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STATE OF NEW MEXICO  
ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION DIVISION FOR  
THE PURPOSE OF CONSIDERING:

ORIGINAL

CASES 15431

APPLICATION OF BREITBURN OPERATING LP  
FOR APPROVAL OF A WATER DISPOSAL WELL,  
HARDING COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

January 7, 2016

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER  
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the  
New Mexico Oil Conservation Division, Phillip Goetze,  
Chief Examiner, and Gabriel Wade, Legal Examiner, on  
January 7, 2016, at the New Mexico Energy, Minerals, and  
Natural Resources Department, Wendell Chino Building,  
1220 South St. Francis Drive, Porter Hall, Room 102,  
Santa Fe, New Mexico.

REPORTED BY: ELLEN H. ALLANIC  
NEW MEXICO CCR 100  
CALIFORNIA CSR 8670  
PAUL BACA COURT REPORTERS  
500 Fourth Street, NW  
Suite 105  
Albuquerque, New Mexico 87102

A P P E A R A N C E S

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I N D E X

CASE NUMBER 15431 CALLED

BREITBURN OPERATING LP  
CASE-IN-CHIEF:

WITNESS JAMES ALEXANDER

	Direct	Redirect	Further
By Mr. Feldewert	6		

	Cross	Recross	Further
By Mr. Alsup	20		

	EXAMINATION		
Examiner Goetze	--		

WITNESS LANDON BERG

	Direct	Redirect	Further
By Mr. Feldewert	23	42	

	Cross	Recross	Further
By Mr. Alsup	38	43	

1 WITNESS LANDON BERG (cont'd)

EXAMINATION

2 Examiner Goetze

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WITNESS NICHOLAS LATULIP

5

Direct

Redirect

Further

6 By Mr. Feldewert

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Cross

Recross

Further

8 By Mr. Alsup

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EXAMINATION

9 Examiner Goetze

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Reporter's Certificate

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1 (Time noted 9:30 a.m.)

2 EXAMINER GOETZE: Very well. We will get  
3 back on the docket.

4 Next on the docket is case 15431, Application  
5 of Breitburn Operating LP for approval of a water  
6 disposal well, Harding County, New Mexico.

7 Call for appearances.

8 MR. FELDEWERT: May it please the Examiner,  
9 Michael Feldewert, with the Santa Fe Office of Holland  
10 and Hart, appearing on behalf of the applicant. I have  
11 three witnesses.

12 EXAMINER GOETZE: Any other appearances?

13 MR. ALSUP: Mr. Examiner, I'm Gary Alsup  
14 appearing for Libby Cattle Company. My client,  
15 Mr. Libby, was unable to attend today.

16 EXAMINER GOETZE: Do you have any other  
17 witnesses?

18 MR. ALSUP: No other witnesses.

19 EXAMINER GOETZE: At this point we would  
20 ask -- yes.

21 MS. HAYOZ: Loretta E. Hayoz.

22 EXAMINER GOETZE: And you would like to make  
23 a statement?

24 MS. HAYOZ: Yes.

25 EXAMINER GOETZE: Okay. You will make your

1 statement following the presentation of the case. You  
2 will be the last item for the hearing.

3 Let's start off. Will the witnesses please  
4 stand, identify yourself, and be sworn in by the court  
5 reporter.

6 MR. BERG: I'm Landon Berg. I am a  
7 geologist for Breitburn.

8 MR. LATULIP: I'm Nicholas Latulip, a  
9 production engineer for Breitburn.

10 MR. ALEXANDER: James Alexander, a landman  
11 for Breitburn.

12 (WHEREUPON, the presenting witnesses  
13 were administered the oath.)

14 MR. FELDEWERT: We will call our first  
15 witness.

16 EXAMINER GOETZE: Proceed.

17 JAMES ALEXANDER

18 having been first duly sworn, was examined and testified  
19 as follows:

20 DIRECT EXAMINATION

21 BY MR. FELDEWERT:

22 Q. Please state your name, identify by whom you are  
23 employed, and in what capacity.

24 A. I am James Alexander. I'm a landman for  
25 Breitburn.

1 Q. How long, Mr. Alexander, have you been a landman  
2 for Breitman Energy?

3 A. For approximately two years.

4 Q. And have you previously testified before the Oil  
5 Conservation Division?

6 A. No, I have not.

7 Q. Have your responsibilities included the Bravo  
8 Dome area which is where this well is located?

9 A. Yes.

10 Q. Would you please outline your educational  
11 background.

12 A. I have a bachelor's degree from the University of  
13 Louisiana, Lafayette.

14 Q. And when did you obtain that degree?

15 A. 2006.

16 Q. And since 2006, have you been a landman?

17 A. For eight years, yes.

18 Q. And employed by Breitburn over the last two  
19 years?

20 A. Correct.

21 Q. Are you a member of any professional associations  
22 or affiliations?

23 A. Yes. The AAPL.

24 Q. For how long?

25 A. Eight years.

1 Q. Mr. Alexander, are you familiar with the  
2 application filed in this case?

3 A. I am.

4 Q. And are you familiar with the lands that are the  
5 subject of this application?

6 A. Yes, sir.

7 MR. FELDEWERT: Mr. Examiner, I would tender  
8 Mr. Alexander as an expert witness in petroleum land  
9 matters.

10 EXAMINER GOETZE: He is so qualified.

11 Q. Would you please turn, Mr. Alexander, to what's  
12 been marked as Breitburn Exhibit 1.

13 Is this an injection order that the company  
14 previously obtained from the Division for a disposal  
15 well in the same quarter, quarter section that is the  
16 subject of the hearing today?

17 A. It is.

18 Q. And it authorizes injection into the Tubb  
19 Formation; is that correct?

20 A. Yes, it does.

21 Q. And it involved what was labeled on here as a  
22 12- --

23 A. Yes.

24 Q. -- as a 12-3-G well?

25 A. Yes.

1 Q. And did the company attempt to drill that 12-3-G  
2 well?

3 A. It did.

4 Q. And what happened?

5 A. The casing collapsed, and we were unable to  
6 finish drilling and completing the well.

7 Q. And what did you then do?

8 A. We skidded the rig 10 feet to the west and  
9 spudded a new well, the 12-4-G.

10 Q. In the same quarter, quarter section?

11 A. The same quarter, quarter section, yes.

12 Q. If I turn to what has been marked as Breitburn  
13 Exhibit 2, is that a C-101 and a C-102 that was approved  
14 by the Division for that well at the new location?

15 A. It is.

16 Q. And does it accurately reflect the current  
17 location of the well?

18 A. It does.

19 Q. Did that also then necessitate a name change in  
20 the well?

21 A. Yes.

22 Q. As reflected on here, it's now the 12-4-G?

23 A. Correct.

24 Q. Instead of the 12-3-G?

25 A. Yes, sir.

1 Q. If I take a look at -- and let me step back. And  
2 has that well been successfully drilled into the Tubb?

3 A. Yes.

4 Q. All right.

5 And if I go back to Exhibit No. 1, I note down at  
6 the bottom there, in italics, that there is a request by  
7 the Division, that a disposal is sought in Glorieta or  
8 the Upper Yeso, that the company would provide  
9 additional information about the existence or lack of  
10 ground water in those disposal formations.

