

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO

6 November 1985

EXAMINER HEARING

IN THE MATTER OF:

Disposition of cases without testi-
mony from the docket for 6 November,
1985.

CASES 8741,
8673, 8635,
8744, 8746,
8736, 8737,
8689, 8739.

BEFORE: David Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

Jeff Taylor
Legal Counsel to the Division
Oil Conservation Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

Case Number 8741 - Continued	3
Case Number 8673 - Continued	3
Case Number 8635 - Continued	4
Case Number 8744 - Continued	4
Case Number 8746 - Continued	5
Case Number 8735 - Continued	5
Case Number 8736 - Continued	5
Case Number 8737 - Continued	6
Case Number 8689 - Continued	6
Case Number 8739 - Continued	7

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3 MR. CATANACH: This hearing
4 will come to order this morning for Docket No. 33-85.

5 We'll call first Case Number
6 8741.

7 MR. TAYLOR: In the matter of
8 the hearing called by the Oil Conservation Division on its
9 own motion to permit Rapid Company, Inc., American Employ-
10 ers' Insurance Company, and all other interested parties to
11 appear and show cause why the following wells in Lea County
12 should not be plugged and abandoned.

13 My name is Jeff Taylor. I'm
14 Counsel for the Oil Conservation Division and I would like
15 to request that this case be continued.

16 MR. CATANACH: This case will
17 be continued to November 21st, 1985.

18 * * *

19 MR. CATANACH: Call Case Number
20 8673.

21 MR. TAYLOR: The application of
22 Chevron USA, Inc. for a unit agreement, Lea County, New Mex-
23 ico.

24 The applicant has requested
25

that this case be continued.

MR. CATANACH: This case will
be continued to November 21st, 1985.

* * *

MR. CATANACH: Call Case 8635.

MR. TAYLOR: The application of
Energy Reserves Group, Incorporated, for salt water disposal,
Roosevelt County, New Mexico.

The applicant has requested
that this case be continued.

MR. CATANACH: This case will
be continued to January 22nd, 1985.

* * *

MR. CATANACH: Call Case 8744.

MR. TAYLOR: The application
of Union Texas Petroleum Corporation for downhole
commingling, Rio Arriba County, New Mexico.

The applicant has requested
that this case be continued.

MR. CATANACH: This case will
be continued to December 4th, 1985.

MR. CATANACH: Call Case 8746.

MR. TAYLOR: Application of Jack J. Grynberg for compulsory pooling, Eddy County, New Mexico.

The applicant has requested that this case be continued.

MR. CATANACH: This case will be continued to December 18, 1985.

(Hearing concluded.)

* * *

MR. CATANACH: Call Case 8735.

MR. TAYLOR: Application of Southland Royalty Company for compulsory pooling, Eddy County, New Mexico.

The applicant has requested that this case be continued.

MR. CATANACH: Case 8735 will be continued to November 21st, 1985.

* * *

MR. CATANACH: Call Case 8736.

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2 MR. TAYLOR: Application of
3 Southland Royalty Company for compulsory pooling, Rio Arriba
4 County, New Mexico.

5 The applicant has requested
6 that this case be continued.

7 MR. CATANACH: Case 8736 will
8 be continued to November 21, 1985.

9 * * *

10 MR. CATANACH: Call Case 8737.

11 MR. TAYLOR: Application of
12 Southland Royalty Company for compulsory pooling, Chaves
13 County, New Mexico.

14 Applicant has requested that
15 this case be continued.

16 MR. CATANACH: Case 8737 will
17 be continued to November 21, 1985.

18 * * *

19 MR. CATANACH: Call Case 8689.

20 MR. TAYLOR: Application of
21 Doyle Hartman for compulsory pooling, Lea County, New Mexi-
22 co.
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2 The applicant has requested
3 this case be continued.

4 MR. CATANACH: Case 8689 will
5 be continued to December 18, 1985.

6 (Hearing concluded.)
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8 * * *

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10 MR. CATANACH: Call Case 8739.

11 MR. TAYLOR: Application of
12 Chama Petroleum Company to rescind Division Order No. R-
13 7637, Eddy County, New Mexico.

14 Applicant has requested that
15 this case be continued.

16 MR. CATANACH: Case 8739 will
17 be continued to the Commission Hearing scheduled for January
18 7, 1986.

19 (Hearing concluded.)
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true, and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Exd. hearing of Case No. _____,
heard by me on November 6 1985.

