

1 STATE OF NEW MEXICO
2 ENERGY AND MINERALS DEPARTMENT
3 OIL CONSERVATION DIVISION
4 STATE LAND OFFICE BLDG.
5 SANTA FE, NEW MEXICO

6 12 August 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 The hearing called by the Oil Conser- CASE
10 vation Divison on its own motion to 9187
11 permit Evans Production Company, et al,
12 to appear and show cause why certain
13 wells in McKinley County, New Mexico,
14 should not be plugged and abandoned in
15 accordance with a Division approved
16 plugging program.

17 BEFORE: Michael E. Stogner, Examiner

18 TRANSCRIPT OF HEARING

19 A P P E A R A N C E S

20 For the Division: Jeff Taylor
21 Attorney at Law
22 Legal Counsel to the Division
23 State Land Office Bldg.
Santa Fe, New Mexico 87501

24 For the Applicant:
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I N D E X

CHARLES GHOLSON

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MR. STOGNER: We will call next Case Number 9187, which is in the matter of the hearing called by the Oil Conservation Division on its own motion to permit Evans Production Company, American Motorist Insurance Company, and all other interested parties to appear and show cause why five certain wells in McKinley County, New Mexico, should not be plugged and abandoned.

We'll call for appearances.

MR. TAYLOR: May it please the Examiner, I'm Jeff Taylor, Counsel for the Division, and we have a witness, Mr. Charles Gholson.

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

DIRECT EXAMINATION

BY MR. TAYLOR:

Q Will you please state your name, by whom you're employed and in what capacity?

A I'm Charles Gholson, NMOCD, Aztec, as a Deputy Inspector and Field Representative.

Q Mr. Gholson, have you previously testified before the Commission or its Examiners --

1 A I have.

2 Q -- and had your credentials accepted?

3 Would you please tell us how long you've
4 held your present position?

5 A Fourteen years.

6 Q And what district are you in? Is that
7 District III?

8 A III.

9 Q Does District III include the area that
10 -- in which the wells at issue today are located?

11 A It does.

12 Q Do your duties in District III include
13 making recommendations to the Commission and its hearing of-
14 ficers as to which wells should be plugged?

15 A Yes, sir.

16 MR. TAYLOR: Mr. Examiner, I
17 tender the witness as an expert.

18 MR. STOGNER: Mr. Gholson is so
19 qualified.

20 Q Will you please state the purpose of a
21 hearing today?

22 A It's in response to a -- which is Exhibit
23 One, is a copy of a letter I wrote Evans Production July
24 15th, 1986, asking them to come into compliance or directing
25 them to come into compliance, put the wells back on produc-

1 tion, or plug and abandon them.

2 I had no response from Evans Production
3 and a field trip in May showed that no action had been
4 taken.

5 Q So it's a hearing to plug those wells be-
6 cause the operator hasn't responded to your inquiries as to
7 why they're not operating the wells or plugging them?

8 A Well, yes, the wells have been temporar-
9 ily abandoned for several years, which should be plugged or
10 -- or completed properly.

11 Q Okay. Would you go through the Exhibits,
12 then, as to each well and -- and explain each exhibit and
13 identify it for us?

14 A Okay. Exhibit One is a copy of the let-
15 ter I wrote Evans Production.

16 Q Okay.

17 A Exhibit Two-A through E are Division ap-
18 proved plugging programs which I drew up.

19 And Exhibit Three through -- Three-A
20 through E are simply site maps showing location of wells.

21 That's all of the exhibits I have.

22 Q And as to each of these -- as to each of
23 these wells, is it your opinion that failure to plug the
24 well in a timely fashion could cause waste, contaminate
25 fresh water resources, or present safety hazards?

1 A Yes, especially fresh water, shallow
2 fresh water in that area.

3 Q I think as we look at our exhibits here,
4 I've got two, two copies of Two-C, so one of those should be
5 Two-D, I guess, or could you look through yours and see if
6 yours are numbered the same as mine?

7 A You're right.

8 Q You want to change --

9 A Yeah, it should be Two-D and Two-E.

10 Q Okay, why don't we change -- let's just
11 leave Two-D the way it is and change the second -- or no, I
12 guess we shouldn't do that. Let's --

13 A We've got two Two-C's.

14 Q Let's the second Two-C, which is the
15 Bullseye A No. 2, Exhibit Two-D, and we'll change the Two-D,
16 which is the Inditos No. 1, to Two-E.