11 A. Yes.

12 Q. Okay. In the course of the drilling of the  
13 current well, the 12-4-G well, was the company able to  
14 obtain additional information on the existence of water  
15 in the disposal formation?

16 A. Yes.

17 Q. Okay. And you are seeking here today to dispose  
18 in the Glorieta in the lower part of the San Andres,  
19 correct?

20 A. Correct.

21 Q. Instead of the Tubb?

22 A. Correct.

23 Q. And did you obtain additional information upon  
24 this request of this disposal zone when you drilled this  
25 well?

1 A. We did.

2 Q. And what did you find?

3 A. We found that the lower San Andres and the  
4 Glorieta were able to be deposed into.

5 Q. And did you come across any water, for example,  
6 in the Glorieta?

7 A. We did not. It was dry.

8 Q. And you had an opportunity to take a look at that  
9 while you were drilling this well?

10 A. Correct.

11 MR. ALSUP: Excuse me. I'm going to object  
12 to this witness's qualifications to testify about the  
13 geology. He is a landman.

14 EXAMINER GOETZE: Are we presenting facts of  
15 observation or do we have a witness to --

16 MR. FELDEWERT: At this point we are  
17 presenting facts only; I am not asking him to offer any  
18 opinion on geology or anything along those lines.

19 EXAMINER GOETZE: We are going to let him  
20 offer this information. He is going to present a  
21 witness to support, hopefully, the observations. But I  
22 would like to retain -- the land side of it is more his  
23 issue.

24 MR. FELDEWERT: Certainly, certainly.

25 Q. (By Mr. Feldewert) And on that point,

1 Mr. Alexander, if I turn to what has been marked as  
2 Breitburn Exhibit 3, is this a completion summary or a  
3 portion of the completion summary from the company  
4 records?

5 A. Yes.

6 Q. And to your knowledge, based on your review of  
7 the records, does this demonstrate that the company  
8 actually stopped the completion efforts to examine the  
9 Glorieta?

10 A. It does.

11 Q. And that it was determined to be dry?

12 A. Yes.

13 Q. And is that --

14 MR. ALSUP: Again --

15 EXAMINER GOETZE: Let's bring your geologist  
16 up to do that.

17 MR. FELDEWERT: Okay.

18 Q. If you turn to what has been marked as Breitburn  
19 Exhibit 5, is this a new C-108 application that the  
20 company filled with the Division after drilling the  
21 12-4-G well?

22 A. Yes.

23 Q. And why did you file a new application with the  
24 Division?

25 A. We were advised, because of our difficulties in

1 drilling 12-3-G and having to have a new hole, that we  
2 needed to file for a new permit.

3 Q. So you were told that since you moved it over ten  
4 feet you needed to apply for a new permit?

5 A. That is correct.

6 Q. And so was the permit then filed with the company  
7 October 29th of 2015?

8 A. Yes.

9 Q. And it was after you then -- that was after you  
10 had drilled the well?

11 A. Correct.

12 Q. And in the course of then applying, filing this  
13 new application, have you now sought a change in the  
14 injection interval?

15 A. Yes.

16 Q. And if I look at page 7 of this application, it  
17 reflects that you seek to now inject into an interval at  
18 a depth of 1,480 to 1,631 feet; is that right?

19 A. Correct.

20 Q. And is that -- to your knowledge, is that in the  
21 Glorieta in the lower San Andres Formation?

22 MR. ALSUP: Same objection. Mr. Hearing  
23 Officer, this gentleman is a landman, as I understand  
24 it, not a geologist. Basically, all he's been doing is  
25 testifying about hearsay information.

1 MR. FELDEWERT: I think to file the  
2 application you need to know what formation --

3 EXAMINER GOETZE: He is familiar with the --  
4 have you participated in the preparation of the  
5 application?

6 THE WITNESS: I did.

7 EXAMINER GOETZE: And is what you're  
8 testifying different than what's in the application?

9 THE WITNESS: It is not.

10 EXAMINER GOETZE: So, again, let's proceed  
11 to the land issues.

12 MR. FELDEWERT: Certainly.

13 Q. (By Mr. Feldewert) Then if I turn to what has  
14 been marked as pages 12 and 13 of Exhibit No. 5, first  
15 of all, is this the C-103 that notes the change, the  
16 skidding of the rig -- on October 9th -- ten feet to the  
17 west?

18 A. It is.

19 Q. And then the next page, page 13, is again then  
20 the C-102 that was filed showing a new location?

21 A. Correct.

22 Q. What do you show then on the next two pages,  
23 pages 14 and 15?

24 A. 14 are some of the leasehold owners in the  
25 general area. Page 15 is going to be the surface owners

1 within the area --

2 Q. Okay.

3 A. -- of the 12-4-G well.

4 Q. And who is the surface owner for where the 12-4-G  
5 well is located?

6 A. Breitburn.

7 Q. And then we have various -- on page 16, the  
8 company has completed the C-108 data sheet; is that  
9 correct?

10 A. Correct.

11 Q. And to your knowledge, is this information on  
12 this C-108 data sheet essentially the same as the  
13 information that was submitted prior to the issuance of  
14 the Division's disposal order that has been marked as  
15 Exhibit No. 1?

16 A. It is.

17 Q. Is the only difference the change in the disposal  
18 formation?

19 A. Correct.

20 Q. If I then turn to page 17, does this provide the  
21 data on the two wells within a half mile of the disposal  
22 well location?

23 A. It does.

24 Q. And it shows that there are two wells in the  
25 area, both that are planned to be plugged; is that

1 right?

2 A. That's correct.

3 Q. What is -- if I then turn to page 23 -- beginning  
4 at page 23 and continuing over to page 26, does that  
5 reflect the notice that was provided for the C-108  
6 application?

7 A. It does.

8 Q. And it reflects -- does it not? -- on page 24  
9 that you sent notice by certified mail to the offset oil  
10 and gas lessees?

11 A. We sent notice to the leasehold owners.

12 Q. Okay. And you also sent notice to Reliant  
13 Holdings; why did you do that?

14 A. They were a nearby surface owner, and we did it  
15 as a courtesy as we had acquired the assets from them  
16 prior in the year.

17 Q. Okay. And then Breitburn is the surface owner,  
18 correct?

19 A. That is correct.

20 Q. And then does page 25 reflect that notice of this  
21 application was provided in a newspaper of general  
22 circulation in Harding County?

23 A. It does.

24 Q. And, in fact, if I take a look at what has been  
25 marked as Breitburn Exhibit No. 6, is this an actual

1 picture of the notice from the Harding County Leader  
2 dated November 4, 2015, providing notice of the filing  
3 of this application?

