

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

17 December 1986

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to permit Fannie Lee Mitchell, et al, to appear and show cause why the Caudill SWD Well No. G-32 should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE
9042

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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JERRY SEXTON

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E X H I B I T S

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Division Exhibit Six, Letter 7

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MR. CATANACH: Call next Case 9042, in the matter of the hearing called by the Oil Conservation Division on its own motion to permit Fannie Lee Mitchell, United State Fidelity and Guaranty Company, and all other interested parties to appear and show cause why the Caudill SWD Well No. G-32, Lea County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

Are there appearances in this case?

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

MR. CATANACH: Are there other appearances in this case?

Will the witness please stand and be sworn in?

(Witness sworn.)

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

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DIRECT EXAMINATION

BY MR. TAYLOR:

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

A Jerry Sexton, District Supervisor for the Oil Conservation Division in District I at Hobbs.

Q Jerry, have you previously testified before the Commission or its Examiners and had your credentials accepted?

A Yes.

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

MR. CATANACH: He is considered qualified.

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

A For approximately eleven years.

Q And does District I include the area that -- in which the well at issue in this case has been drilled?

A Yes, it does.

Q Would you please go to -- well, would you first tell us the purpose of this case?

A What we would like to show is that the well is in such condition that it needs to be plugged and

1 we, the Division can see no future use to putting this off a
2 future time as the casing is bad and we can plug it now
3 fairly properly where if we wait till a future date there's
4 a big question of whether we can obtain a properly plugged
5 well.

6 Q Do your duties as District I Supervisor
7 include making recommendations to the Commission and its
8 hearing officers as to when wells should be plugged?

9 A Yes.

10 Q Would you please go through your exhi-
11 bits, then, and explain each and identify it for the exam-
12 iner?

13 A Exhibit One is a letter showing that we
14 set up a test for this salt water disposal well for Septem-
15 ber, 1984, and before the well was tested Fannie Lee Mit-
16 chell tested the well on their own and informed us that they
17 had a tubing leak and all Exhibit One is -- points out that
18 they was set up to test, when they were called to move in on
19 the well to repair the tubing leak.

20 They moved in to repair the tubing leak
21 in February 13th, 1985, and they stayed on the well till
22 March 25th, 1985, and during this time they found the tubing
23 parted above 200 feet and during this just over a month,
24 they had fished the tubing down to 1940 feet, and at this
25 time because of economics and also progress was not being

1 made, they moved off the well until -- to get additional
2 money plus additional approval from the Commission.

3 And Exhibit Two are our field reports
4 showing the condition of the tubing and our witnessing of
5 that condition.

6 During this period after they moved in on
7 the well, then moved off, they came up to the Commission and
8 obtained an order to allow a disposal of the well from 4900
9 feet to 14,400 feet, and this was approved by the Division
10 with the stipulation that new casing be run to 5000 foot,
11 cemented back to surface, and then proving mechanical inte-
12 grity of the casing down to 4900 feet.

13 They moved back on the well in March of
14 1986; spent a little over two weeks on it and fished out
15 less than 200 feet of tubing.

16 At this time they decided to move off the
17 well again because of the -- they got a point where they
18 were either going to have to back off the casing and try to
19 wash over casing and tubing or they were going to have to
20 abandon the well.

21 Since then we've had numerous correspon-
22 dence, which Exhibit Four shows, during the whole time frame
23 that shows the District and the Division was concerned about
24 the shape of the well and that steps needed to be taken to
25 either plug the well or get it back into condition for dis

1 posal; just a series of letters to indicate that we did have
2 correspondence.

3 On October 2nd this year we wrote Fannie
4 Lee Mitchell indicating our request that they either plug
5 the well or re-enter and work on it.

6 A copy of this letter is Exhibit Five.

7 Exhibit Six is a letter to our legal
8 counsel requesting that this hearing be set and that we'd
9 request that the well be plugged and abandoned.

10 The well is on a vacuum at this time and
11 I think knowing the geological formations in the area and
12 what formations will take water, the District thinks they
13 can get a properly plugged well for such a well in this con-
14 dition by allowing a large cement volume to be displaced
15 down to 2000 feet and then displace it with fluid down to
16 about 5000 and let it seek its own fluid level, which we'll
17 plug the Devonian and get the bottom part of this well plug-
18 ged properly,

19 Then we would recommend after this is
20 done that the upper part be plugged properly so that they're
21 sure water will never migrate back into the fresh water.

