

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
May 22, 1963

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Commission on its own motion to permit Fred M. Allison and C. T. Robertson and all other interested parties to appear and show cause why the Honolulu State "A" Wells Nos. 1, 2, 3, 4, and 5, located in Units D, C, E, F, and D, respectively, of Section 14; the Honolulu State "B" Wells Nos. 1, 2, and 3, located in Units I, O, and J, respectively, of Section 11; and the Magnolia State Well No. 1, located in Unit P of Section 11, all in Township 11 South, Range 27 East, Chaves County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

CASE 2817

BEFORE: Daniel S. Nutter, Examiner

TRANSCRIPT OF HEARING

MR. NUTTER: We'll call Case 2817.

MR. DURRETT: In the matter of the hearing called by the Oil Conservation Commission on its own motion to permit Fred M. Allison and C. T. Robertson and all other interested parties to appear and show cause why the Honolulu State "A" Wells Nos. 1, 2, 3, 4, and 5, located in Units D, C, E, F, and D, respectively, of Section 14; the Honolulu State "B" Wells Nos. 1, 2, and 3, located in Units I, O, and J, respectively, of Section 11; and the Magnolia State Well No. 1, located in Unit P of Section

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11, all in Township 11 South, Range 27 East, Chaves County, New Mexico, should not be plugged in accordance with a Commission-approved plugging program.

If the Examiner please, I believe that Mr. Bratton is here representing Mr. Allison and has a stipulation to offer.

MR. BRATTON: Howard Bratton, appearing on behalf of Fred M. Allison. I don't know if there's anybody here for anybody else.

MR. NUTTER: Are there any other appearances to be made in Case 2817?

MR. BARR: L. L. Barr. I'm appearing for the bonding company.

MR. DURRETT: Mr. L. L. Barr.

MR. BARR: Yes.

MR. BRATTON: On behalf of Mr. Allison, I would like to suggest, and we are certainly agreeable that the Commission enter an order at this time -- we would like to suggest to the Commission that it do two things in its order. First, there is, as I understand it, a bond here by Mr. Robertson and also by Mr. Allison; and in order that everybody will know what their obligations are, if the Commission in its order will designate who is primarily and secondarily liable for the plugging of these wells, I believe that would certainly be in order. Secondly, on behalf of Mr. Allison, whatever his position in this matter may be, he is agreeable that the Commission go ahead and enter an order at

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this time. He would request that that order provide that these wells either be on production or be utilized, possibly, in an injection capacity or some approved capacity by the Commission; or be plugged within a period of 120 days from date. The reason I suggest this is there apparently is considerable interest that has been transmitted to Mr. Allison, and I gather some to the Commission, about possible ways that these wells might be utilized rather than just being plugged.

I believe if the Commission would do those two things it would clarify and resolve the situation.

MR. NUTTER: In other words, Mr. Bratton, as I understand your motion here, Mr. Allison is not opposing an order entered by the Commission that the wells be utilized or plugged?

MR. BRATTON: That's right.

MR. NUTTER: He wants to name in the order the person primarily responsible for the plugging of the well?

MR. BRATTON: Yes, sir. That comes about by reason of the fact that, as I understand it, there are apparently two bonds on file with the Commission. The legal relation between Mr. Robertson and Mr. Allison is, to say the least, apparently a little confused, from what few records I have seen; and if the Commission will go through its files and determine in its order who has what obligations, I believe that would be very much in order.

MR. NUTTER: And then, second, that the order would



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specify that the wells be placed on production or otherwise used as approved by the Commission, or be plugged within 120 days?

MR. BRATTON: Yes.

MR. NUTTER: You said from date. Did you mean from this date or the date of the order?

MR. BRATTON: It doesn't make any difference. I'd pick the first of the month.

MR. NUTTER: You want to proceed now?

MR. DURRETT: Mr. Bratton, in view of your stipulation, I'm not perfectly clear on it, let me state this. The Commission records as far as all the wells involved in this case, which is 2817, reflect Fred M. Allison as the owner and operator on C-110 forms. Now you are not suggesting that the order issue to anyone other than to Mr. Allison, are you?

MR. BRATTON: Whatever the Commission determines from its records. We are not attempting to determine or suggest to the Commission what its records indicate and what the Commission should order as a result of that. We just want the order to be specific.

MR. DURRETT: Well, then, you would like for the Commission or the Examiner and subsequently the Commission to take administrative notice of its records?

MR. BRATTON: Oh, yes.

MR. DURRETT: And issue the order to the operator?



MR. BRATTON: As the Commission determines from its own records, certainly.

MR. DURRETT: All right. That would be a stipulation on behalf of Mr. Allison.

MR. BRATTON: Certainly.

MR. DURRETT: Mr. Examiner, I do have one witness I would like to put on, Mr. Dick Stamets, to testify as to the plugging program concerning these wells.

MR. NUTTER: How long is your direct testimony going to take?

MR. DURRETT: I don't believe it will take very long.

MR. NUTTER: We'll take a fifteen-minute recess.

(Whereupon, a short recess was taken.)

MR. NUTTER: The hearing will come to order, please. Mr. Durrett, I believe you were about to examine your witness.

MR. DURRETT: Thank you, Mr. Examiner. You are under oath from the previous case and you are still under oath at this time.

RICHARD STAMETS

called as a witness, having been previously duly sworn on oath, testified as follows:

DIRECT EXAMINATION

BY MR. DURRETT:

Q You have heard the stipulation by counsel that these wells will be plugged, so I would like to proceed with you at this



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time into your plugging program. You do have the files with you?

