservation Commission.

Q Mr. Nutter, are you familiar with Rules 201 and 1105 of the Commission's official rules and regulations?

A Yes, sir, I am.

Q Referring first to Rule 201, the rule as it is presently constituted requires that the owner of a well notify his offset lessees prior to the commencement of well plugging operations. Is that in essence the gist of this ruling?

A Yes, sir, it is.

Q Has it been your experience, Mr. Nutter, in your familiarity with the working of this rule, that there is little, if any, desire on the part of offset operators to actually witness the plugging of wells?

A Yes, sir, this type of thing is much like the witnessing of a packer-leakage test that Mr. Hoover was referring to in the previous case.

The companies impose a good deal of paper work on the

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operator who observes the well and very few plugging operations are actually witnessed by offset operators.

Q Do you know of any plugging operations except perhaps in the Potash oil area that have been witnessed?

A By operators? I don't now. The Oil Conservation Commission does make spot checks of plugging operations themselves, and certain of the pluggings, such as the Potash area and Artesian water basins are all witnessed by Commission employees and some of the others spot witnessed.

Q In view of this, Mr. Nutter, do you feel that a revision of Rule 201 is proper and would alleviate certain requirements of the rule that now exists that are not being used?

A Yes, sir, I do.

Q What would be your recommendation with respect to a revision of Rule 201?

A I would recommend that Rule 201 be amended by the deletion of the following words: "And contained an affidavit that the owner or his agent has notified all offset lessees, giving the names of such lessees and the location of their leases."

Q Now, that phrase that you just read was an affidavit that had to be attached to the Form C-102 filed with the Commission, the notice of intention to plug?

A That is referring to that.

Q You would propose that language that you quoted be omitted from the rule as it presently reads?

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A Yes, sir.

Q Now, if Rule 201 is to be revised as you recommend, will it also be necessary to revise Rule 1105 in order to conform to the changes?

A Yes, sir, Rule 1105 is in the section of the Conservation Commission rules that relates to forms, and I would recommend that Rule 1105 be amended as follows, the deletion in the third paragraph of this sentence: "Before plugging any well that has had commercial production, the owner shall give notice to all adjoining lessees and relates that such adjoining lessees may be present to witness the plugging if they so desire." I recommend that be deleted from that paragraph.

Q Do you feel that the changes that you have proposed would in any way impair the rights or lead to waste?

A They wouldn't if the rules and regulations were complied with.

Q Do you have anything further you would like to add to your testimony in this case, Mr. Nutter?

A No, sir, not at this time.

MR. MORRIS: That, then, concludes the direct examination of Mr. Nutter.

MR. PORTER: Mr. Nutter, if the Commission should change the rules to omit these requirements, that is the statewide rule, it would, the change would not apply to areas covered by special order which require notification, such as the Potash oil



area and the water basin, I believe, and the Artesian water basin?

A No, sir, those rules would not be affected at all.

MR. PORTER: It would not be affected by any change in the statewide rules?

Anyone else have a question of the witness?

The witness may be excused.

(Witness excused.)

MR. MORRIS: I would again like to address a question to the audience as to whether anyone present, outside of Mr. Ramey, has taken advantage of the rule as it is presently written to actually witness the plugging of one of the wells?

(No response.)

MR. MORRIS: Let the record show there is no response.

MR. PORTER: Anyone else have anything to offer in this case?

MR. MORRIS: Yes, sir, the Commission has received correspondence from Pan American Petroleum Corporation concerning the subject case to amend Rules 201 and 1105 and also concurred on behalf of Shell Oil Company.

MR. PORTER: Mr. Gordon.

MR. GORDON: J. C. Gordon, Jr., of Socony Mobil supports the proposed revision of the rule.

MR. PORTER: Mr. Bratton.

MR. BRATTON: Howard Bratton on behalf of Humble Oil & Refining Company to interject in the removal of portions of the

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ruling. We have a question or two about the proposed change; in view of the increased importance of secondary recovery operations, and in view of the importance of adequate plugging of wells in locations which might be subject to secondary recovery operations, Humble feels that the operator should be entitled to notice of the plugging of offset wells.

