

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

2 April 1986

DIVISION HEARING

IN THE MATTER OF:

Application of the Oil Conservation
Division on its own motion to per-
mit Gipson Oil Corporation and other
interested parties to appear and show
cause why certain wells in San Juan
and Rio Arriba Counties, New Mexico,
should not be plugged and abandoned
in accordance with a Division-approved
plugging program.

CASE
8862
8863
8864

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
State Land Office Bldg.
Santa Fe, New Mexico 87501

For the Applicant:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X

FRANK CHAVEZ

Direct Examination by Mr. Taylor	4
Cross Examination by Mr. Stogner	12

E X H I B I T S

CASE 8862

Division Exhibit One, Documents	7
---------------------------------	---

CASE 8863

Division Exhibit One, Documents	8
---------------------------------	---

CASE 8864

Division Exhibit one, Documents	8
---------------------------------	---

1
2 MR. STOGNER: This hearing will
3 come to order.

4 At the applicant's request
5 Cases Numbers 8862, 8863, and 8864 will be consolidated for
6 purposes of testimony.

7 This is in the matter called by
8 the Oil Conservation Division on its own motion to permit
9 Gipson Oil Corporation, Alana Oil & Gas Corporation, Fidel-
10 ity and Deposit Company, Suntex Energy Corporation, Fidelity
11 and Deposit Company of Maryland, and other interested par-
12 ties, to appear and show cause why certain wells in Rio Ar-
13 riba and San Juan Counties, New Mexico, should not be plug-
14 ged and abandoned in accordance with a Division-approved
15 plugging program.

16 We will now call for appear-
17 ances.

18 MR. TAYLOR: May it please the
19 Examiner, my name is Jeff Taylor, Counsel for the Oil Con-
20 servation Division and I have one witness to be sworn in
21 these cases.

22 MR. STOGNER: Are there any
23 other appearances?

24 There being none, please raise
25 your right hand.

1 (Witness sworn.)

2
3 MR. STOGNER: You may be seated.

4 Mr. Taylor?

5
6 FRANK CHAVEZ,

7 being called as a witness and being duly sworn upon his
8 oath, testified as follows, to-wit:

9
10 DIRECT EXAMINATION

11 BY MR. TAYLOR:

12 Q For the record would you please state
13 your name, by whom you're employed, and in what capacity?

14 A My name is Frank Chavez. I'm employed by
15 the Oil Conservation Division as a Supervisor of District
16 III in Aztec.

17 Q And how long have you worked for the Oil
18 Conservation Division, Mr. Chavez?

19 A Eight years.

20 Q Have you previously testified before the
21 Commission or its examiners and had your credentials made a
22 matter of record?

23 A Yes, I have.

24 MR. TAYLOR: Mr. Examiner, I
25 tender the witness as an expert.

1 MR. STOGNER: Mr. Chavez is so
2 qualified.

3 Q Mr. Chavez, Does District III include
4 that part -- or does District III include the area that
5 these wells that we're moving to have plugged are located?

6 A Yes, it does.

7 Q And do your duties as District III Super-
8 visor include making recommendations to the Commission or
9 its hearing officers as to when wells should be plugged and
10 abandoned?

11 A Yes, they do.

12 Q Would you please then state the purpose
13 of -- off the record a second.

14

15 (Thereupon a discussion was had
16 off the record.)

17

18 Q We'll go back on now. Would you please
19 state the purpose of Case 8854? No, excuse me, 8862?

20 A Case 8862 is called to permit Gipson Oil
21 Corporation and other interested parties to appear and show
22 cause why the John Bergin No. 2 Well, located in Unit letter
23 F of Section 21, Township 29 North, Range 11 West, in San
24 Juan County, should not be plugged in accordance with a Div-
25 ision-approved plugging program.

1 Q Would you state the purpose of Case 8863?

2 A The Case 8863 is to permit Alana Oil &
3 Gas, Incorporated, their bonding company, and other inter-
4 ested parties to appear and show cause why their wells lo-
5 cated in Rio Arriba County, should not be plugged and aban-
6 doned in accordance with the a Division-approved plugging
7 program.

