

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

18 February 1987

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to permit Texas Rose Petroleum, Inc., et al, to appear and show cause why five wells on the El Poso Ranch Lease and the Quinlan Ranch Well No. 1. Rio Arriba County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE
9074
9075

BEFORE: David R. Catanach, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Commission:

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

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I N D E X

CHARLES GHOLSON

Direct Examination by Mr. Taylor 4

Cross Examination by Mr. Catanach 8

E X H I B I T S

Division Exhibit One, A & B

Division Exhibit Two, A & B

Division Exhibit Three, A & B

Division Exhibit Four, A & B

Division Exhibit Five, A & B

Division Exhibit Six, A & B

1
2 MR. CATANACH: Call this hear-
3 ing to order this morning for Docket No. 6-87.

4 Call the first case, Number
5 9074, in the matter of the hearing called by the Oil Conser-
6 vation Division on its own motion to permit Texas Rose Pet-
7 roleum, Incorporated, the Travelers Indemnity Company, and
8 all other interested parties to appear and show cause why
9 five wells located on the El Poso Ranch Lease, located in
10 Rio Arriba County, New Mexico, should not be plugged and
11 abandoned in accordance with a Division-approved plugging
12 program.

13 Are there appearances in this
14 case?

15 MR. TAYLOR: May it please the
16 Examiner, I'm Jeff Taylor, Counsel for the Division, and I
17 have one witness to be sworn, and I'd like to request that
18 we consolidate Case 9074 with Case 9075, which is also a
19 case for plugging wells by Texas Rose.

20 MR. CATANACH: Okay. Let me
21 call Case 9075. In the matter of the hearing called by the
22 OCD on its own motion to permit also Texas Rose Petroleum,
23 the Travelers Indemnity Company, and all other interested
24 parties to appear and show cause why the Quinlan Ranch Well
25 No. 1, located in Rio Arriba County, New Mexico, should not

1 be replugged and abandoned in accordance with a Division-
2 approved plugging program.

3 Are there any other appearances
4 in this case?

5 You may proceed, Mr. Taylor.

6 MR. TAYLOR: You need to swear
7 the witness.

8 MR. CATANACH: Will the witness
9 please stand?

10

11 (Witness sworn.)

12

13 MR. TAYLOR: And just to clar-
14 ify the record beforehand, we have six wells between these
15 two cases and we'll have two exhibits for each well and the
16 exhibits for all the cases are One A/B through Six A/B.

17

18 CHARLES GHOLSON,
19 being called as a witness and being duly sworn upon his
20 oath, testified as follows, to-wit:

21

22 DIRECT EXAMINATION

23 BY MR. TAYLOR:

24 Q Would you please state your name, resi-
25 dence, and by whom you're employed?

1 A Charles Gholson. I live in Aztec, New
2 Mexico; work for the OCD as a Field Representative. I'm in
3 charge of field operations in northwest New Mexico.

4 Q How long have you held that position, Mr.
5 Gholson?

6 A For almost fourteen years.

7 Q And have you previously testified before
8 the Commission or its examiners and had your qualifications
9 accepted?

10 A I have.

11 MR. TAYLOR: Mr. Examiner, I
12 tender the witness as an expert.

13 MR. CATANACH: He is so quali-
14 fied.

15 Q Mr. Gholson, does your district and your
16 position as -- well, does your district include the area
17 where the wells in question in this case are located?

18 A They do.

19 Q And do your duties as Field Representa
20 tive in northwest New Mexico include making recommendations
21 to the Commission or the Division as to when wells should be
22 plugged and abandoned?

23 A Yes.

24 Q Would you state the purpose of Cases 9074
25 and 9075?

1	A	Correlative rights, fresh water, waste.
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2 Q And it's to protect those things --

3 A To protect those things, right.

4 Q -- by plugging wells? Have you reviewed
5 the files maintained by the Division on each of the wells
6 included in this case and --

7 | A | I have.