David Putnam, Examiner
Oil Conservation Division

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date NOVEMBER 21, 1985 Time: 8:00 A.M.Hearing Officer: Michael E. Stogner

NAME	REPRESENTING	LOCATION
Phil Brewer (Jennings & Christy)	Ray Westall	Roswell
Randy Harris	"	Artesia
Paul Hahn	Byrum	Santa Fe
Chad Dickerson	Dickerson, Fisk & Vandiner	Artesia
Bob Strand	Atwood Malone	Roswell
Wm. P. Aycock	Doyle Hartman	Midland
Bud Scott	Pondroy & Barker Petroleum Co.	Yolisa
Bruce Pettit	Reading-Bates Petroleum Co.	Denver
William L. Carr	Samplall and Back	Santa Fe
J. J. Power	San Expl & Prod Co.	Dallas
H. L. Bob Freederick	Mass Natural Gas	El Paso TV
N. T. Kelleher	Kelleher & Kelleher	Santa Fe
Joseph S. Sprinkle	Myself	Denver Co
J. D. Cobb Jr.	Morris & Sons Oil Co.	Midland Tex
J. L. Roberts	" " "	"
KEVIN PRISZLA	" " "	"
Hal Crabtree	Memato Oil Co.	Midland Tex

NEW MEXICO OIL CONSERVATION COMMISSION

EXAMINER HEARINGSANTA FE, NEW MEXICOHearing Date NOVEMBER 21, 1985 Time: 8:00 A.M.

NAME	REPRESENTING	LOCATION
J. Scott Hall	Campbell + Black	SF
David L. Anderson	Dickerson, Fink + Anderson	Artesia
Jeff E. ...	TXO Production Corp	Midland
Bill Morris	Monsanto Oil	Midland
Andy O'Hare	TXO	Midland
Randall Coates	TXO	Midland
Frank L. Weir III	Tenneco Oil	Denver, Colo
Bob Walker	Sun Exploration & Production	Midland
Curtis Hopewell	Hinkle Law Firm	Santa Fe
Joel Carson	Loose & Carson PA	Artesia
Loy Goodman	Rice Engineering	Artesia
Ernie Busch	NMOC	Astec
Dan Miller	Coors, Eng	Santa Fe
Mike Tappin	Union Texas Oil	Farmington, N.M.
Rita Smith	Daggle Nat'l	Midland
F. Kimball Jones Jr.	Sun Expl & Prod. Co	Dallas
Jeff ...	Sun Exploration & Prod Co	Midland
Benny Kim Bowen	Sun Exploration & Prod. Co	Midland, TX

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

21 November 1985

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the OCD on CASE
its own motion to permit Rapid Com- 8741
pany, Inc., et al, to appear and
show cause why certain wells in Lea
County should not be plugged and
abandoned in accordance with a Divi-
sion approved plugging program.

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division: Jeff Taylor
Attorney at Law
Legal Counsel to the Division
Energy and Minerals Dept.
Santa Fe, New Mexico 87501

For the Applicant:

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I N D E X

JERRY SEXTON

Direct Examination by Mr. Taylor 4

Cross Examination by Mr. Stogner 10

E X H I B I T S

Division Exhibits One through Seventeen,

Plats and Letters

Division Exhibit Three, Pictures

1
2 MR. STOGNER: Call next Case
3 8741, which is in the matter of the hearing called by the
4 Oil Conservation Division on its own motion to permit Rapid
5 Company, Inc., American Employers' Insurance Company, and
6 all other interested parties to appear and show cause why
7 five certain wells in Lea County, New Mexico, should not be
8 plugged and abandoned in accordance with a Division-approved
9 plugging program.

10 We now call for appearances.

11 MR. TAYLOR: May it please the
12 Examiner, my name is Jeff Taylor, appearing on behalf of the
13 Division and we have one witness.

14 MR. STOGNER: Will the witness
15 please stand and be sworn?

16
17 (Witness sworn.)
18

19 MR. STOGNER: Please continue,
20 Mr. Taylor.

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22 JERRY SEXTON,
23 being called as a witness and being duly sworn upon his
24 oath, testified as follows, to-wit:
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DIRECT EXAMINATION

BY MR. TAYLOR:

Q Will you please state your name, residence, and by whom you're employed?