8 Q And would you state the purpose of Case
9 8864?

10 A 8864 is called to permit Suntex Energy
11 Corporation, their bonding company, and other interested
12 parties to appear and show cause why their well located in
13 Rio Arriba County should not be plugged and abandoned in ac-
14 cordance with a Division-approved plugging program.

15 Q Let's see, to make matters simple here,
16 we'll just go well by well and ignore the difference in the
17 cases.

18 Have you reviewed the well files and
19 other records maintained by the Commission on each of the
20 wells involved in these cases, including the reports filed
21 with the Commission concerning the wells?

22 A Yes, I have.

23 Q And have you brought copies of the rele-
24 vant documents with you?

25 A I have brought the summaries of the in-

1 mantha No. 2, located in Unit letter K of Section 26, Town-
2 ship 28 North, Range 1 East.

3 The total depth of this well is at 1780
4 feet.

5 The next well in the exhibit is the
6 Samantha No. 3. Total depth of this well is -- I'm sorry.
7 The location is Unit letter N of Section 26, Township 28
8 North, Range 1 East.

9 The total depth of this well is 1778
10 feet.

11 In Case 8864 Exhibit Number One is also
12 -- again a summary of the presumed downhole equipment and
13 the Division-approved plugging program for the individual
14 well.

15 The first well on Exhibit Number One is
16 the Suntex No. 1, located in Unit letter E of Section 26,
17 Township 28 North, Range 1 East.

18 The total depth of this well is 2000
19 feet.

20 The second well on the Exhibit is the
21 Suntex No. 2, located in Unit letter P, Section 22, Township
22 28 North, Range 1 East.

23 Total depth of this well is 1974 feet.

24 The third well on this exhibit is the
25 Suntex No. 3, located in Unit letter F, Township 28 North,

1 Range 1 East.

2 Total depth of this well is 1660 feet.
3 There is a correction on this portion of the exhibit. The
4 casing in the well is a tapered casing string that has one
5 joint of 5-1/2 at the top and the remainder of the casing is
6 4-1/2 inch.

7 The fourth well in this exhibit is the
8 Suntex No. 4, located in Unit letter C, Township 28 North,
9 Range 1 East.

10 The total depth of this well is 1660
11 feet.

12 The same correction applies here, that
13 there is a joint of 5-1/2 inch casing at the top of a string
14 of 4-1/2 inch casing in the well.

15 The next two wells in this exhibit are
16 the Suntex 5 and 6. These wells were only spud with surface
17 hole drilled and no casing set.

18 The Suntex 5 and 6 at this time, though
19 they have not penetrated the fresh water in the area, they
20 do pose a hazard to livestock grazing in the area and the
21 location does need to be restored.

22 All the other wells in the Alana and the
23 Suntex cases penetrate fresh water in the area at
24 approximately 100 feet and the continued abandonment of
25 these wells could lead to possible pollution of the water

1 should casing failure occur, since they are unattended.

2 Q Mr. Chavez, you indicated that the John
3 Burgin No. 2 in Case 8862 was apparently plugged at the
4 time, but I assume that even though you testified our re-
5 cords indicate that the well, or this well and possibly
6 others, have been plugged, that either the plugging proce-
7 dures are known to be inadequate or the plugging procedure
8 is unknown to us.

9 A That's correct. The plugging techniques
10 that were used at that time would not be acceptable at this
11 time and even if it had been plugged adequately, it has
12 failed.

13 Q Were the plugging programs on each of the
14 wells in Case 8862, 8863, and 8864 prepared by you or under
15 your supervision and control?

16 A Yes, they were.

17 Q As to each of the wells that you've gone
18 through in these three cases, is it your opinion that
19 failure to plug the well would cause waste, contaminated
20 fresh water sources, or otherwise present a safety hazard?

21 A Yes, they would.

22 Q Do you have anything else to offer in
23 these cases?

24 A No, I do not.

25 MR. TAYLOR: Mr. Examiner, --

1 Q Well, were Exhibit One in Case 8862, Ex-
2 hibit One in Case 8863, and Exhibit One in Case 8864 pre-
3 pared by you or under your supervision and control or are
4 they records maintained in the normal course of business of
5 the Oil Conservation Division?