4 A. It is.

5 Q. Why was the company required to appear for a  
6 hearing today?

7 A. We were protested by two owners.

8 Q. Okay. Was one of them Mr. Libby?

9 A. Yes.

10 Q. And who is Mr. Libby?

11 A. Mr. Libby is a mineral owner of a nearby  
12 property.

13 Q. Does he also own a ranch in the area?

14 A. And surface area, correct, yes.

15 Q. Who is the other individual?

16 A. Loretta Hayoz.

17 Q. Who was she?

18 A. She's a nearby surface and landowner.

19 Q. So neither one of these individuals, they are not  
20 offset operators or leasehold owners?

21 A. They are not.

22 Q. And neither one of these individuals own  
23 any interest in the surface where the well is  
24 located?

25 A. Correct.

1 Q. Okay. Is Breitburn Exhibit No. 10 -- I just  
2 skipped here, Mr. Examiner, I apologize -- an affidavit  
3 prepared by my office reflecting that notice of this  
4 hearing was provided as a courtesy to these parties that  
5 objected?

6 A. It is.

7 Q. Now you have been attempting as reflected on  
8 Exhibit Number 1 in permitting a salt water disposal  
9 well in this general area for some time now, right?

10 A. Correct.

11 Q. And how much is it costing the company on a daily  
12 basis to haul or produce water?

13 A. Approximately \$6,000 per day.

14 Q. Is the company ready and able to commence  
15 injection into the drilled well as soon as disposal is  
16 approved by the Division?

17 A. It is.

18 Q. And does the company therefore request, if at all  
19 possible, that the Division expedite approval of this  
20 order if it can?

21 A. It does.

22 MR. FELDEWERT: Mr. Examiner, I would move  
23 the admission into evidence --

24 Q. Let me ask, Mr. Alexander, were Breitburn  
25 Exhibits 1, 2, 3, 5, and 6 prepared by you or compiled

1 under your direction and supervision?

2 A. Yes.

3 MR. FELDEWERT: I move into evidence  
4 Exhibits 1 through 3, Exhibits 5 and 6 and then  
5 Exhibit 10, which is my notice affidavit for this  
6 hearing.

7 MR. ALSUP: I object for lack of foundation.  
8 This witness is not qualified to talk about the  
9 information contained in those exhibits. He can testify  
10 as to what the exhibits contain and that's what other  
11 people in the company reported in preparation of the  
12 exhibits, but he is not a geologist.

13 EXAMINER GOETZE: The filing of the evidence  
14 presented here does not require any technical knowledge  
15 of geology at this point. I see that Exhibit 1 is the  
16 administrative order, which is already a matter of  
17 public record.

18 Exhibit 2 is a C-101, which is also a matter  
19 of public record. And item 3 is an internal document,  
20 which is only certifying as being.

21 MR. FELDEWERT: Five.

22 EXAMINER GOETZE: And 5 is your application.  
23 We have these submitted by various members of any  
24 corporation as long as it's signed by a person of  
25 responsibility.

1 MR. FELDEWERT: Six.

2 EXAMINER GOETZE: The notification in the  
3 paper and the affidavit, I don't see any reason why we  
4 cannot admit them. But if there is content you wish to  
5 contest, I think at this time in your cross you should  
6 bring those out. But let us go ahead and enter in  
7 Exhibits 1, 2, 3, 4 -- 5, 6, and 10.

8 And it is your witness.

9 (Breitburn Exhibit Numbers 1 through 3,  
10 Exhibit Numbers 5 and 6 and Exhibit Number 10 were  
11 offered and admitted.)

12 MR. ALSUP: Thank you.

13 CROSS EXAMINATION

14 BY MR. ALSUP:

15 Q. Good morning, Mr. Alexander.

16 A. Good morning.

17 Q. Sir, you indicated that the two Hayoz wells were  
18 to be plugged?

19 A. Correct.

20 Q. And those are how far from the wells in question  
21 here at the injection well?

22 A. Within a half-mile radius.

23 Q. And why are those wells being plugged?

24 A. They are being plugged because they are no longer  
25 productive.

1 Q. And isn't it a fact that the casing has  
2 deteriorated and collapsed in those wells?

3 A. I don't know.

4 Q. You don't know that?

5 A. I would have to defer to members of our technical  
6 team.

7 Q. Why did the casing collapse, if you know, in the  
8 first well you attempted?

9 A. Again, I would have to defer to our engineer.

10 Q. So you don't know if that's because the formation  
11 was unconsolidated and shifted or some other problem  
12 similar to that?

13 A. I don't know.

14 Q. Do you know anything about the stability of the  
15 casing in the well that has been completed?

16 A. I would need to defer to our engineer.

17 Q. How far from this injection well is the boundary  
18 line to the Libby Ranch?

19 A. Which Libby Ranch?

20 Q. Libby Cattle Company, my client, Junior Libby.

21 A. (No response.)

22 Q. Well, isn't it true it's approximately half a  
23 mile?

24 A. Yes. There is a -- I can reference the surface  
25 map in here.

1 MR. FELDEWERT: Mr. Alsup, let me just  
2 clarify. Are you talking about the location of the  
3 12-4-G well?

4 MR. ALSUP: Of the injection well.

5 MR. FELDEWERT: So if you look at page 15, I  
6 believe that's a half mile radius map, Exhibit Number 5.

7 THE WITNESS: Correct. There's a TLC Family  
8 Land Company, but that's not owned by Mr. Libby.

9 MR. ALSUP: Okay.

10 Q. (By Mr. Alsup) Have you done any looking to see  
11 how far the closest water well is --

12 A. Yes.

13 Q. -- for this injection well?

14 And whose place is that on?

15 A. Let me defer to the geologist on that. He did  
16 more research on that.

17 MR. ALSUP: That's all I have.

18 EXAMINER GOETZE: Very good. Redirect.

19 MR. FELDEWERT: I have no further  
20 questions.

21 EXAMINER GOETZE: I have no further  
22 questions for you. We are done with this witness.  
23 Let's proceed and do the geologist.

24 LANDON BERG

25 having been first duly sworn, was examined and testified

1 as follows:

2 DIRECT EXAMINATION

3 BY MR. FELDEWERT:

4 Q. Would you please state your name and identify by  
5 whom you are employed and in what capacity?

6 A. My name is Landon Berg. I'm a geologist for  
7 Breitburn Energy.

8 Q. And how long have you been a geologist for  
9 Breitburn?

10 A. Approximately four years.

11 Q. And have your requirements or responsibilities  
12 included the subject area?

13 A. Yes.

14 Q. Have you previously testified before the Oil  
15 Conservation Division?

16 A. No, sir.

17 Q. Would you outline your educational background.

18 A. I have a bachelor's in geology from Texas  
19 A and M University.

20 Q. And when did you receive that degree?

21 A. 2010.

22 Q. And have you been working as a geologist in the  
23 industry since that time?

24 A. Yes, sir.

25 Q. Are you a member of any professional associations

1 or affiliations?

2 A. AAPG.

3 Q. How long have you been a member of that?

4 A. Approximately five years.

5 Q. And for the record, that stands for the American  
6 Association of Petroleum Geologists.

7 A. Yes, sir.

8 Q. Are you familiar with the application filed in  
9 this case?

10 A. Yes.

11 Q. Are you familiar with the underground geology in  
12 the subject area?

13 A. Yes.

14 Q. If I turn to what has been marked as Breitburn  
15 Exhibit No. 5, and flip over to page 21, this is the  
16 geological statement in the filed application?