For that reason, Humble would suggest that a requirement of notice be retained, and if the Commission is desirous of changing the rule, Humble would suggest that it might be amended substantially as was suggested by Gulf in connection with the packer-leakage test that any offset operator so desiring could notify operators, and upon that notification would be entitled to notice of plugging operations.

MR. PORTER: Anyone else have a statement?

MR. KASTLER: We of Gulf concur with the application of the Commission.

MR. MORRIS: Mr. Nutter, do you have something further you would care to add to your testimony?

A Yes, sir, as you will recall, you and I discussed this very matter such as Mr. Bratton has mentioned. We felt at the time that it would be a rather complex procedure to provide that offset operators would witness just some or be notified of some of the plugging operations but not all of them. I think, in the light of what Mr. Bratton has stated, it would be possible to work something similar to his suggestion into this rule, and if any



operator thought an offset operator was going to plug a well in a pool which did have secondary recovery possibilities, it would behoove him to make his request from the offset operators that they notify him when they get ready to plug a well, and I certainly would have no objection to trying to incorporate this provision into this rule if it can be done.

MR. PORTER: Anyone else have anything to say?

(No response.)

MR. PORTER: The Commission will take the case under advisement.

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STATE OF NEW MEXICO )  
                                   ) ss.  
 COUNTY OF BERNALILLO)

I, JAMES MALONEY, NOTARY PUBLIC in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached transcript of proceedings was reported by me in stenotype and that the same was reduced to typewritten transcript under my personal supervision and contains a true and correct record of said proceedings, to the best of my knowledge, skill and ability.

*James Maloney*  
 NOTARY PUBLIC

My Commission Expires:

April 12, 1966

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BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

CASE No. 2560  
Order No. R-2256

IN THE MATTER OF THE HEARING  
CALLED ON THE MOTION OF THE  
OIL CONSERVATION COMMISSION  
TO CONSIDER THE REVISION OF  
RULES 201 AND 1105.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on May 16, 1962, at Hobbs, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission."

NOW, on this 7th day of June, 1962, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That Rules 201 and 1105 presently require that offset operators be notified prior to the commencement of well plugging operations.

(3) That it appears that such notification is burdensome to all operators and that in the past the plugging of offset wells has infrequently been witnessed.

IT IS THEREFORE ORDERED:

(1) That Rule 201 of the Commission Rules and Regulations is hereby revised to read in its entirety as follows:

**RULE 201. NOTICE**

Notice of intention to plug must be filed with the Commission by the owner or his agent prior to the commencement of plugging operations on Form C-102, which notice shall state the name and location of the well and the name of the operator.

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CASE No. 2560  
Order No. R-2256

In the case of a newly completed dry hole, the operator may commence plugging by securing the approval of the Commission as to the method of plugging and the time plugging operations are to begin. He shall, however, file the regular notification form.

(2) That the third paragraph of Rule 1105 of the Commission Rules and Regulations is hereby revised to read as follows:

In the case of well-plugging operations, the notice shall give a detailed statement of the proposed work, including length and depth of plugs, plans for mudding, cementing, shooting, testing and removing casing, and the date of the proposed plugging operations. Failure to file notice before plugging shall constitute grounds for delaying the release of the bond. If not previously filed, a complete log of the well on Form C-105 shall accompany the notice of intention to plug the well, and the bond will not be released until this is complied with.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION



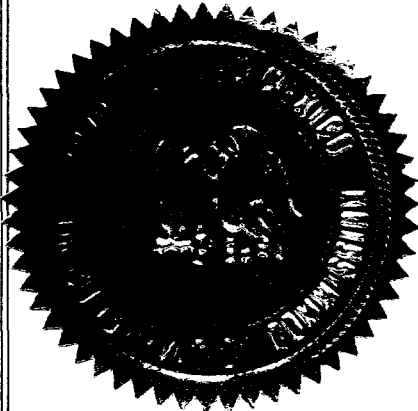
EDWIN L. MECHEM, Chairman



E. S. WALKER, Member



A. L. PORTER, Jr., Member & Secretary



esr/