A Jerry Sexton, Hobbs, New Mexico, and I'm District Supervisor for District One of the Oil Conservation Division.

Q How long have you held that position?

A Approximately ten years.

Q Have you previously testified before the Oil Conservation Division or its examiners and had your qualifications accepted?

A Yes.

MR. TAYLOR: Mr. Examiner, I tender Mr. Sexton as an expert.

MR. STOGNER: Mr. Sexton is so qualified.

Q Mr. Sexton, does District One include the area where the wells in question in this case are located today?

A Yes.

Q And do your duties as District One Supervisor include making recommendations to the Commission and its examiners as to when wells should be plugged and abandoned?

1 doned?

2 A Yes.

3 Q Okay. I hand you -- well, first would
4 you please state the purpose of the case, today's case?

5 A The purpose of today's case is to show
6 why the following wells should be plugged and abandoned in
7 accordance to Division rules: The Punch No. 1 in Unit J of
8 11, 12, 34; Ranger Lake No. 1 in Unit N of 11, 12, 34; Ran-
9 ger Lake No. 3, Unit N of 11, 12, 34; Texas Pacific AH State
10 No. 1 in Unit F of 14, 12, 34; and Ranger Lake SWD No. 1 in
11 Unit H of 15, 12, 34.

12 Q Mr. Sexton, have you reviewed the files
13 maintained for the Commission on each of these wells includ-
14 ing the reports filed with the Commission, --

15 A Yes.

16 Q -- marked Exhibits One through Seventeen?
17 And would you please go through those and
18 identify each one for us and give us an explanation, if ne-
19 cessary?

20 A Yes. Exhibit Number One is just a plat
21 showing the location of the wells.

22 Exhibit Number Two is a letter from the
23 State Engineer's office showing that the area does contain
24 fresh water, and gives the quality of the water in the area.

25 Exhibit Number Three are pictures showing

1 the conditions of the wells and that two of the wells, (not
2 clear) and the Ranger Lake No. 1 (unclear) at the surface,
3 and has had a stock, sheep, got into the cellar and was
4 killed.

5 The other pictures are of each of the
6 wells and they are so labeled.

7 So we have one other well that is leaking
8 at the surface and this is Texas Pacific No. 1 in Unit F, 14
9 of 12, 34.

10 All in all there are five wells and all
11 them show they're standing open at the surface and are in
12 need of being plugged and abandoned and that possibly water
13 contamination is going on at this time, plus there is a dan-
14 ger to livestock from the condition of that property.

15 Exhibit Number Four is a letter from the
16 rancher requesting help in getting something done on these
17 wells, either bringing them up into condition or to get them
18 plugged and abandoned.

19 Exhibit Five is where we started communi-
20 cation, in the last series, with the operators in an attempt
21 to get something done.

22 Exhibit Five is a letter to the Rapid
23 Company stating that they need to take steps to plug and
24 abandon the wells or bring them back into operation.

25 And Number Six is a letter back to Rapid.

1 Rapid did submit plugging procedures and were approved for
2 by District One and we notified them that we had approved
3 them and they had thirty days to start plugging operations.

4 Exhibit Number Seven is a request from
5 Rapid for having a sixty to ninety day extension for start-
6 ing the plugging of these wells.

7 Exhibit Number Eight is a letter from the
8 District to Rapid stating that their sixty days would be up
9 on October 9th and they were expected to either resume oper-
10 ation or we would go ahead and set the hearing to plug these
11 wells.

12 Exhibit Number Nine is a letter from the
13 Division attorney, Jeff Taylor, to -- this is a letter from
14 the District to the attorney asking for him to set these
15 wells for plugging.

16 Exhibit Number Ten is a letter from our
17 attorney, Jeff Taylor, to Rapid Company and American Employ-
18 ers' Insurance Company stating that the docket has been set
19 for hearing and letting them have their notification.

20 And then Exhibit Eleven through Fourteen,
21 through Fifteen, are plugging procedures that the Division
22 has recommended and that we will proceed with if -- if this
23 case is decided that the wells be plugged, and they're fair-
24 ly common and I don't think there's any need to go over any
25 individual records since they will be part of the record.