17 A. Yes, sir.

18 Q. Are you the same Mr. Berg that signed this  
19 geological statement in October of 2015?

20 A. I am.

21 MR. FELDEWERT: Mr. Examiner, I would tender  
22 Mr. Berg as an expert witness in petroleum geology.

23 EXAMINER GOETZE: Mr. Alsup.

24 MR. ALSUP: If I understand, he has a  
25 bachelor's degree. That's the extent of the education.

1 He's been involved in it but I don't think that makes  
2 him an expert.

3 EXAMINER GOETZE: Well, seeing how I've got  
4 a bachelor's degree, I would tend to disagree with you.  
5 I think the level of experience, he's familiar with the  
6 site. It is from an accredited university.

7 We will venture to say that he is qualified  
8 in this case to be an expert witness to be able to give  
9 opinion.

10 MR. ALSUP: My apologies. I should have  
11 done my homework before I...

12 EXAMINER GOETZE: Proceed with your  
13 examination.

14 BY MR. FELDEWERT (cont'd):

15 Q. Mr. Berg, does the geologic statement on page 21  
16 accurately reflect your expert opinion in this matter?

17 A. It does.

18 Q. And stepping back to Exhibit Number 3, Breitburn  
19 Exhibit 3, first off, having signed this geologic  
20 statement, are you familiar with the formations in which  
21 the company seeks to inject?

22 A. Yes, sir.

23 Q. And am I correct in saying that that would be the  
24 lower San Andres and the Glorieta?

25 A. Yes, sir.

1 Q. And does Exhibit 3 reflect that the company was  
2 able to conduct an analysis of the Glorieta when  
3 drilling this particular well?

4 A. Yes.

5 Q. And what was done and what was the result?

6 A. We swabbed the Glorieta and there was no fluid,  
7 no returns essentially.

8 Q. What does that mean with respect to the existence  
9 of water in the Glorieta?

10 A. The reservoir was under-pressured and there was  
11 no water in the formation present.

12 Q. It's dry?

13 A. Yes, sir.

14 Q. Okay. Now there was a question here about  
15 whether this application addresses the water wells in  
16 this area. Does it address the water wells in the  
17 area?

18 A. Yes.

19 Q. And if I go back now to Exhibit 5, which is the  
20 application --

21 A. Got it.

22 Q. -- and I turn to page 19, does this reflect the  
23 existence of a water well --

24 A. Yes, sir.

25 Q. -- in section 12?

1 A. Yes.

2 Q. And where is that water well; is it located in  
3 section 12?

4 A. It is.

5 Q. And where did you get this information?

6 A. This is from the state, the New Mexico State  
7 side, State Engineer's side.

8 Q. And what does it reflect as to the total depth of  
9 this well?

10 A. It is 250 feet deep.

11 Q. And then if I flip over to page 20, is there some  
12 additional information about water wells in the broader  
13 area?

14 A. Yes, sir.

15 Q. Is there any other additional water well listed  
16 with the state engineer in the township that is involved  
17 here?

18 A. Yes.

19 Q. And where is that located?

20 A. It is in section 34.

21 Q. And what is the depth of that water well?

22 A. Sixty feet.

23 Q. Are there any water wells in any of the  
24 neighboring townships reflected on here?

25 A. Yes, sir.

1 Q. And how many of those?

2 A. There's two.

3 Q. And what is the deepest of those?

4 A. 300 feet deep is the deepest one.

5 Q. In contrast, what is the injection depth of this  
6 proposed well?

7 A. 1,480 to 1,631.

8 Q. So well over a thousand feet deeper than the --

9 A. Yes, sir.

10 Q. -- lowest known water well?

11 A. Yes.

12 Q. Okay. Have you examined the lithology of the  
13 injection interval over 1,000 feet below these known  
14 water wells?

15 A. Yes, sir.

16 Q. And if I turn to page 16 of this application,  
17 VIII deals with geology --

18 A. Yes.

19 Q. That's your area, correct?

20 A. Yes, sir.

21 Q. That's what you certified.

22 A. Uh-huh.

23 Q. And in your expert opinion, does this provide an  
24 accurate description of the injection zones?

25 A. Yes, sir.

1 Q. Okay. And then XII on here discusses the nature  
2 of the upper San Andres which overlays your proposed  
3 injections, correct?

4 A. Correct, right.

5 Q. This talks about the relatively impermeable  
6 portions of the upper San Andres limestone; do you see  
7 that?

8 A. Yes, sir.

9 Q. Is there a more accurate description of  
10 the nature of that --

11 A. Yes, sir, there is. It's -- the San Andres  
12 primarily is a dolomitic and primarily anhydrite.

13 Q. Okay. Is it the anhydrite that's in your expert  
14 opinion the impermeable barrier?

15 A. Yes.

16 Q. And if I looked at some of the logs that are  
17 provided with this application, beginning on page 9, is  
18 this a type log for the well, for the 12-4-G well that  
19 was drilled, page 9 of Exhibit 5?

20 A. Yes, sir, it is.

21 Q. And it provides a description of that zone in the  
22 upper portion, correct?

23 A. It does.

24 Q. In preparation for the hearing here, did you  
25 prepare a more detailed type log?

1 A. I did.

2 Q. And if I turn to what has been marked as  
3 Breitburn Exhibit 7, is this the more detailed type log  
4 that you have provided for this well?

5 A. Yes, sir.

6 Q. Would you please describe to us what you show on  
7 here with respect to the markings and the colors; and  
8 start with identifying the formations for us.

9 A. Okay. Sure.

10 So at the very top of the log, you have the San  
11 Andres Formation. Again this is primarily dolomite and  
12 anhydrite.

13 Directly below that you have the Glorieta, the  
14 Glorieta sandstone. And directly below that, you have  
15 the upper Clearfork shale. You also have in red the  
16 perforations. And directly above that, we have our  
17 packer at around 1,450.

18 And you also notice the barrier of impermeable  
19 anhydrite in the San Andres. That is highlighted in  
20 pink. And directly below that in upper Clearfork you  
21 have a barrier as well that's highlighted in pink that's  
22 shale.

23 Q. Okay. In your expert opinion, will the barriers  
24 that you show both above and below the injection zone,  
25 will they safely confine the fluids to the injection

1 zone?

2 A. Yes, sir.

3 Q. And have you done a study to determine that these  
4 confining barriers exist across the subject area?

5 A. Yes, sir, I have.

6 Q. And if I turn to what's been marked as Breitburn  
7 Exhibit 8, is this a cross section that you have  
8 utilized using another well in the area?

9 A. Yes.

10 Q. And that was the Hayoz No. 1?

11 A. Yes, sir.

12 Q. And does this confirm, without going into any  
13 great detail, that the barrier exists both above and  
14 below to confine the fluids to the injection zone?

15 A. Yes, it does.

16 Q. Now, are you aware, Mr. Berg, that New Mexico  
17 defines protectable ground water as waters that contain  
18 less than 10,000 milligrams per liter of total dissolved  
19 solids?

20 A. Yes, sir.

21 Q. And in your examination is there any evidence of  
22 protectable waters in the proposed injection zone?

23 A. No.

24 Q. Okay. You already talked about the Glorieta,  
25 correct?

1 A. Yes, sir.

2 Q. But you also seek to inject into the lower San  
3 Andres?

4 A. Yes, sir.

5 Q. All right. In the course of drilling and  
6 completing this well, were you able to get some  
7 information on whether there is water in the lower San  
8 Andres and, if so, the quality of that water?

