

1 STATE OF NEW MEXICO  
2 ENERGY, MINERAL AND NATURAL RESOURCES DEPARTMENT  
3 OIL CONSERVATION COMMISSION  
4 IN THE MATTER OF THE HEARING OF THE OIL CONSERVATION  
5 DIVISION UPON ITS OWN MOTION FOR AN ORDER  
6 CONTRACTING, EXTENDING, AND ABOLISHING CERTAIN POOLS  
7 IN RIO ARRIBA, SANDOVAL, AND SAN JUAN COUNTIES,  
8 NEW MEXICO

9 CASE NO. 15474

10 BEFORE: MICHAEL McMILLAN, Lead Examiner  
11 DAVID K. BROOKS, Legal Examiner  
12 WILLIAM JONES, Examiner

13

14 TRANSCRIPT OF PROCEEDINGS

15 March 31, 2016

16 Santa Fe, New Mexico

17

18 This matter came on for hearing before the New  
19 Mexico Oil Conservation Division, MICHAEL McMILLAN,  
20 Lead Examiner, and DAVID K. BROOKS, Legal Examiner,  
21 and WILLIAM JONES, Examiner, on Thursday, March 31,  
22 2016, at the New Mexico Energy, Minerals and Natural  
23 Resources Department, 1220 South St. Francis Drive,  
24 Room 102, Santa Fe, New Mexico.

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REPORTED BY: PAUL BACA, CCR #112

PAUL BACA COURT REPORTERS  
500 4th Street, NW, Suite 105  
Albuquerque, New Mexico 87102

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A P P E A R A N C E S

For OCD:

Keith Herrmann  
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Santa Fe, New Mexico 87505  
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I N D E X

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1                   EXAMINER McMILLAN:  Let's go on the record  
2 and call Case Number 15474, in the matter of the  
3 hearing of the Oil Conservation Division upon its  
4 own motion for an order contracting, extending, and  
5 abolishing certain pools in Rio Arriba, Sandoval,  
6 and San Juan Counties, New Mexico.

7                   I call for appearances, please.

8                   MR. HERRMANN:  Keith Herrmann,  
9 representing the Oil Conservation Division.

10                  EXAMINER McMILLAN:  Any other appearances?  
11 Will the witness -- one witness?

12                  MR. HERRMANN:  Yes.

13                  EXAMINER McMILLAN:  Will the court  
14 reporter please swear the witness.

15                                 KATHERINE PICKFORD,  
16           after having been first duly sworn under oath,  
17           was questioned and testified as follows:

18   EXAMINATION

19 BY MR. HERRMANN:

20           Q.     Ms. Pickford, would you please state your  
21 name, title, and place of employment for the record?

22           A.     My name is Katherine Pickford.  I'm the  
23 geoscientist at the District 3 Aztec office for the  
24 Oil Conservation Division.

25           Q.     Have you previously testified in an expert

1 capacity in front of the Oil Conservation Division?

2 A. I have not.

3 Q. Would you please briefly summarize your  
4 qualifications and duties that you perform for the  
5 OCD?

6 A. I have a master's degree in geology.

7 I have worked for the Oil Conservation  
8 Division since December of 2014.

9 I review permit applications for new wells  
10 and changes to drilling plans.

11 I protect correlative rights.

12 I document production amounts.

13 I have knowledge of formations and geology  
14 involved in oil and gas production.

15 I interpret well logs.

16 I research for changes to rules, manage  
17 oil and gas pool boundaries, and ensure protection  
18 of groundwater aquifers.

19 Q. And approximately how long have you  
20 practiced geoscience?

21 A. Well, I served as a geologist starting in  
22 1999, so I've been employed in the capacity of  
23 either a geologist or hydrogeologist since that  
24 time.

25 Q. Okay.

1 MR. HERRMANN: At this point I would like  
2 to move to admit Ms. Pickford as an expert.

3 EXAMINER McMILLAN: She is qualified as an  
4 expert in geology and hydrogeology.

5 MR. BROOKS: May I ask a couple of  
6 questions?

7 EXAMINER McMILLAN: Yes.

8 MR. BROOKS: This is just curiosity.  
9 What is a geoscientist?

10 THE WITNESS: Geologist. I mean, it is  
11 the science of --

12 MR. BROOKS: Yeah. I've worked around  
13 geologists all of my life, but you're the first  
14 geoscientist I've met. So...