17 A Okay. I may have done that on the third
18 exhibit, too.

19 MR. STOGNER: For the record,
20 Mr. Taylor, does the corresponding letter exhibits, do they
21 correspond, like Two-A, does it correspond with the Three-A
22 as far as the location goes on the site map?

23 A Yes.

24 MR. STOGNER: Okay. For the
25 record, let's go over which exhibits refer to which wells.

1 A Okay.

2 MR. TAYLOR: You want to go
3 through the twos, Mr. Examiner, or just the threes? The
4 maps?

5 MR. STOGNER: Since they both
6 correspond, let's just go over the twos.

7 A Okay. The Two-A is the Bullseye No. 2.

8 The Two-B is the Bullseye No. 9.

9 Two-D, Bullseye 8.

10 Two-C, Bullseye A No. 2.

11 Number Two-E is Inditos No. 1.

12 MR. STOGNER: Thank you, Mr.
13 Gholson.

14 Q Do you have anything further in this
15 case? Were these exhibits prepared by you or under your
16 supervision and control or are they documents contained in
17 the files of the District III office of the OCD?

18 A They were prepared by me from our re-
19 cords.

20 MR. TAYLOR: Thank you. That's
21 all we have. I would tender Exhibits One through Three.

22 MR. STOGNER: Exhibits One
23 through Three will be admitted into evidence.

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CROSS EXAMINATION

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BY MR. STOGNER:

Q Mr. Gholson, have you had any correspondence back from the Evans Production Company from your letter of July 15th?

A None.

Q None. Have you tried to contact them by telephone or any other --

A I have not. I've contacted their -- well, I have in a sense. I've contacted their pumper and asked him to have them call me, which they haven't.

Q Were they sent, well, this was the notice of hearing, I assume, your Exhibit Number One, I assume. Is that right Mr. Taylor?

MR. TAYLOR: No, sir, this is just a letter from Mr. Gholson. We do have, and I'll supply you if it's not in the files, copies of the --

A I have it here, Mike.

MR. TAYLOR: -- notices and the return receipts.

Q Are we referring to the letter from you, Mr. Taylor, on July 23rd, 1987, to both the Evans Production Company and the American Motorist Insurance Company?

MR. TAYLOR: That's correct.

A Do you need a copy of the letters I

1 wrote to Jeff?

2 MR. STOGNER: What letters are
3 you referring to?

4 A Asking him to call this case.

5 MR. STOGNER: Is that the March
6 6th, 1987, letter?

7 MR. TAYLOR: Yeah.

8 MR. STOGNER: Okay, we have
9 that on our file here so that won't be necessary.

10 Let the record show that we'll
11 take notice of the notice mailed out to Evans Production
12 Company and the letter of March 6, 1987, from Mr. Gholson to
13 our office here, and also I'll take administrative notice of
14 files that we have on record here in the Santa Fe office and
15 in the Aztec District Office.

16 MR. TAYLOR: I'll point out,
17 Mr. Examiner that the Evans Production Company may no longer
18 exist. They did not receive the letter, or it was returned
19 to us, that we sent them notice of the hearing, so I assume
20 that they've gone out of business and moved their location
21 because we have not been able to get hold of them.

22 A Mr. Taylor, those wells are still produ-
23 cing and they are still filing C-115's.

24 MR. TAYLOR: Well, who -- what
25 have they done, just moved their location without responding

1 or have they been taken over in a bankruptcy or --

2 A I haven't heard of a bankruptcy.

3 MR. TAYLOR: Okay. Well, I'd
4 just point out that they didn't receive their mail and there
5 was no forwarding address and it was returned to us.

6 MR. STOGNER: And in your
7 correspondence or your talks with the pumper, was -- was
8 there ever any mention that they had moved or --

9 A No, we did not. This was in May, you
10 know, a lot of things could have happened since then.

11 MR. STOGNER: Okay. Is there
12 anything further of this witness?

13 MR. TAYLOR: No, sir.

14 MR. STOGNER: If not, he may be
15 excused.

16 Is there anything further in
17 Case Number 9187?

18 If not, this case will be taken
19 under advisement.

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21 (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 the hearing, prepared by me to the best of my
ability.

Sally W. Boyd CSR

I do hereby certivy that the foregoing is
a compleie record of the proceedings in
the Examiner hearing of Case No. 9187,
heard by me on 12 August 1987.

Michael E. Stoguer, Examiner
Oil Conservation Division