22 At this time we can -- we can feel like
23 if this can be done, if it's not plugged now or in the near
24 future, the chances of this well being able to be plugged
25 properly will decrease with time, and this is the reason why

1 the District recommended the well to be plugged at this
2 time.

3 MR. TAYLOR: Mr. Examiner, I
4 don't have -- I don't think we have with us copies of the
5 notice but I'll get those to you.

6 Q You don't have those, do you?

7 A No.

8 MR. TAYLOR: I'll get those to
9 you later today.

10 Q Mr. Sexton, have you prepared yet a plug-
11 ging program for the well?

12 A A plugging procedure really cannot be
13 prepared on a well like this because of the casing condi-
14 tion.

15 We will start out with, say, 1000, recom-
16 mending 1000 sacks be displaced down the hole. Then we'll
17 pressure up on it and test it and from that point on it will
18 be a judgment decision as to what the well conditions indi-
19 cate.

20 Q Is it your opinion that failure to plug
21 this well could cause waste, contaminate fresh water
22 resources, or otherwise present safety hazards?

23 A Yes.

24 Q Do you have anything further to add to
25 your testimony?

1 A No.

2 Q Were Exhibits One through Five -- Six
3 prepared by you or are they documents contained in the files
4 of the Oil Conservation Division office in Hobbs?

5 A Yes.

6 MR. TAYLOR: Mr. Examiner, I
7 tender Exhibits One through Six.

8 MR. CATANACH: Exhibits One
9 through Six will be admitted into evidence.

10 MR. TAYLOR: That's all we have
11 in this case.

12

13 CROSS EXAMINATION

14 BY MR. CATANACH:

15 Q Mr. Sexton, do you have any evidence that
16 shows the current condition of the well?

17 A Yes. There is evidence in the field trip
18 reports that shows that tubing was eaten up ground level
19 down to the 2100 feet that they are now at, plus it shows
20 that the casing is bad and the logs were run on the well
21 that there is some indication that the casing may be parted
22 at 2100 feet.

23 Q As I understand it, there is no casing
24 from 4900 down to TD?

25 A No, there is casing but what they reques-

1 ted that they certainly couldn't fish this well all the way
2 down to the 14,400 of the Devonian, and so they requested
3 that 4900 to be about the top of the San Andres, what they
4 would do is change their injection zone from the top of the
5 San Andres down to the Devonian with the idea that if they
6 could get it cleaned out to 4900 there would be no
7 objections from the Division or any of the offset operators
8 for this injection period.

9 Q Okay. Do you have any knowledge of the
10 cement top behind the casing down to 14,000 feet?

11 A We have that data. I believe there's
12 four -- three strings. It was 5-1/2 from the top of the
13 bottom string was around, oh, 8-or-9000, and then the
14 intermediate, I'm not sure whether it was circulated or not.

15 Then the surface casing set down 3-or-400
16 was circulated.

17 Q Can you, you think you can plug it in a
18 satisfactory manner?

19 A As good as it is possible at this time
20 and under the conditions they've got. They made a good
21 attempt to re-enter it, to get down, and right now I don't
22 think it's possible, but I do think we can get it properly
23 plugged as long as the well stays on a vacuum.

24 Q You said that they were authorized by the
25

1 Division to -- recently to inject into some other zones.

2 A That's correct.

3 Q Do you remember that order number?

4 A Yes. Order Number R-7954 and they gave
5 them authority, if they could get down to 5000 -- 4950 feet
6 and set a new string of 5-1/2 casing and cement it back to
7 the surface, that they could inject from there down to
8 14,400, TD of the well.

9 Q Okay. After your letter of October 2nd
10 to Fannie Lee Mitchell, did you have any -- did they return
11 you any correspondence?

12 A I did talk to the owner of the company
13 and he was satisfied that this was probably the approach
14 that they should -- that we should take and to speed things
15 up to either where they get -- the bank releases it where
16 they can work on it, or that the well is plugged.

17 So he was in agreement this is the ap-
18 proach we should take.

19 MR. CATANACH: Okay, I don't
20 have any more questions for the witness.

21 He may be excused.

22 MR. TAYLOR: Mr. Examiner, I've
23 noticed that the certification notice is already in your
24 file.

25 MR. CATANACH: Okay, Mr. Tay-

1 lor.

2 Is there anything further in

3 Case 9042?

4 If not, it will be taken under

5 advisement.

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7 (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 correct record of the proceedings in
the Examination of Case No. 9042
heard by me on 12/17/1986.
David R. Catonack, Examiner
Oil Conservation Division