

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

6 23 September 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 The hearing called by the Oil Con- CASES
10 servation Division on its own motion 9213
11 to permit Paramount Petroleum Cor- &
12 poration, et al, to appear and show 9214
13 cause why a certain well in San Juan
14 County, New Mexico, should not be
15 plugged and abandoned in accordance
16 with a Division-approved plugging
17 program.

18 BEFORE: David R. Catanach, Examiner

19 TRANSCRIPT OF HEARING

20 A P P E A R A N C E S

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

For the Applicant:

1
2 MR. CATANACH: The hearing will
3 come to order this morning for Docket Number 27-87.

4 I'm David Catanach, the Hearing
5 Examiner for today.

6 And I will call first Case
7 9213.

8 MR. TAYLOR: In the matter of
9 the hearing called by the Oil Conservation Division on its
10 own motion to permit Paramount Petroleum Corporation, and
11 other interested parties to appear and show cause why the
12 Aztec Totah Unit Well No. 7, located on a Federal tract in
13 San Juan County should not be plugged.

14 This case is going to be
15 continued until October 7th, along with the companion Case
16 9214.

17 MR. CATANACH: Okay, Case 9213
18 and 9214 will be continued to the October 7th Hearing
19 Examiner docket.

20
21 (Hearing concluded.)
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 No. 923 924
heard by me on Sept 23 1907.

David R. Catana, Examiner
Oil Conservation Division

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

6 7 October 1987

7 EXAMINER HEARING

8 IN THE MATTER OF:

9 The hearing called by the Oil Con-
10 servation Division on its own motion
11 to permit Paramount Petroleum Cor-
poration, et al, to appear and show
cause why certain wells in San Juan
County, New Mexico, should not be
plugged and abandoned in accordance
with a Division-approved plugging
program.

CASE
9213
9214

12 BEFORE: Michael E. Stogner, Examiner

13
14
15 TRANSCRIPT OF HEARING

16
17 A P P E A R A N C E S

18
19 For the Division:

Jeff Taylor
Attorney at Law
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

20
21
22
23 For the Applicant:

24

25

1
2
3 MR. STOGNER: We will call next
4 Case Number 9213.

5 MR. TAYLOR: That's in the
6 matter of the hearing called by the Oil Conservation
7 Division on its own motion to permit Paramount Petroleum
8 Corporation and all other interested parties to appear and
9 show cause why certain wells in San Juan County, should not
10 be plugged and abandoned, and that is a companion case with
11 9214, and we wish to continue both of those until October
12 21st.

13 MR. STOGNER: So both Case 9213
14 and 9214 will be continued to the Examiner Hearing scheduled
15 for October 21st, 1987.

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25
(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 complete record of the proceedings in
the Examiner hearing of Case Nos. 9213 & 9214
heard by me on 7 October 1987.
Michael E. Stogner, Examiner
Oil Conservation Division

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

21 October 1987

EXAMINER HEARING

IN THE MATTER OF:

The hearing called by the Oil Conservation Division on its own motion to permit Paramount Petroleum Corporation, et al, to appear and show cause why certain wells in San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE
9213
&
9214

BEFORE: David R. Catanach, 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 Frank Elliott:

Paul A. Cooter
Attorney at Law
RODEY LAW FIRM
P. O. Box 1357
Santa Fe, New Mexico 87504

I N D E X

CHARLES GHOLSON

Direct Examination by Mr. Taylor	4
Cross Examination by Mr. Catanach	9
Cross Examination by Mr. Cooter	11

CASE 9213

Division Exhibit One,	
Division Exhibit Two, Map	
Division Exhibit Three, Letter	

CASE 9214

Division Exhibit One,	
Division Exhibit Two, Map	
Division Exhibit Three, Letter	

1
2 MR. CATANACH: Call next Case
3 9213, which is in the matter of the hearing called by the
4 Oil Conservation Division on its own motion to permit Para-
5 mount Petroleum Corporation and all other interested parties
6 to appear and show cause why the Aztec Totah Unit Well No. 7
7 in San Juan County, New Mexico, should not be plugged and
8 abandoned.

9 Are there appearances in this
10 case?

11 MR. TAYLOR: May it please the
12 Examiner, I'm Jeff Taylor, Counsel for the Division and I
13 have one witness to be sworn and we would request that Case
14 9214 be consolidated with this.

15 MR. CATANACH: Okay, at this
16 time we'll call Case 9214, which is in the matter of the
17 hearing called by the Oil Conservation Division on its own
18 motion to permit Paramount Petroleum Corporation, National
19 Surety Corporation, and all other interested parties to ap-
20 pear and show cause why the Aztec Totah Unit Well No. 16,
21 San Juan County, New Mexico, should not be plugged and aban-
22 doned.

23 Are there any other appearances
24 in this case?

25 Will the witness please stand

1 and be sworn in?

2

3

(Witness sworn.)