8 Q -- written in your reports?

9 A I have.

10 Q And have your -- we marked those docu-
11 ments as exhibits today?

12 A Yes, sir.

13 Q Would you please then just go through
14 your exhibits one by one, identify each exhibit for the Exa-
15 miner, and explain what each exhibit is?

16 A Okay. On the first case, Case --

17	Q	9074.
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18 A -- 9074, I only have two exhibits for
19 each well.

20 One exhibit contains the downhole condi-
21 tions and equipment, how the well's cased, and a Division-
22 approved plugging program.

23 The second exhibits consists of only a
24 copy of a topo map showing the well location.

25 And on the Quinlan Ranch Well we really

1 don't know what the -- the exact location is. It's extrapo-
2 lated in because it's an unsurveyed tract.

3 So I have a Division-approved plugging
4 program, copies of photographs of the well while it was
5 plugged and after it was re-entered.

6 Q So that's Exhibit Six.

7 A Exhibit Two-F.

8 Q Okay. We changed the numbers.

9 A We changed the numbers here.

10 Q We've got One and Two A through F. So
11 One and Two-A are for the first well. One and Two-B are for
12 the second well. One and Two-C are for the third well.

13 So they're -- A through F designate dif-
14 ferent wells and each exhibit is One, One and Two are common
15 to all of them.

16 So Exhibits One-A through F are the Divi-
17 sion-approved plugging programs and the downhole conditions
18 in the well, which we will give to contractors when they big
19 on this.

20 A That's correct.

21 Q And Exhibits Two-A through F are loca-
22 tions of the wells.

23 A Right, except in the -- in Two-F, that I
24 don't have a location on --

25 Q Pictures of the well.

1 A -- it. I just got pictures of it.

2 Q Is it your opinion that failure to plug
3 these wells in accordance with a Division-approved program
4 would result in waste of oil or gas or contamination of
5 fresh water or would present safety hazards?

6 A Well, safety not so much, but definitely
7 fresh water. There's a vast fresh water reservoir.

8 MR. TAYLOR: And, Mr. Examiner,
9 we'll tender to you a copy of the return receipts requested
10 to the operator and Travelers Insurance, which is in the
11 case file. Actually, you may have those; the green return
12 receipt cards.

13 Q Do you have anything further to add to
14 your testimony?

15 A No, I don't think so.

16 MR. TAYLOR: That's all we have
17 in this case, then, Mr. Examiner.

18

19 CROSS EXAMINATION

20 BY MR. CATANACH:

21 Q Mr. Gholson, have these wells ever pro-
22 duced?

23 A Yes.

24 Q Do you --

25 A Three of the wells produced. Three of

1 the El Poso wells produced. The Quinlan Ranch well never
2 produced.

3 And I don't believe -- I know the El Poso
4 No. 8 never produced and I don't believe the 7 did, I'm not
5 positive of that, because they were hooked to separate tank
6 batteries.

7 Q What is the current status of the wells?
8 Are they shut in or --

9 A They're abandoned.

10 Q -- temporarily abandoned?

11 A I'd say completely abandoned.

12 Q Have you been able to contact any repre-
13 sentatives from Texas Rose Petroleum?

14 A I have not; however, I did talk with a
15 gentleman from Travelers Insurance.

16 Q Are all these wells completed generally
17 the same way, Mr. Gholson?

18 A Yes, there's a -- some of them were
19 fraced, some are just acidized. I think three were fraced,
20 one was acidized, and the No. 8, I don't believe was every
21 completed. It just had pipe ran in it and abandoned.

22 Q You said there was a large fresh water
23 reservoir there?

24 A Yes, sir.

25 Q Do you know how deep it is?

1 A It would probably be Massive Gallup. I
2 would assume around 12-1300 feet.

3 Q And you think these wells pose somewhat
4 of a threat to that?

5 A Yes, sir, I do. I think eventually this
6 -- this area will be irrigated from that water.

7 MR. CATANACH: I have no
8 further questions of the witness.

9 Are there any other questions
10 of this witness?

11 If not, he may be excused.

12 Is there anything further in
13 Case 9074 or 9075?

14 If not, it will be taken under
15 advisement.

16
17 (Hearing concluded.)