1 Exhibit Sixteen is an inventory of the
2 lease equipment as there is now on the lease. There is one
3 tank battery and the pictures are referring to this that
4 show exactly what equipment is on the lease, and this was
5 done on October 12th of '85.

6 Q Excuse me, Mr. Sexton, so does this in-
7 ventory relate to the pictures that we introduced as Exhibit
8 Three A?

9 A Yes, they do correspond and have been
10 marked as such.

11 Q Okay.

12 A And I would like to point out that these
13 wells have been brought to the Commission for hearing and an
14 order was issued. The order number was R-5734, and back in
15 1978, and the wells were not plugged. They were sold and
16 produced for some time and then temporarily abandoned again
17 for some time.

18 So we're bringing them back to the Com-
19 mission to have them ordered replugged.

20 Q Thank you, and I would request the Exam-
21 iner to take notice of the previous case in this matter,
22 which was Case Number 6234 and Order Number R-5734.

23 MR. STOGNER: Thank you, Mr.
24 Taylor. I'll take administrative notice of that.

25 Q For each of these wells that are listed

1 in the docket today is it your opinion that a failure to
2 plug those wells might pose hazards to either humans or
3 livestock?

4 A Yes.

5 Q Are there any problems with any of these
6 wells that you want to point out or is the problem just gen-
7 erally one of potential water contamination and the ones
8 that we have pictures of which showed water on the surface
9 of danger to livestock and humans?

10 A Well, I think the pictures in themselves
11 substantiate that some corrective action needs to be taken
12 and it has been requested that that be done, so I think it's
13 obvious that contamination is going on and the others have
14 potential contamination possibilities but those are down-
15 hole.

16 Q Okay. Do you have any further testimony
17 in this matter, anything you want to present?

18 A No, I don't.

19 Q Were Exhibits Numbers One through Seven-
20 teen prepared by you or under your supervision or are they
21 documents and records which are kept in the normal course of
22 business or which you sent or received in the normal course
23 of business?

24 A Yes.

25 MR. TAYLOR: I'd like to move

1 the admission of our Exhibits One through Seventeen.

2 MR. STOGNER: Exhibits One
3 through Seventeen will be admitted into evidence.

4 MR. TAYLOR: And I believe
5 that's all we have in this matter.

6 MR. STOGNER: Thank you, Mr.
7 Taylor.

8

9 CROSS EXAMINATION

10 BY MR. STOGNER:

11 Q Mr. Sexton, in Exhibit Number Four,
12 that's a letter from, I believe, A. D. Jones out in Tatum,
13 New Mexico, where evidently the wells are located.

14 A Yes.

15 Q The sheep that you previously alluded to
16 earlier that ceased to live was killed on the Ranger Lake
17 Well No. 1 site, is that right?

18 A Yes.

19 Q Did ^{it} die by getting stuck or did he
20 drink some of the water or --

21 A Well, I'm for sure he fell in the cellar
22 and drowned, and for that reason the rancher did fence the
23 location off.

24 Q So the fence around this particular area
25 was put in by the rancher after the sheep drowned?

1 A Yes.

2 Q About when were these wells drilled, Mr.
3 Sexton?

4 A I have the record. I believe they were
5 back in the early seventies. Would you like the dates or
6 would you like the records?

7 I have duplicated records of the drilling
8 files if you would like to have them submitted.

9 Q I don't believe so, Mr. Sexton. I'll
10 take administrative notice of the well files here in our
11 Santa Fe office. These wells, and referring to Exhibit Num-
12 ber Sixteen and about halfway down the page there you refer-
13 red to Picture Number Three, Tank Battery, November 12 --
14 I'm sorry, Tank Battery, 11, 12, 34, you show (not clearly
15 understood) -- never mind, I thought that was something
16 else. Please strike that question.

17 MR. STOGNER: I have no further
18 questions of Mr. Sexton.

19 Is there anything else of this
20 witness?

21 MR. TAYLOR: No, sir.

22 MR. STOGNER: Anybody else have
23 anything further in Case 1 8741 at this time?

24 If not, this case will be taken
25 under advisement.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
CERTIFY that the foregoing Transcript of Hearing before the
Oil Conservation Division (Commission) was reported by me;
that the said transcript is a full, true, and correct record
of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a correct and true transcript of the hearing in
the examination of Case No. 8741
heard by me on 21 Nov. 19 85.
Michael E. Hogner, Examiner
Oil Conservation Division