9 A. No.

10 Q. And do you have any idea whether there is any  
11 particular salinity content of the waters in the San  
12 Andres?

13 A. Yes. Looking through my reports, as we drill our  
14 wells, there is evidence that the salinity increases as  
15 you drill through the San Andres.

16 Q. Do you have an idea of the nature of that  
17 salinity? Is it greater than 10,000?

18 A. It's greater than 10,000, yes, sir.

19 Q. Milligrams per liter?

20 A. Yes.

21 Q. Finally, if I turn to page 16 again of your  
22 application --

23 A. Okay.

24 Q. And I am looking now at section VII, subparagraph  
25 4, page 16. So it's about halfway -- up at the top,

1 Operation Data, VII, subparagraph 4, it notes the source  
2 of the injection fluid --

3 A. Sorry. Is it Exhibit 5?

4 Q. I'm sorry. Yes, Exhibit 5.

5 A. The page?

6 Q. Page 16?

7 A. Yes, sir.

8 Q. And it says, at VII, subparagraph 4, that the  
9 source of the injection fluid is Tubb Formation water --

10 A. Yes.

11 Q. Is that correct?

12 A. Yes.

13 Q. And was the -- is that the formation that  
14 actually produces CO2 --

15 A. Yes, sir.

16 Q. And just for the court reporter, make sure I  
17 finish my question before you start answering.

18 A. Sorry. All right.

19 Q. Does page 18 of this application provide an  
20 analysis of that water source, the Tubb Formation water?

21 A. Yes.

22 Q. And where was this sample taken?

23 A. This was taken from one of our drilled wells, the  
24 16-2-N.

25 Q. How close is that?

1 A. Approximately three miles.

2 Q. Excuse me?

3 A. Approximately three miles.

4 Q. Okay. Does the distance from the subject area  
5 impact the validity of the sample?

6 A. No.

7 Q. Why is that?

8 A. The salinity throughout the area is consistent.

9 Q. In the Tubb Formation?

10 A. Yes, sir.

11 Q. Okay. So did you observe any compatible issues  
12 with the Tubb Formation water in the proposed injection  
13 zones?

14 A. No.

15 Q. First off, the Glorieta's dry, correct?

16 A. Correct.

17 Q. And second off, the lower San Andres is extremely  
18 salty?

19 A. The salinity is higher, yes, sir.

20 Q. And in your expert opinion, Mr. Berg, will the  
21 water to be injected within these zones remain within  
22 those proposed injection zones?

23 A. Yes.

24 Q. And have you observed any evidence of any faults  
25 or other hydro-geologic connections to the shallower

1 zones?

2 A. No.

3 Q. And does the proposed injection well pose any  
4 threat to protectable ground water?

5 A. No, sir.

6 Q. Okay. Were Breitburn Exhibits 7 and 8 prepared  
7 by you or compiled under your direction and  
8 supervision?

9 A. Yes, sir.

10 MR. FELDEWERT: I would move the admission  
11 into evidence of Breitburn Exhibits 7 and 8.

12 EXAMINER GOETZE: Mr. Alsup?

13 MR. ALSUP: No objection.

14 MR. FELDEWERT: Mr. Examiner, I think I need  
15 to just clarify, I can't remember -- Oh, I'm sorry. I  
16 need to ask one more question -- I'm sorry -- a few more  
17 questions.

18 EXAMINER GOETZE: Okay.

19 MR. FELDEWERT: Because I was looking at  
20 Exhibit 4. I don't think that has been discussed here  
21 yet today.

22 Q. (By Mr. Feldewert) So if you want to talk about  
23 Exhibit 4.

24 A. Okay.

25 Q. Mr. Berg, there was discussion about what you

1 were able to learn about the Glorieta when you drilled  
2 that particular well.

3 A. Yes, sir.

4 Q. If I turn to Exhibit 4, is this an application  
5 for a saltwater disposal well that was filed for the  
6 Hayoz No. 1 well?

7 A. Yes.

8 Q. And that's one of those wells within the half  
9 mile area of review?

10 A. Yes, sir.

11 Q. And this application was filed in January of  
12 2014?

13 A. Yes, sir.

14 Q. Certified by Mr. Paul Thompson, who is an  
15 engineer; is that correct?

16 A. Uh-huh.

17 Q. With Wilson Engineering?

18 A. Yes, sir.

19 Q. Okay. And in filing this application, which is a  
20 matter of public record, if I flip over towards the end,  
21 you see the data sheets for this particular C-108  
22 application. And on the first data sheet, there's a  
23 Roman numeral V, and at the top it says, See Attached  
24 Map --

25 A. I see it.

1 Q. Okay. I go down to the Operational Data of  
2 paragraph VII, okay?

3 A. Yes.

4 Q. And subparagraph 5 says that in this case again  
5 the Glorieta was swabbed dry so a water sample is not  
6 available. And then there's no indication from the  
7 State Engineer's website that there are any water wells  
8 drilled to the Glorieta Formation.

9 Is this an additional record that confirms that  
10 the Glorieta is indeed dry?

11 A. Yes.

12 MR. FELDEWERT: Mr. Examiner, I would then  
13 move as admission into evidence as well Exhibit  
14 Number 4.

15 EXAMINER GOETZE: So we are looking at 4, 5  
16 and 6?

17 MR. FELDEWERT: Four, 7 and 8.

18 EXAMINER GOETZE: Okay, 4, 7 and 8.

19 Mr. Alsup.

20 MR. ALSUP: No objection.

21 EXAMINER GOETZE: Exhibits 4, 7, and 8 are  
22 so entered.

23 (Breitburn Exhibit Numbers 4, 7, and 8 were  
24 offered and admitted.)

25 EXAMINER GOETZE: Cross.

1 MR. ALSUP: Thank you.

2 CROSS EXAMINATION

3 BY MR. ALSUP:

4 Q. What distance and direction is Hayoz Number 1  
5 from the injection well?

6 A. It is to the west. The distance, I think,  
7 1,200 feet. It's on the cross section, I believe.

8 Q. And in determining whether the anhydrous  
9 impermeability area was consistent throughout the area,  
10 did you check in any other direction?

11 A. Yes, sir. I've examined approximately 60 wells  
12 within the area to determine that it is consistent  
13 throughout the area.

14 Q. And were you injecting those wells in particular  
15 looking at that formation, at the anhydrous  
16 impermeability barrier?

17 A. Yes, they're looking at that formation.

18 Q. And that was the objective of your looking at  
19 those 60 other wells, is that what you're saying?

20 A. Yes. I mean I have correlated well over 60  
21 wells; but just within the Libby Ranch area,  
22 approximately 60 wells that I've -- I've correlated the  
23 San Andres throughout each of these wells and this is  
24 consistent throughout every well.