15 THE WITNESS: I think that was my actual  
16 title, or how --

17 MR. BROOKS: Okay. So that's something  
18 the Oil Conservation Division -- or the Energy  
19 Minerals and Natural Resources Department came up  
20 with that title?

21 THE WITNESS: That was the position that  
22 was advertised.

23 MR. BROOKS: Oh, okay.

24 THE WITNESS: That I was hired to fill.  
25 My card actually says geologist. But...

1           MR. BROOKS: Yeah. I wondered if you -- I  
2 saw that. I saw that on your signature, and I  
3 wondered if that meant that you crossed the boundary  
4 between geology and geophysics, but I gather that's  
5 not exactly the case.

6           THE WITNESS: No. I wish, but no.

7           MR. BROOKS: And I'm not sure that -- of  
8 course Michael has worked in both of those fields,  
9 but I'm not sure that those fields are, generally  
10 speaking, all that compatible, from what I hear.

11           But I'm through.

12           MR. JONES: The work that you did as a  
13 geologist since 1999, was that petroleum geology or  
14 was that...

15           THE WITNESS: No. Some of it was with --  
16 was more environmental in nature.

17           And prior to working for the State of  
18 New Mexico, I worked for the State of Colorado in  
19 mining regulation.

20           MR. BROOKS: Let the record reflect, just  
21 because I ask the questions, I have no objection to  
22 this witness' qualifications.

23           MR. JONES: Well, she's qualified as an  
24 expert in geology.

25           Q.       (By Mr. Herrmann) All right. Could you

1 please outline why the OCD applied for this hearing?

2 A. Periodically, they adjust the boundaries  
3 of pools to ensure that they are a reflection of the  
4 actual production that's going on in the area.

5 And it's been, I guess, an inordinate  
6 amount of time since the last time this was done.  
7 So the -- I've been encouraged to proceed with the  
8 process.

9 Q. So could you describe the changes you are  
10 proposing?

11 A. Yeah. Would you like to hear that?

12 Q. Please.

13 A. Okay. So the process I went through is, I  
14 did a data query to find a list of wells that were  
15 reporting to each of the Pictured Cliffs Pools.

16 And then based on that, I went through and  
17 identified the dedicated acreage for each of those  
18 wells and then compared that to the existing pool  
19 boundary for each of the Pictured Cliff Pools.

20 And then if the pool needed to be  
21 expanded, I did that. And in some limited  
22 situations I contracted a pool boundary, if there  
23 was a well that was reporting to another pool, where  
24 it would connect that well to this other pool.

25 So on those rare occasions I would

1 contract the pool that it wasn't reporting to and  
2 expand the other pool that it was reporting to into  
3 that location.

4 And then I created maps that showed where  
5 the contractions and expansions would -- were going  
6 to occur.

7 Q. And is that all outlined in your  
8 application for hearing?

9 A. Yes.

10 Q. Were there any changes?

11 A. There were a number of changes.

12 There were a very few pools where no  
13 changes occurred.

14 There were quite a few expansions and a  
15 limited number of contractions.

16 Q. I meant changes in information from the  
17 application itself.

18 A. Oh. There were changes. I don't have the  
19 exact date that that occurred, but I was notified by  
20 Florine Davidson that there were some expansions  
21 that I had noted, that she evidently had a more  
22 current record of the existing pool boundaries.

23 So those were corrected in the  
24 application.

25 Q. Okay.

1                   MR. HERRMANN: Mr. Examiners, this is a  
2 technical conversation, so if you have any questions  
3 you need answered...

4                   MR. JONES: Can I ask your witness a  
5 question?

6                   The -- those changes, were they  
7 readvertised or were they...

8                   THE WITNESS: I don't know. I assumed  
9 that they were. That would have been Florine who  
10 would have done that, and it was my understanding  
11 that they were.

12                  MR. JONES: Okay. But you have not  
13 received any objection from any other oil company or  
14 geologist?

15                  THE WITNESS: No. I've heard of no  
16 comment whatsoever.

17                  MR. JONES: No comments?

18                  The legacy production from the Pictured  
19 Cliffs that -- for wells that had produced and then  
20 zone abandoned or plugged and abandoned and they --  
21 at that point they released their spacing, but the  
22 pool itself still stays with those.

23                  Did you stay with those?

24                  THE WITNESS: Yes.

25                  MR. JONES: Okay.

1           THE WITNESS: That area -- the only  
2           contractions I made is if another well was producing  
3           within that boundary that was assigned to a  
4           different pool.