6 A Yes, they are.

7 MR. TAYLOR: Mr. Examiner, I'd
8 like to move the admission of Exhibit One in each of these
9 cases.

10 MR. STOGNER: Exhibit One in
11 each of these three cases will be admitted into evidence.

12 MR. TAYLOR: And that's all we
13 have in this matter.

14

15 CROSS EXAMINATION

16 BY MR. STOGNER:

17 Q Mr. Chavez, on the Gipson Oil Corporation
18 John Burgin Well No. 2 in Case 8862, are there any special
19 problems that could be foreseen in plugging this? Is it
20 close to houses or is it close to the highway?

21 A It's close to the highway at this time;
22 however, we don't have any problems with getting the rig on
23 it. We examined the physical surroundings. We feel that we
24 can plug the well without any hazard; however, because the
25 City of Bloomfield is growing, actually, in that direction,

1 to the west, this -- this land will be surrounded pretty
2 soon and may be inaccessible and the well may pose a further
3 hazard at this time.

4 Q You said at this moment that the well was
5 sometimes bubbling water with gas mixed in it. Have you ob-
6 served this or any of your personnel in the Aztex Office?

7 A Yes, that was observed by Mr. Charles
8 Gholson of our office and we have come to hearing before the
9 Division many times for wells in this area, especially on
10 this old Burgin lease, because of problems like this, so it
11 is one that we're very, very familiar with.

12 Q Was this well pretty easy to find?

13 A Once -- once it had been spotted by some-
14 body else, yes. The location given on the record that we
15 have wasn't very helpful and many times we have to take ap-
16 proximations of these old footage locations.

17 Q Okay, now the location shown on the card
18 which you attached to Exhibit Number One shows it to be 2440
19 from the north and 1520 from the west.

20 Has this been resurveyed to see if that's
21 correct?

22 A No, it has not. We have not resurveyed
23 any of these locations.

24 Q So your best guesstimate is it's in the
25 close proximity of this well?

1 A Yes, it is. This is the reason that we
2 pulled this particular record.

3 The well was located first by some people
4 who called our office and in examining our records we found
5 this record of the well.

6 Q In your testimony for Exhibit 8863 you
7 mentioned that Alana Oil & Gas Corporation had gone defunct,
8 is that correct?

9 A That's correct; it's to the best of our
10 knowledge, yes, sir.

11 Q Okay. Also by the well records here I
12 show that Alana Oil & Gas Corporation and Suintex Corporation
13 share the same post office box in Houston, Texas.

14 A Yes, they were operated by the same prin-
15 cipals.

16 Q Did you try to contact those offices in
17 Houston?

18 A Yes, sir, the telephones either go unan-
19 swered or are disconnected. We have several telephone num-
20 bers.

21 MR. TAYLOR: I might point out
22 at this time, Mr. Examiner, that I have been contacted by an
23 attorney for the bonding company of Suintex and after an or-
24 der is issued in this case they are going to investigate the
25 possibility of having the wells at their expense in order to

1 save the bond from being forfeited.

2 MR. STOGNER: Thank you.

3 MR. TAYLOR: They also believe,
4 although they do not know, that the companies are both de-
5 funct, both Alana and Suntex.

6 Q All these wells are in the same general
7 area, aren't they, Mr. Chavez?

8 A The Alana and Suntex are, yes, sir, in
9 Rio Arriba County.

10 Q Those were the ones I was referring to.
11 Are they on State or fee lands?

12 A They're on fee lands.

13 Q Are any of those presently out there per-
14 colating water or gas?

15 A No, at this time they're not.

16 MR. STOGNER: I have no further
17 questions of Mr. Chavez.

18 Are there any other questions
19 of this witness?

20 If not, he may be excused.

21 Is there anything further in
22 Case 8862, 8863, or 8864 at this time?

23 If not, these cases will be
24 taken under advisement.

25

(Hearing concluded.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY 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 Examiner hearing of Case Nos. 8862, 8863, and 8864 heard by me on 2 April 1986.

Michael J. Brown, Examiner
Oil Conservation Division