4

5

CHARLES GHOLSON,

6

being called as a witness and being duly sworn upon his

7

oath, testified as follows, to-wit:

8

9

DIRECT EXAMINATION

10 BY MR. TAYLOR:

11

Q

Would you please state your name, posi-

12

tion, and place of residence for the record?

13

A

Charles Gholson, Aztec, New Mexico.

14

Q

Mr. Gholson, how long have you held your

15

position with the OCD?

16

A

Fourteen plug years.

17

Q

Have you previously testified before the

18

Commission or its examiners and had your credentials accep-

19

ted?

20

A

I have.

21

MR. TAYLOR: Mr. Examiner, I

22

tender the witness as an expert.

23

MR. CATANACH: He is so quali-

24

fied.

25

Q

Are you familiar with the subject matter

1 in Cases 9213 and 9214?

2 A Yes, sir.

3 Q And what is the purpose of, first, 9213,
4 Case 9213?

5 A Case 9213, the well needs to be plugged
6 because it probably has a hole in the casing and there's
7 fresh water in this area; it could contaminate fresh water,
8 and also to prevent waste.

9 Q Is this well leaking or how do you know
10 that there's apparently a hole in the casing?

11 A Production history.

12 Q The production history --

13 A Well, it's -- actually the well is an in-
14 jector now. It did produce at one time. It's now an injec-
15 tion well.

16 Q Mr. Gholson, have you reviewed all re-
17 ports filed with the Commission concerning these wells?

18 A Not all reports. I have reviewed all the
19 production history.

20 Q And you have the well files with you?

21 A I have the well files.

22 Q Well, would you please refer to the re-
23 cords that you have and summarize the history of the well?

24 A Okay, the Aztec Totah Unit No. 16, dril-
25 led in 1961 and completed in 1961; inadequately cemented.

1 It had an IP of 12 barrels of oil a day.
2 One year later production was down to 3 barrels a day. At
3 this time in 1962 they converted it to an injection well.

4 Q Okay, so the well in Case 9214 has been
5 converted to an injection well?

6 A Right.

7 Q That's the Aztec Totah No. 16?

8 A Correct.

9 Q Okay, and how about the Aztec Totah No. 7?

10 A The Aztec Totah No. 7 was drilled on Fed-
11 eral land in 1961; also inadequately cemented.

12 I can't find an initial potential. I'm
13 sorry, the initial potential test is not in this file.

14 Q Okay, and so the Aztec No. 7 is on Fed-
15 eral land.

16 A It is on Federal land.

17 Q Have you prepared a plugging program?

18 A I have.

19 Q For each of these wells?

20 A Yes, sir.

21 Q All right, and do you want to just brief-
22 ly for the Totah No. 7 go through that plugging program for
23 us?

24 A Okay. Yes, we'll just pull and check the
25 tubing, or pull the rods and lay them down, check the tub-

1 ing. Go back in the hole with tubing and set a bottom plug
2 from 5351 to 53 -- 5200. Add on cement a minimum of hours,
3 tighten plugs in place and come up and come out of the hole
4 and pressure up on the casing to insure mechanical integ-
5 rity, and I'm pretty sure it will have a hole in the casing.

6 We will squeeze that hole and leave 100
7 feet of cement inside the casing.

8 If it does not have a leak we'll perfor-
9 ate at 2800 and set a 100 foot plug in and outside the cas-
10 ing.

11 And we'll pull out of the hole to 1200
12 feet, set a 200-foot plug there; pull out to 242 and set
13 142-foot plug; set a top plug and dry hole marker.

14 Q Okay, for the other well would you ex-
15 plain the plugging program?

16 A It would be exactly the same.

17 Q Okay. The wells are very similar, then.

18 A Except this -- this well won't have rods
19 in it. It will have a packer. We'll have to release the
20 packer and pull it.

21 Q Okay. Do you have any other exhibits to
22 offer in these cases?

23 A I have a site plat showing the location
24 of the wells on each well.

25 Q Okay.

1 A And I have a -- on the No. 16 I have a
2 letter or memorandum from Diane Richardson to our counsel
3 stating that the -- the fee for the Division plugging bond
4 is bogus, is no good.

5 Q Okay, so there's no bond for these wells.

6 A No, sir, and I have another letter to
7 Mrs. Diane Richardson from Fireman's Fund Insurance Company
8 stating that the Federal bond is also bogus.

9 Q Okay, and these exhibits are numbered
10 One, Two, and Three for each case?

11 A Correct.

12 Q Were Exhibits One, Two, and Three for --
13 in Case 9213 and 9214 either prepared by you or under your
14 supervision or are they correspondence that were received in
15 the normal course of business of the OCD?

16 A They were, two of them were -- One and
17 Two were prepared by me. Number Three was normal correspon-
18 dence.

19 Q Okay. And as to each of these wells, the
20 Aztex Totah No. 7 and the Aztec Totah No. 16, is it your
21 opinion that failure to plug the well will result in waste
22 or endanger fresh water resources?

23 A Yes. They definitely will endanger fresh
24 water and probably will cause waste, yes, sir.

25 Q And do you recommend that the Division

1 undertake to plug these wells or have them plugged?

