

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

6 AMENDED APPLICATION OF WPX ENERGY CASE NO. 15618  
7 PRODUCTION, LLC FOR APPROVAL OF THE  
8 RODEO UNIT AND FOR ALLOWANCE OF  
9 330-FOOT SETBACKS FROM THE EXTERIOR  
10 OF THE PROPOSED UNIT, SAN JUAN  
11 COUNTY, NEW MEXICO.

12

13 REPORTER'S TRANSCRIPT OF PROCEEDINGS

14 EXAMINER HEARING

15 February 16, 2017

16 Santa Fe, New Mexico

17

18 BEFORE: WILLIAM V. JONES, CHIEF EXAMINER  
19 LEONARD LOWE, TECHNICAL EXAMINER  
20 DAVID K. BROOKS, LEGAL EXAMINER

21

22 This matter came on for hearing before the  
23 New Mexico Oil Conservation Division, William V. Jones,  
24 Chief Examiner, Leonard Lowe, Technical Examiner, and  
25 David K. Brooks, Legal Examiner, on Thursday, February  
16, 2017, 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.

26

27 REPORTED BY: Mary C. Hankins, CCR, RPR  
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APPEARANCES

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FOR MS. FRANKIE DAVIS:

FRANKIE DAVIS AND JEFFREY DAVIS  
PRO SE

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1 (8:25 a.m.)

2 EXAMINER JONES: So we have one case left  
3 on the docket this morning, on page 2, Case Number  
4 15618, amended application of the WPX Energy Production,  
5 LLC for approval of the Rodeo Unit and for allowance of  
6 330-foot setbacks from the exterior of the proposed  
7 unit, San Juan County, New Mexico.

8 Call for appearances.

9 MS. KESSLER: Mr. Examiner, Jordan Kessler  
10 from the Santa Fe office of Holland & Hart, on behalf of  
11 the Applicant.

12 EXAMINER JONES: Other appearances?

13 MS. DAVIS: Frankie Davis.

14 EXAMINER JONES: Frankie, do you want to  
15 sit up here?

16 MS. DAVIS: (Complies.)

17 EXAMINER JONES: You may proceed.

18 MS. KESSLER: Thank you. I'll call my  
19 first witness.

20 BRENNAN WEST,  
21 after having been first duly sworn under oath, was  
22 questioned and testified as follows:

23 DIRECT EXAMINATION

24 BY MS. KESSLER:

25 Q. Please state your name for the record and tell

1 the Examiners by whom you're employed and in what  
2 capacity.

3 A. My name is Brennan West. I'm employed at WPX  
4 Energy as a landman in the San Juan Basin.

5 Q. Have you previously testified before the Oil  
6 Conservation Division?

7 A. I have.

8 Q. Were your credentials as an expert in petroleum  
9 land matters accepted and made a matter of record?

10 A. They were.

11 Q. And are you familiar with the application  
12 that's been filed in this case?

13 A. Yes, I am.

14 Q. Are you familiar with the status of the lands  
15 in the proposed unit area?

16 A. I am.

17 MS. KESSLER: Mr. Examiners, I would tender  
18 Mr. West as an expert witness in petroleum land matters.

19 EXAMINER JONES: Any objection?

20 MS. DAVIS: No.

21 EXAMINER JONES: He is so qualified.

22 Q. (BY MS. KESSLER) Mr. West, drawing your  
23 attention to Exhibit 1, can you please identify this  
24 exhibit and explain what WPX seeks under this  
25 application?

1           A.     Yes.  We're seeking to create a project area  
2     that will be the Rodeo Unit that's located in San Juan  
3     County, New Mexico.  It includes federal lands, state  
4     lands and allotted lands.

5           Q.     Is it approximately 7,208 acres?

6           A.     Yes, it is.

7           Q.     And this is a voluntary exploratory unit,  
8     correct?

9           A.     That is correct.

10          Q.     And you seek the Division's approval of the  
11     unit area?

12          A.     We do.

13          Q.     What pool is within this unit area?

14          A.     This pool is all within the Basin-Mancos Gas  
15     Pool, which is subject to 660-foot setbacks.

16          Q.     Is that Basin-Mancos Gas Pool have Pool Code  
17     97233?

18          A.     That is correct.

19          Q.     Does WPX primarily expect to produce oil from  
20     the unitized area?

21          A.     We do.

22          Q.     Is that why you're seeking 330-foot setbacks?

23          A.     Right.  We're asking for an exception of  
24     330-foot setbacks from the outer boundary of the unit.