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C E R T I F I C A T E

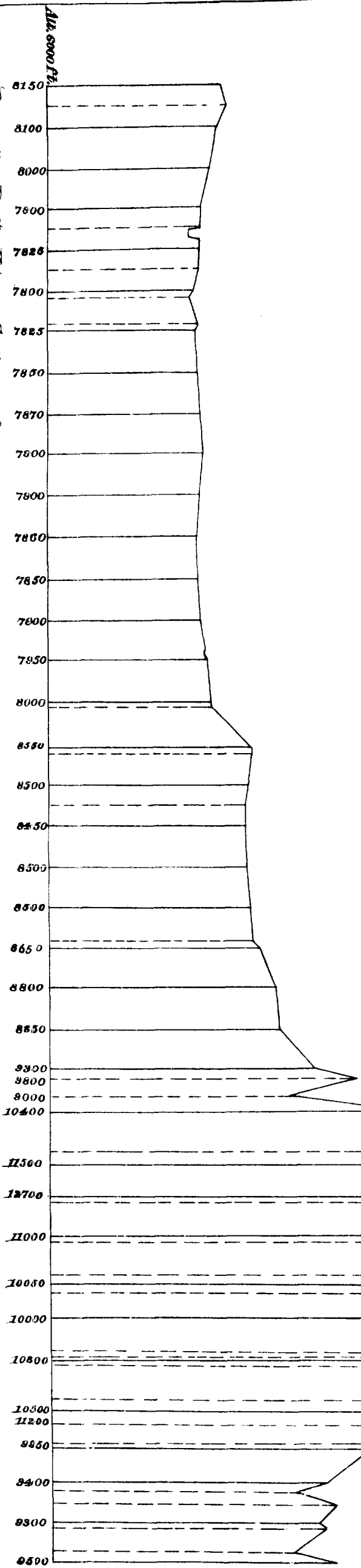
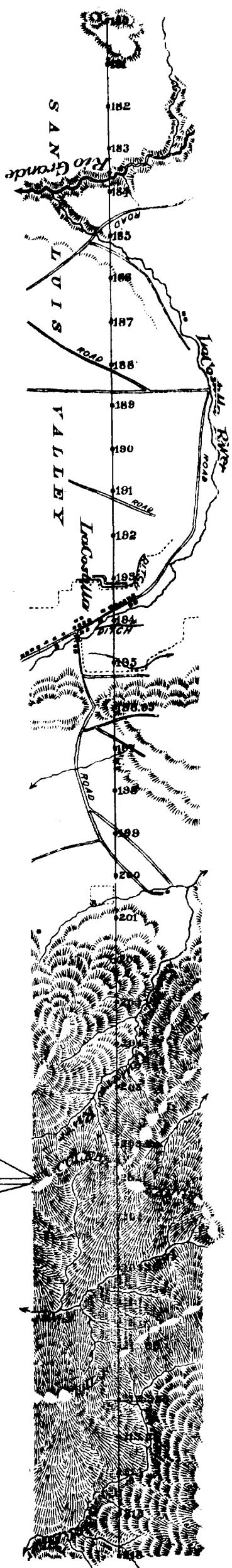
I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY the foregoing Transcript of Hearing before the Oil Conservation Division (Commission) was reported by me; that the said transcript is a full, true, and correct record of this portion of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 9074, 75 heard by me on February 18, 1987.

David R. Catani, Examiner
Oil Conservation Division

Map of the Resurvey of the Boundary Line between the State of Colorado and the Territory of New Mexico.
Latitude 37° North. From mile corner No. 180 East to mile corner No. 216. Magnetic Variation, East. Scale, 2 miles to 1 inch.



For Commissioner's approval, see sheet XI

Barometric Profile, Vertical Scale, 1000 Ft. to one inch.