2 A I do.

3 MR. TAYLOR: I offer Exhibits
4 One through Three be admitted into the record.

5 MR. CATANACH: Exhibits One
6 through Three in both cases, Mr. Taylor?

7 MR. TAYLOR: Yes, sir.

8 MR. CATANACH: Exhibits One,
9 Two, Three in Case 9213 and Exhibits One through Three in
10 9214 will be admitted into evidence.

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

13

14 CROSS EXAMINATION

15 BY MR. CATANACH:

16 Q Mr. Gholson, did you try and locate
17 Paramount Petroleum or any of their representatives?

18 A Yes, sir, we did.

19 Q And to no avail?

20 A To no avail.

21 MR. TAYLOR: I believe, Mr.
22 Examiner, that the company is in bankruptcy right now. I've
23 had indications through telphoen calls of that.

24 A And my boss told me that he had checked
25 with the insurance company and they have taken Chapter 11.

1 Q These wells look like they're located
2 pretty close to the river there, Mr. Gholson. Is that in
3 the flood plain?

4 A One of them would be within the vulner-
5 able area. The other, I believe, would be more than 100
6 feet above it. The No. 16 is definitely in the vulnerable
7 area.

8 Q You said the No. 16 might have a casing
9 leak, is that correct?

10 A I think both of them probably do.

11 Q How do you find those out?

12 A Well, they -- from past history they're,
13 oh, I don't remember how many years ago, when they were in-
14 jecting into this well their pressure dropped dramatically,
15 the injection pressure, so that would indicate something
16 happened downhole.

17 Q So these wells were previously approved
18 as salt water disposal wells?

19 A They were both approved as injection
20 wells; however, they never did inject into the No. 7. They
21 made a producer out of it.

22 MR. TAYLOR: Mr. Examiner, I
23 might point out that I also had a phone call from the Fed-
24 eral government on the Totah No. 7 and at least at one time
25 it was leaking water to the surface.

1 A And still is.

2 MR. TAYLOR: And they had re-
3 requested that we take action and plug that because they
4 didn't have a bond on it.

5 Q Do the wells have a wellhead on them?

6 A Yes.

7 Q Were they leaking out the casing?

8 A Leaking out the casing, one of them is.
9 The other one is -- the No. 7 is leaking up the casing, run-
10 ning off the hillside toward the San Juan River.

11 MR. CATANACH: That's all the
12 questions I have of the witness.

13 Mr. Cooter?

14 MR. COOTER: Mr. Examiner, I'm
15 Paul Cooter with the Rodey law firm here in Santa Fe. I re-
16 present Frank Elliott, who has an interest in the unit.

17

18 CROSS EXAMINATION

19 BY MR. COOTER:

20 Q You touched a minute ago on the fact that
21 an effort was made to contact Paramount.

22 A Yes, sir.

23 Q Was Paramount mailed notice of this hear-
24 ing?

25 A It was advertised. It has been adver-

1 tised. This is the third time.

2 MR. TAYLOR: It was mailed
3 notice. I believe it came back to us. We've got copies of
4 it.

5 MR. COOTER: It was returned?

6 MR. TAYLOR: I believe it was.

7 Q The Aztec Totah Unit is not now a produc-
8 ing unit, is it?

9 A No, sir.

10 Q It was terminated by action of the BLM, I
11 believe, back in 1984?

12 A '83, I think.

13 Q '83, but there is no production on the
14 unit.

15 A No wells are producing in the unit.

16 Q Thank you.

17 MR. COOTER: Thank you, sir.

18 MR. CATANACH: Mr. Cooter, what
19 association does Mr. Elliott have with these wells?

20 MR. COOTER: Not with these two
21 wells, he has none.

22 He has a well in the unit where
23 he remains the lessee of record and the BLM has made formal
24 demand upon him to plug that well in the absence of Para-
25 mount doing so.

1 MR. MARTINEZ: Which well was
2 this?

3 MR. COOTER: Frank Elliott's
4 well.

5 MR. MARTINEZ: Is it on Federal
6 land?

7 MR. COOTER: Yes.

8 MR. MARTINEZ: And is it either
9 7 or 16?

10 MR. COOTER: No, neither.

11 MR. CATANACH: Would you please
12 identify yourself, sir?

13 MR. MARTINEZ: I'm Raoul Mar-
14 tinez. I work for the BLM.

15 MR. CATANACH: All right, thank
16 you.

17 MR. TAYLOR: Mr. Cooter, I
18 guess Paramount did get their letter. It's not back. The
19 one to the insurance company was returned because of the
20 bond being bogus.

21 MR. CATANACH: Are there any
22 other questions of this witness?

23 If not, he may be excused.

24 Is there anything further in
25 Case 9213 or 9214? If not, they will be taken under
advisement.

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY
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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. 9213 924
heard by me on October 21, 1987.

David R. Catanzaro Examiner
Oil Conservation Division