5           Other than that, I maintained the  
6           boundaries and didn't contract anything that wasn't  
7           replaced by another pool.

8           MR. JONES: Okay. Thank you very much for  
9           coming up here for this and for answering that.

10          Would you like to add anything else about  
11          this process or what your intentions are in the  
12          future?

13          THE WITNESS: It's my understanding that  
14          I'll be proceeding with this process for the other  
15          pools that are in different formations. So this was  
16          the first formation I was addressing, and I'll be  
17          moving forward with the other formations.

18          MR. JONES: Would the other examiners like  
19          to ask any questions?

20          MR. BROOKS: Well, except for the Mancos,  
21          which you've already worked and which is going to be  
22          part of the rule making here, right?

23          THE WITNESS: Right. But I'm actually  
24          doing nomenclature for some of the Gallup pools.

25          MR. BROOKS: Okay. Are you -- is it going

1 to change anything in terms of what you're proposing  
2 for the Mancos as of now, what I have looked at?

3 THE WITNESS: There's going to be a minor  
4 expansion, because I participated in a meeting  
5 yesterday with SLO and ANCANA.

6 MR. BROOKS: Okay.

7 THE WITNESS: And they are creating a unit  
8 that's going to extend to the west slightly.

9 MR. BROOKS: Okay. Well, I would  
10 appreciate being advised of that.

11 THE WITNESS: Okay.

12 MR. BROOKS: Nothing further.

13 EXAMINER McMILLAN: So the Pictured Cliffs  
14 is one of the few formations that doesn't have just  
15 one giant pool?

16 THE WITNESS: Correct. It doesn't have a  
17 basin-wide pool. It has separate pools.

18 EXAMINER McMILLAN: I'm just curious why.  
19 Do you know why?

20 THE WITNESS: I don't.

21 MR. BROOKS: That happened a very long  
22 time ago.

23 EXAMINER McMILLAN: Oh, okay.

24 MR. BROOKS: I don't know why either.

25 THE WITNESS: I mean, I would speculate

1 that it's because -- although it takes up quite a  
2 large portion of the basin, it doesn't cover the  
3 entire basin.

4 And at this point I would assume, with the  
5 exploration that's been done in those areas where  
6 there aren't pools, if there was any product to be  
7 produced that they would have been producing that by  
8 now.

9 MR. BROOKS: What percentage of the basin  
10 is the Blanco Pictured Cliffs?

11 THE WITNESS: The Blanco Pictured Cliffs?  
12 Maybe 10 percent.

13 MR. BROOKS: Oh, I thought it was larger  
14 than that.

15 THE WITNESS: You might be thinking of the  
16 Blanco Mesa Verde, which takes up quite a large  
17 area.

18 MR. BROOKS: Oh, probably so.

19 MR. JONES: I would ask, if there's any --  
20 if these changes -- if the drilling in the Pictured  
21 Cliffs is still -- you're still receiving lots of  
22 active applications for drilling, or this happened  
23 long ago and you're just catching up with the  
24 nomenclature?

25 THE WITNESS: Pretty much just cleaning it

1 up.

2 The last time I know of that the map was  
3 updated was 2010, and I don't know if there was any  
4 nomenclature affiliated with that.

5 So we're just cleaning up, mostly  
6 historical. I can't say that I've seen many  
7 applications for Pictured Cliffs wells.

8 MR. JONES: So the only question I guess  
9 we've got to nail down for sure is if the  
10 application that we've got is -- includes the  
11 corrections that were made.

12 THE WITNESS: You should have, because I  
13 forwarded that information to Florine. She was  
14 going to print it out, so you should have the most  
15 up-to-date information.

16 MR. JONES: Okay.

17 Anything further?

18 MR. HERRMANN: No further questions.

19 MR. JONES: Okay. Thank you very much.

20 Case Number 15474 will be taken under  
21 advisement. Thank you.

22 MR. HERRMANN: Thank you.

23 MR. BROOKS: Okay. Thank you.

24 (Proceedings concluded at 9:58 a.m.)

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CERTIFICATE

I, Paul Baca, RPR, CCR in and for the State of New Mexico, do hereby certify that the above and foregoing contains a true and correct record, produced to the best of my ability via machine shorthand and computer-aided transcription, of the proceedings had in this matter.

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