I hereby certify that the above is a correct representation of so much of the resurvey of the Boundary Line between the State of Colorado and the Territory of New Mexico as extends from mile corner No. 180 to mile corner No. 216 as surveyed and marked by me under contract with the Commissioner of the General Land Office, Dated July 7th 1902. Howard B. Carpenter
U. S. Surveyor and Commissioner.

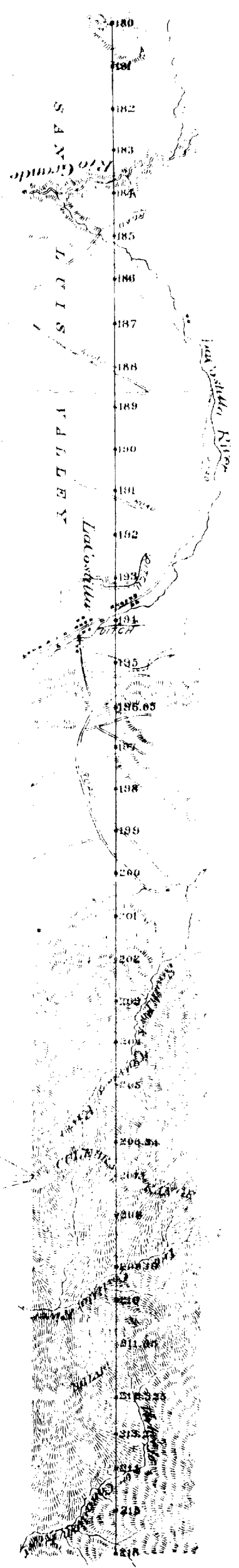
Office of U. S. SURVEYOR GENERAL
 SANTA FE, N. M. MEXICO

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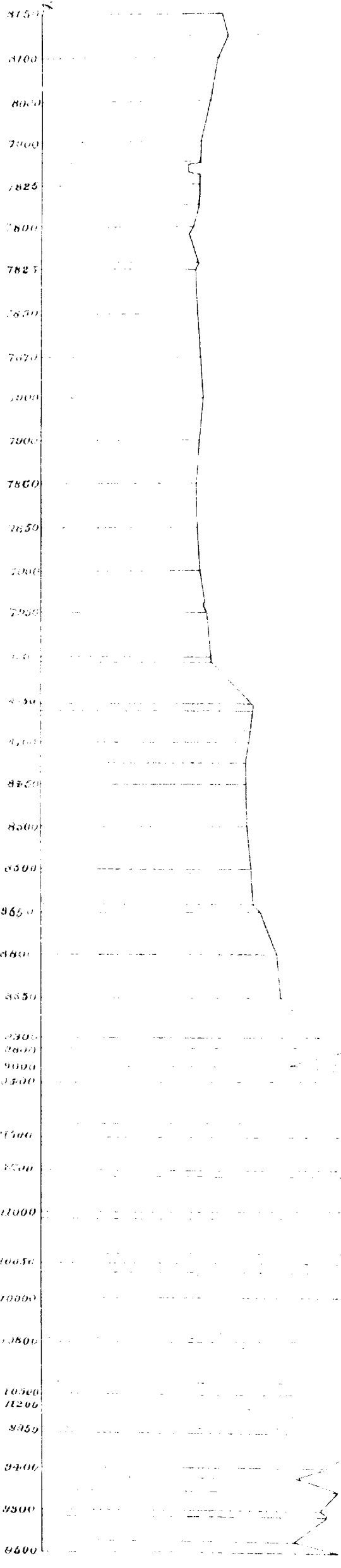
M. D. Dwyer
 SURVEYOR GENERAL

Map of the Resurvey of the Boundary Line between the State of Colorado and the Territory of New Mexico.
 Latitude 37° North. From mile corner No. 180 East to mile corner No. 216. Magnetic Variation, East. Scale, 2 miles to 1 inch.



Altitude

Barometric Height, Fortified Station No. 100 ft. to 1000 ft.