25 Q. What about your statement that the Tubb salinity

1 is consistent throughout? When I heard you testify on  
2 direct, you said that was gleaned from information with  
3 respect to Hayoz 1. Were there any other wells that you  
4 looked at --

5 MR. FELDEWERT: Object to the form of the  
6 question. That's not what he said.

7 MR. ALSUP: I can rephrase.

8 EXAMINER GOETZE: Rephrase, please.

9 Q. What have you looked at to determine or to  
10 support your statement that the salinity is consistent  
11 with what you were describing in the Tubb Formation for  
12 this area?

13 A. Well, we've got multiple water samples within the  
14 area.

15 Q. From where?

16 A. Water analysis from the Tubb Formation. The name  
17 of the company I can't recall right now. But we've got  
18 well over ten analyses within the area.

19 Q. When was the last time you looked at those  
20 analyses?

21 A. This week.

22 Q. A week ago?

23 A. Yes. I have them in the file -- in my file.

24 Q. You've indicated that two wells -- I think you  
25 said the injection well that we are talking about today

1 and then Hayoz 1 were swabbed to determine whether there  
2 was water in the Glorieta.

3 Have you swabbed any other wells in the area to  
4 determine about whether water exists in the Glorieta?

5 A. We have -- well, we haven't. No, sir, we have  
6 not. Primarily the operator before we took over this  
7 asset did; but we did not, Breitburn didn't.

8 Q. So the only information you have on that is the  
9 one injection well and then the Hayoz well about  
10 1,000 feet roughly west of this well; is that correct?

11 A. That's correct.

12 MR. ALSUP: That's all I have.

13 EXAMINER GOETZE: Thank you. Redirect?

14 MR. FELDEWERT: I have no further  
15 questions.

16 EXAMINER GOETZE: No questions for you. (To  
17 Very good. Mr. Wald)

18 EXAMINATION BY EXAMINER GOETZE

19 EXAMINER GOETZE: Let us have a talk about  
20 the swabbing process and procedure. We talk about  
21 swabbing Glorieta. Do you know what the well was, at  
22 what completion when the swabbing was done? Had we  
23 perforated the entire interval or have we discretely swabbed  
24 the Glorieta?

25 THE WITNESS: We perforated the interval and

1 then swabbed it.

2 EXAMINER GOETZE: So including the San  
3 Andres?

4 THE WITNESS: Yes.

5 EXAMINER GOETZE: But we didn't take a water  
6 sample --

7 THE WITNESS: From the San Andres.

8 EXAMINER GOETZE: Whatever came out of that  
9 well?

10 THE WITNESS: Correct.

11 EXAMINER GOETZE: So we don't have a sample;  
12 we just have what we have submitted here?

13 THE WITNESS: That is correct. We don't  
14 have an analysis, if that is what you're asking.

15 EXAMINER GOETZE: That's correct.

16 THE WITNESS: Yes, sir. But we planned on  
17 getting one. We do plan on getting an analysis.

18 However, it's going to be -- the lab work put it two  
19 weeks out. But we do plan on getting a water analysis.

20 But there's no water in the Glorieta so --  
21 we don't have any evidence of water in the Glorieta, but  
22 we did not take one at the San Andres.

23 EXAMINER GOETZE: Were you present for the  
24 drilling of this well?

25 THE WITNESS: "Present" as in?

1 EXAMINER GOETZE: As in when this was spud  
2 to when it was TD'd, were you around?

3 THE WITNESS: Yes, sir.

4 EXAMINER GOETZE: Were there any drilling  
5 difficulties encountered with the drilling of the well  
6 that you are aware of?

7 THE WITNESS: No, sir. I don't believe so,  
8 no.

9 EXAMINER GOETZE: In your analysis of wells  
10 in the area, I notice we are in the Tularosa Basin, the  
11 State Engineer has declared Basin Tularosa.

12 Did you look at any other recharge  
13 opportunity for Glorieta/San Andres in this area or is  
14 it all fairly deep?

15 THE WITNESS: It is all fairly deep.

16 EXAMINER GOETZE: So I am not looking at any  
17 exposures within several miles of this location?

18 THE WITNESS: Right.

19 EXAMINER GOETZE: I have no further  
20 questions for this witness. Thank you.

21 MR. FELDEWERT: Mr. Examiner, I have just a  
22 couple if I may.

23 EXAMINER GOETZE: Go ahead.

24 REDIRECT EXAMINATION

25 By MR. FELDEWERT:

1 Q. In terms of the lower San Andres, Mr. Berg, the  
2 lower San Andres is it known as a freshwater producing  
3 zone?

4 A. No.

5 Q. Are there any water wells in the lower San  
6 Andres?

7 A. No.

8 Q. Do you have a general understanding, based on  
9 your experience and knowledge in the field, as to the  
10 nature of the water in the lower San Andres?

11 A. Yes.

12 Q. And what is that?

13 A. It is greater than 10,000.

14 MR. FELDEWERT: Okay. Those are all the  
15 questions I have.

16 MR. ALSUP: May I ask one follow-up?

17 EXAMINER GOETZE: Please.

18 MR. ALSUP: Thank you, sir.

19 RECROSS EXAMINATION

20 BY MR. ALSUP:

21 Q. What is the distance to the Ute Creek from this  
22 injection well?

23 A. I don't know that answer right now.

24 Q. Wasn't it less than two miles, just from your  
25 being in the area?

1 A. The creek, the ravine?

2 Q. Ute Creek.

3 A. I don't know that answer. I would have to go  
4 back and see how far it is. I don't know off the top of  
5 my head.

6 MR. ALSUP: Thank you.

7 EXAMINER GOETZE: Okay. The next witness,  
8 please.

9 NICHOLAS LATULIP  
10 having been first duly sworn, was examined and testified  
11 as follows:

12 DIRECT EXAMINATION

13 BY MR. FELDEWERT:

14 Q. Would you please state your full name, identify  
15 by whom you are employed and in what capacity.

16 A. My name is Nicholas Latulip and I am employed by  
17 Breitburn Operating as a production engineer.

18 Q. And how long have you been a production engineer?

19 A. For one year.

20 Q. And have you -- did your responsibilities include  
21 Bravo Dome?

22 A. Yes.

23 Q. Why don't you outline your educational  
24 background.

25 A. I have a bachelor's degree in mechanical

1 engineering from the University of Michigan.

2 Q. When did you receive that degree?

3 A. I received that in December of 2014.

4 Q. And then you went to work with Breitburn after  
5 that?

6 A. Correct.

7 Q. Had you also interned with Breitburn during the  
8 period of time you were at school?

9 A. I was an intern for Breitburn for four years,  
10 monitoring our shallow gas assets in Michigan.

11 Q. Okay. And then your work history, since that  
12 time you've been a production engineer with Breitburn  
13 Operating for one year. Does that include in the Bravo  
14 Dome?

15 A. Yes, the Bravo Dome as well as our CO2 EOR field  
16 in Oklahoma.

0  
EOR  
SD

17 Q. Is it your responsibility to monitor and maintain  
18 the producing wells for the company?

19 A. Yes.

20 Q. As well as monitor and maintain the injection  
21 wells for the company?

22 A. Yes.

23 Q. Are you familiar with the application that is  
24 filed in this case?

25 A. Yes.

1 Q. And are you familiar with the proposed injection  
2 operations?

3 A. Yes.

4 MR. FELDEWERT: I would tender Mr. Latulip  
5 as an expert witness in mechanical engineering.

6 EXAMINER GOETZE: Mr. Alsup.

7 MR. ALSUP: There's a limited amount of  
8 experience but given the way my last objection went,  
9 with this one, I'm not going to touch it.