A Yes, sir, I do.

Q Concerning all these wells?

A Yes, sir.

Q As a matter of record in this case, I don't believe you've stated your name and position. Would you do so at this time?

A Richard Lee Stamets, Geologist for the New Mexico Oil Conservation Commission in Artesia, New Mexico.

Q As we have discussed in a previous case, Mr. Stamets, you do recommend that wells in your district be plugged in accordance with Commission-approved programs in conjunction with the District Supervisor?

A Yes, I do.

Q And you do so supervise the plugging of wells in your district?

A Yes, sir.

Q Let's proceed to the specific case and the specific case files involved. I'll let you do that at your own determination. What's the first file you have there?

A I have made a list of these wells on a yellow sheet of paper here with the appropriate information thereon from the well files. I thought I might just run through this and then if there are any questions, I could refer to the individual files.

Q You have a prepared recommendation, then, concerning



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each of these wells?

A Yes, sir.

Q And you did consult each individual well file to determine the recommendation that you would like to make to the Examiner?

A Yes, sir, I did.

Q Would you please make your recommendation at this time?

A Because of the fact that all of these wells are approximately the same depth and they're in a relatively small area, one plugging program will apply to all wells. A 20-sack plug at 250 feet and a 25-sack plug at total depth, with mud between the plugs weighing ten pounds, and a surface plug in each well.

Q And that plugging program would apply to all of these subject wells involved in this case?

A Yes, that will cover the perforations in all of these wells.

Q Do we have straight now, it's 20 sacks at 250 or total depth?

A 25 sacks at total depth, 20 sacks at 250, five sacks at the surface.

Q Five sacks at the surface?

A Right.

Q And I assume you would be also recommending the regulation steel marker be placed in the surface of each well?

A Yes, sir.



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Q And you feel that this plugging program would be the minimum program required in order to prevent waste in this area from these wells?

A Yes, sir.

Q And are you also of the opinion that these wells are causing or will cause waste if they're not properly plugged in a manner that will confine all gas and oil bearing strata in the original strata in which it was contained?

A Yes, sir, I do. There appears to be a considerable amount of oil in this reservoir, but so far no one has figured out any way to get it out; and by sealing this off we will determine that the oil will remain in the reservoir until such time as someone comes up with a good idea of how to produce it.

Q Would you also give us your opinion concerning the feasibility of turning these wells to flood wells? I believe you heard Mr. Bratton request that they be given a certain period of time, I believe it was 120 days, within which to put the wells back on production or utilize them as a waterflood injection wells. Do you feel that this might be feasible?

A I'm no waterflood engineer. I wouldn't attempt to testify as to whether or not it would be feasible. A flood was operated in this area by Mr. Robertson, who gave it up as a bad deal before he turned the wells over to Mr. Allison.

Q But if the Commission would determine that the wells could be placed on the flood or used as injection wells in a



waterflood, you wouldn't have any objection to that as far as your recommendations go, would you?

A No, sir.

MR. DURRETT: Thank you. I believe that's all I have, Mr. Examiner.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Stamets, what's the depth of these wells?

A On the Honolulu State "A" lease, No. 1 is total depth, 1054; No. 2, 1079; No. 3, 1107; No. 4, 1113; No. 5, 1085. The Honolulu State "B" No. 1, 1102; No. 2, 1100, No. 3, 1093. On the Magnolia State lease, No. 1, 1034.

Q What's the casing program in the wells?

A Well, would you like me to give you an approximation, or the individual setting on each well?

Q I would like the individual setting on each well.

A Honolulu State "A" No. 1, 4-1/2 inch pipe set at 1052 with 165 sacks. The indication in all well files is that they were circulated; however, I did not do them so I can't say that they circulated them. No. 2, 4-1/2 at 1079 with 325; No. 3, 4-1/2 at 1093 with 250; No. 4, 4-1/2 at 1109 with 300; No. 5, 4-1/2 at 1076 with 275. The Honolulu State "B" lease No. 1, 5-1/2 at 1102 with 300; No. 2, 4-1/2 at 1074 with 275; No. 3, 4-1/2 at 1084 with 275; and the Magnolia State No. 1, 4-1/2 at 1034 with 250.



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Q Is there any surface pipe as well?

A No.

Q There's one string of pipe in there and the indication from the well files is that the cement was circulated on all production strings?

A Surface pipe was often set on these wells but was pulled when the production string was run.

Q Is this in the Artesian Water Basin?

A No, sir.

Q Is this in the Roswell Water Basin?

A It's in no water basin.

Q What's the cement plug at 250 feet?

A There's windmill water in the area above that depth.

MR. NUTTER: Anyone else have any questions of Mr. Stamets? He may be excused.

(Witness excused.)

MR. NUTTER: Do you have anything further, Mr. Durrett?

MR. DURRETT: The only thing I have further, Mr. Examiner, I believe it has been previously stated but if not so, I would like the Examiner to take administrative notice of the Commission files of the operator and the wells.

MR. NUTTER: I'll take administrative notice of the well files, and the operator. Does anyone have anything further to offer in Case 2817? We will take the case under advisement.

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STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Notary Public in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me, and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill, and ability.

WITNESS my Hand and Seal this 3rd day of June, 1963.

Ada Dearnley

NOTARY PUBLIC

My Commission Expires:

June 19, 1963.

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 2817
heard by me on 5/22, 1963.

W. H. H. H.
_____, Examiner
New Mexico Oil Conservation Commission