If any error has been made in the location of the boundary line, it is hereby corrected to the line shown on this map.
 J. H. Thompson, Surveyor General, Colorado.

Office of H. S. Thompson, Surveyor General, Colorado.

MAY 1904

M. D. Dwyer
 SURVEYOR GENERAL

ILLEGIBLE

C. 0200

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

DEC 22087
M.S. 2/20/87
WJH 2/23
WJH 2/23

IN THE MATTER OF THE HEARING CALLED BY
THE OIL CONSERVATION DIVISION ON ITS OWN
MOTION TO PERMIT TEXAS ROSE PETROLEUM, INC.,
THE TRAVELERS INDEMNITY COMPANY AND ALL
OTHER INTERESTED PARTIES TO APPEAR AND SHOW
CAUSE WHY THE QUINLAN RANCH WELL NO.1 IN RIO
ARRIBA COUNTY, NEW MEXICO, SHOULD NOT BE
RE-PLUGGED AND ABANDONED IN ACCORDANCE WITH
A DIVISION APPROVED PLUGGING PROGRAM.

CASE NO. 9075

Order No. R-8405

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on February 18, 1987, at Santa Fe, New Mexico, before Examiner David R. Catanach.

NOW, on this _____ day of February, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) Texas Rose Petroleum, Inc. is the owner and operator of the Quinlan ^{Ranch} ~~Range~~ Well No. 1 located at a point approximately 9040 feet in the direction South 44 Degrees 25 Minutes 05 Seconds East from ^{Mile} ~~Mike~~ Corner No. 202 plus 5.10 feet on the boundary line of Colorado and New Mexico (the NW/4 NE/4 [Unit B] of ~~the~~ projected Section 29, Township 32 North, Range 3 East, NMPM), Tierra Amarilla Land Grant, Rio Arriba County, New Mexico.

(3) At the time of the hearing Division Cases Nos. 9074 and 9075 were consolidated for purposes of testimony.

(4) The Travelers Indemnity Company is the surety on the Oil Conservation Division Blanket plugging bond on which Texas Rose Petroleum, Inc. is principal.

(5) The purpose of said bond is to assure ~~that~~ the state that the subject well will be properly plugged and abandoned when not capable of commercial production.

(6) The current condition of said well is such that waste may occur, correlative rights may be violated, or fresh waters may be contaminated if action is not taken to properly plug and abandon the well.

(7) In order to prevent waste, protect correlative rights and prevent any fresh water contamination said Quinlan Ranch Well No. 1 should be plugged and abandoned in accordance with a program approved by the Aztec District Office of the New Mexico Oil Conservation Division on or before ^{March 2} ~~April 30~~, 1987 or the well should be returned to active drilling status or placed on production.

IT IS THEREFORE ORDERED THAT:

(1) Texas Rose Petroleum, Inc. and Travelers Indemnity Company are hereby ordered to plug and abandon the Quinlan Ranch Well No. 1, located at a point approximately 9040 feet in the direction South 44 Degrees 25 Minutes 05 Seconds East from Mile Corner No. 202 plus 5.10 feet on the boundary line of Colorado and New Mexico (the NW/4 NE/4 [Unit B] of the projected Section 29, Township 32 North, Range 3 East, NMPM) Tierra Amarilla Land Grant, Rio Arriba County, New Mexico, or in the alternative, to return the well to active drilling status or place the well on production on or before ~~April 30~~^{May 31}, 1987.

(2) Texas Rose Petroleum, Inc. and Travelers Indemnity Company, prior to plugging and abandoning the above-described well, shall obtain from the Aztec office of the Division, a Division-approved program for said plugging and abandoning, and shall notify said Aztec office of the date and hour said work is to be commenced whereupon the Division may, at its option, witness such work.

(3) Should either party fail or refuse to properly plug and abandoned^{ed} the subject well in accordance with the terms of this order, the Division shall then take such actions as are deemed necessary to have the well properly plugged.

(4) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

WILLIAM J. LEMAY,
Director

S E A L