10 EXAMINER GOETZE: Well, we will take that in  
11 the balance and to see his application to his  
12 discussion. In cross, we can offer you the opportunity  
13 to weed out what you think is not appropriate.

14 So he is so qualified as an expert for this  
15 hearing.

16 Q. (By Mr. Feldewert) Mr. Latulip, would you turn to  
17 what has been marked as Exhibit 5, which is the C-108  
18 application filed by the company. And turn to page 7 of  
19 that application, please.

20 A. Okay.

21 Q. Page 7, does that accurately reflect the design  
22 of the wellbore that you utilized for injection?

23 A. Yes, sir.

24 Q. And did you assist in putting this together?

25 A. The wellbore schematic?

1 Q. Uh-huh.

2 A. Correct.

3 Q. Okay. And in your expert opinion, will this  
4 design protect against the contamination of underground  
5 sources of drinking water?

6 A. Yes.

7 Q. Were you present today with respect to the  
8 testimony relating to the depth of the known water wells  
9 in the area?

10 A. Yes.

11 Q. Okay. And I note that the surface casing extends  
12 down to 700 feet in this particular design?

13 A. That is correct.

14 Q. In your opinion, is that adequate to protect  
15 against the contamination of fresh water in those  
16 shallower zones?

17 A. Yes.

18 Q. And in addition to the surface casing, what  
19 other protections exist with respect to this particular  
20 well?

21 A. So as required by the state, your surface casing,  
22 you're supposed to circulate cement to surface, which we  
23 had done in our 8 and 5/8ths surface casing.

24 And then also with our 5 and 1/2 inch production  
25 casing, cement was also circulated to surface on that

1 string of pipe. And we also ran a bond log to surface  
2 from TD on that.

3 Q. So you actually have two well barriers or two  
4 strings to protect the underground shallow drinking  
5 water sources --

6 A. Yes, that's correct. You'd have two barriers to  
7 protect any freshwater aquifers above.

8 Q. And you mentioned that you had a cement bond log?

9 A. Yes.

10 Q. Did you have an opportunity to examine that?

11 A. Yes.

12 Q. If I turn to what has been marked as Breitburn  
13 Exhibit Number 9, is this the cement bond log for this  
14 particular well?

15 A. Yes.

16 Q. Okay. Would you explain to us what this shows  
17 and why, in your expert opinion, it is adequate to  
18 protect the migration of the fluids through the  
19 wellbore?

20 A. Sure. So I would like to draw your attention to  
21 the right-hand side of the log. Basically what these  
22 lines indicate is, the way the tool works, is it's a  
23 frequency vibration. It goes through the pipe and then  
24 it uses the cement as a median to -- for the vibration  
25 to travel through and that reaches the formation.

1           If there is no cement behind pipe, the vibrations  
2 will not bounce back to the tool; therefore, you  
3 wouldn't see these lines if there was no cement or pour  
4 bond behind the pipe.

5           Q. And what does this reflect in your expert opinion  
6 as to the quality of the cement bond log behind the  
7 pipe?

8           A. This would indicate to me that we have very good  
9 cement as well as very good bond behind pipe with our  
10 cement.

11          Q. Okay. And in terms of the injection pressure, at  
12 this point does the company simply seek the standard  
13 pressure authorized by the Division at 0.2 per foot?

14          A. Correct. And then upon approval of the  
15 application, we will do a step rate test as well.

16          Q. So at this point then, if I did my math right,  
17 0.2 per foot would be roughly 296 psi?

18          A. That sounds about right, yes.

19          Q. In your opinion, does this application pose any  
20 threat to ground water, to public health, or the  
21 environment?

22          A. No.

23          Q. Was Breitburn Exhibit Number 9 prepared by you or  
24 compiled under your direction and supervision?

25          A. Yes.

1 MR. FELDEWERT: Mr. Examiner, I move the  
2 admission into evidence of Breitburn Exhibit  
3 Number 9.

4 MR. ALSUP: No objection.

5 MR. FELDEWERT: And that concludes my  
6 examination of this witness.

7 EXAMINER GOETZE: And Exhibit 9 is so  
8 accepted.

9 (Breitburn Exhibit Number 9 was offered and  
10 admitted.)

11 EXAMINER GOETZE: And your cross.

12 MR. ALSUP: I have no questions of this  
13 witness.

14 EXAMINER GOETZE: Very good. Do you have  
15 any questions?

16 MR. WADE: I don't.

17 EXAMINER GOETZE: All right.

18 EXAMINATION BY EXAMINER GOETZE

19 EXAMINER GOETZE: Were you present for the  
20 drilling of the 12-3-G?

21 THE WITNESS: The --

22 EXAMINER GOETZE: The prior well.

23 THE WITNESS: Yes.

24 EXAMINER GOETZE: What were the  
25 complications encountered?

1 THE WITNESS: It was, from my understanding,  
2 that they had trouble getting the casing to screw  
3 together and they believed that that is what caused the  
4 casing to actually collapse. And that's why we, in  
5 turn, skidded the rig and started a new hole.

6 EXAMINER GOETZE: Were there any problems in  
7 per se the drilling as opposed to landing the casing?

8 THE WITNESS: Not that I know of.

9 EXAMINER GOETZE: And was this drilled with  
10 mud or do you know?

11 THE WITNESS: I do not know that.

12 EXAMINER GOETZE: And we will make one more  
13 request. We have a cement bond log; has this been  
14 submitted to district?

15 THE WITNESS: I'd have trouble saying yes or  
16 no, but I believe so.

17 EXAMINER GOETZE: If not, I would like a  
18 copy available to us and to counsel, opposing counsel,  
19 so that we can see the entire bond log.

20 MR. FELDEWERT: Certainly.

21 EXAMINER GOETZE: Including the header.

22 MR. FELDEWERT: Do you want that done if it  
23 has been submitted to the district office?

24 EXAMINER GOETZE: You know, things get lost  
25 around here. Let's just go ahead and make sure that

1 paper copies get to both counsel through counsel.

2 MR. FELDEWERT: Okay.

3 EXAMINER GOETZE: Have you done any modeling  
4 as far as how far a radius of influence this well will  
5 create if it's injected to the proposed volume as  
6 provided in the --

7 THE WITNESS: No, I have not.

8 EXAMINER GOETZE: I would also ask that you  
9 do a little bit of math and give us, based upon what you  
10 have as formation information, how far you will migrate  
11 from the well.

12 THE WITNESS: I believe that probably would  
13 be better suited for our reservoir engineers, but we can  
14 get that done for you.

15 EXAMINER GOETZE: I would like to see that  
16 information.

17 THE WITNESS: Absolutely.

18 EXAMINER GOETZE: With that, I have no more  
19 questions for this witness.

20 MR. ALSUP: Well, can I ask a follow-up  
21 question?

22 EXAMINER GOETZE: We will let you go ahead  
23 and have it since you didn't ask any questions before,  
24 but also that provides counsel the opportunity.

25 MR. ALSUP: Yes. Of course.

1 EXAMINER GOETZE: Okay.

2 MR. ALSUP: Thank you.

3 CROSS-EXAMINATION

4 BY MR. ALSUP:

5 Q. I am interested in the problem that happened with  
6 the first well --

7 A. Uh-huh.

8 Q. -- where you had to skid back over. You  
9 indicated that the problem was in making up the pipe on  
10 the floor before it went into the hole?

11 A. Yes, I believe that was what happened.

12 Q. How often does that happen? Has it ever happened  
13 in your experience?

14 A. No.

15 Q. Have you heard of other engineers talking about  
16 it occurring?

17 A. No.

18 Q. How confident are you that was the problem?

19 A. Very confident. That is what was reported to us  
20 by the consultant who was overseeing the drilling  
21 operations.

22 Q. Do you know what information he had that caused  
23 him to say this is what happened, this was the problem?

24 A. No. I am not sure how he came to that  
25 conclusion.

1 Q. The guys on the floor weren't paying attention  
2 and didn't screw the pipe together?

3 A. I can't answer that --

4 MR. FELDEWERT: Objection to the form of the  
5 question --

6 EXAMINER GOETZE: We are also guessing at  
7 this point, so...

8 MR. ALSUP: Okay. Thank you.

9 MR. FELDEWERT: Mr. Examiner, I have no  
10 further questions.

11 EXAMINER GOETZE: Very good. We have no  
12 questions for you. Thank you.

13 THE WITNESS: Thank you.

14 MR. FELDEWERT: Mr. Examiner, as we alluded  
15 to at the beginning of the hearing, we certainly will  
16 get this information to you as quickly as possible, but  
17 there is a strong economic incentive for the company to  
18 get this approved as quickly as possible, so we  
19 respectfully ask, if at all possible, if we could  
20 expedite the order.

21 EXAMINER GOETZE: We understand. Do you  
22 have anything to present, Mr. Alsup?

23 MR. ALSUP: I do not.

24 EXAMINER GOETZE: At this point, we have two  
25 persons who wish to provide statements. Would you

1 please come forward one at a time, please state your  
2 name, residence, and proceed with your statement.

3 MS. HAYOZ: My name is Loretta Hayoz. I do  
4 live in Albuquerque, New Mexico. However, I'm going to  
5 say it the country way, I'm homegrown in Bueyeros, New  
6 Mexico, and Mosquero.

7 EXAMINER GOETZE: Please proceed with your  
8 statement.

9 MS. HAYOZ: I have questions. I know I'm  
10 not going to get any answers, but that's okay. What  
11 gives Breitburn the right to drill on the southeast  
12 quarter of section 12, under what authority? What  
13 measures are in place in order to mitigate the damage to  
14 surrounding lands in case of a spill? Are these  
15 measures using the best practices in accordance with the  
16 state and federal EPAs?

17 And I ask -- as a concerned grazing rights  
18 owner of section 12, southeast quarter, with the State  
19 Land of New Mexico Office. I'm an agricultural  
20 leaseholder -- in the event of spills, what measures are  
21 in place by Breitburn to notify the EPAs? What  
22 compensation will be given to landowners whose land has  
23 been damaged? How will Breitburn -- how is Breitburn  
24 going to access the drilling site? If roads exist --  
25 will they create one or more on the grazing land? This

1 will give that much less grazing land for my cows to  
2 eat.

3 How will I be compensated for any of my  
4 grasses? If any roads are built at the completion of  
5 Breitburn's operations at the site, will my land be put  
6 back in original condition?

7 As a grazing rights owner, I am concerned  
8 that the integrity of the land be maintained towards all  
9 causes.

10 That's it.

11 EXAMINER GOETZE: Thank you very much.

12 MS. HAYOZ: Thank you.

13 EXAMINER GOETZE: And we have another  
14 statement to be read?

15 MR. MARKOVICS: Yes.

16 EXAMINER GOETZE: Go ahead.

17 MR. MARKOVICS: My name is Paul Markovics.  
18 I live in Albuquerque. I am a concerned citizen. This  
19 is New Mexico; this is my land, north, south, east, and  
20 west.

21 Some of my concerns have been addressed;  
22 however -- and I will speak anecdotally, because I don't  
23 have the specifics -- New Mexico has experienced  
24 earthquakes in the past. The Raton area has  
25 experienced...

1           And I noted on a graph that the northeast  
2 corner of New Mexico also. Socorro has some. South of  
3 Albuquerque in Belen, I witnessed one about a decade and  
4 a half ago.

5           What measures are in place to ensure that  
6 the water injected will not seep through or seep around  
7 the impermeable level? And I believe that it would be  
8 incumbent on Breitburn to ensure that the Commission  
9 here is given the shall I say graph or description and  
10 location of the faults that exist.

11           That's all that I have.

12           EXAMINER GOETZE: Very good. Thank you very  
13 much.

14           MR. MARKOVICS: Thank you.

15           EXAMINER GOETZE: At this point, we will  
16 take closing statements if you have one.

17           Let's start with Mr. Feldewert.

18           MR. FELDEWERT: I don't have a closing  
19 statement.

20           EXAMINER GOETZE: Mr. Alsup.

21           MR. ALSUP: No.

22           EXAMINER GOETZE: We have several items out  
23 there still. Seeing how we have a docket coming up,  
24 instead of going into an advisement, let's continue it  
25 two weeks; let's have the information in. And at that

1 point, we will hopefully have no further continuance and  
2 we can expedite at that point. So let us continue --  
3 give me a moment here -- case 15431 to January 21st.

4 And that brings us to the last case in the  
5 docket.

6 Let's take a ten-minute break.

7

8 (Time noted 10:30 a.m.)

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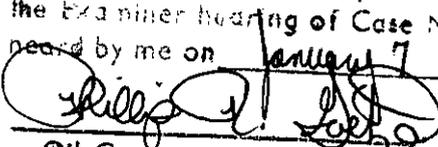
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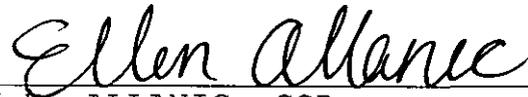
I do hereby certify that the foregoing is  
a complete record of the proceedings in  
the Examiner hearing of Case No. 15431  
heard by me on January 7 2016.  
  
Examiner  
Oil Conservation Division

1 STATE OF NEW MEXICO . )  
 2 ) ss.  
 3 COUNTY OF BERNALILLO )  
 4  
 5  
 6

7 REPORTER'S CERTIFICATE

8  
 9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR  
 10 No. 100, DO HEREBY CERTIFY that on Thursday, January 7,  
 11 2016, the proceedings in the above-captioned matter were  
 12 taken before me, that I did report in stenographic  
 13 shorthand the proceedings set forth herein, and the  
 14 foregoing pages are a true and correct transcription to  
 15 the best of my ability and control.

16  
 17 I FURTHER CERTIFY that I am neither employed by  
 18 nor related to nor contracted with (unless excepted by  
 19 the rules) any of the parties or attorneys in this case,  
 20 and that I have no interest whatsoever in the final  
 21 disposition of this case in any court.

22  
 23  
 24  
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