25          Q.     Is Exhibit 2 a copy of the unit agreement?

1           A.    Yes, it is.  And it's a -- conforms with the  
2   standard BLM unit agreement with the exception that it  
3   applies only to horizontal wells.

4           Q.    Are you also requesting that the -- in the unit  
5   agreement, the area be treated as a single participating  
6   area?

7           A.    We are.

8           Q.    And under Division rules, does that mean the  
9   unit area will be a single project area?

10          A.    Correct.

11          Q.    Can you identify how production will be  
12   allocated within the unit agreement?

13          A.    Right.  So the unit will be allocated on an  
14   acreage-contribution basis and applied evenly throughout  
15   the unit.

16          Q.    And is that included in paragraph 11 of the  
17   unit agreement on page 3?

18          A.    Yes, it is.

19                   EXAMINER JONES:  I'm sorry, which -- which  
20   exhibit is that?

21                   MS. KESSLER:  Exhibit 2, page 3, and it's  
22   paragraph 11.

23                   EXAMINER JONES:  Thank you.

24          Q.    (BY MS. KESSLER) What is Tab A, Exhibit A to  
25   the unit agreement?

1           A.     Tab A is basically just a map of the Rodeo Unit  
2     that outlines the different types of lands within the  
3     Rodeo Unit.  You'll see at the bottom there is an  
4     acreage breakdown.  So there is 37.79 percent federal,  
5     13.34 state and 48.87 Indian allotted.

6           Q.     How many leases are within the unitized area?

7           A.     33.

8           Q.     There are eight federal, 22 allotted and three  
9     state leases?

10          A.     That is correct.

11          Q.     Is there any unleased acreage?

12          A.     There is not.

13          Q.     And does WPX hold all of the interest in these  
14     leases?

15          A.     We do not.

16          Q.     Who are the other working interest owners?

17          A.     R&R Royalty, XTO Energy and Encana Oil & Gas.

18          Q.     Have the other working interest owners agreed  
19     to participate in the agreement?

20          A.     R&R Royalty has sent us their ratification and  
21     joinder.  We expect XTO's any day now.  And then we're  
22     currently engaged in conversations with Encana for a  
23     potential trade, or they may join the unit.  But I have  
24     a high level of confidence that we'll reach an  
25     agreement.



1 Q. What is Tab B?

2 A. Exhibit B to the unit agreement is a schedule  
3 of the interests broken out by leases that show the  
4 description of land, the lease number, the lessee of  
5 record, overriding royalty interest owners and then the  
6 working interest owners in each lease.

7 Q. And Tab C, what is that?

8 A. Exhibit C just shows the type log, what the  
9 unitized interval will be in the Rodeo Unit.

10 Q. And this was shown to the BLM; is that correct?

11 A. Correct.

12 Q. You previously stated that there are Indian  
13 allotted leases within the area; is that correct?

14 A. Yes, there are.

15 Q. Who administers allotted leases?

16 A. The Federal Indian Minerals Office in  
17 Farmington.

18 Q. Will FIMO issue final approval on the  
19 agreement?

20 A. They will.

21 Q. Will the BLM and the State Land Office also  
22 issue final approval?

23 A. Yes.

24 Q. Is Exhibit 3 a preliminary letter of approval  
25 from the BLM?

1           A.    Yes, it is.  And you'll see that FIMO was cc'd  
2   on it.

3           Q.    Did you meet with the BLM and FIMO to discuss  
4   this proposed unit?

5           A.    We did.  We had a meeting last fall to discuss  
6   this unit.

7           Q.    And when you met with the BLM, did they  
8   indicate that the preliminary approval letter would  
9   include FIMO?

10          A.    That's correct.

11          Q.    And it looks like FIMO was cc'd, as you  
12   mentioned earlier; is that correct?

13          A.    Right.

14          Q.    In your discussions with the BLM and FIMO, did  
15   you review the nature of the unitized area and the  
16   development plans?

17          A.    We went over some geologic information and also  
18   showed what our plan development plan would be on how we  
19   want to fully develop the unit.

20          Q.    And in your discussion with the BLM, did they  
21   request there be an obligation well?

22          A.    They did, the 500H.

23          Q.    Okay.  And we can explain that when we get  
24   there.

25          A.    Sorry.  I'm jumping ahead.

1 Q. Yeah.

2 Did you also meet with the State Land  
3 Office?

4 A. We did.

5 Q. And did you provide -- did they provide  
6 preliminary approval of this unit?

7 A. Right. They had an area depth similar to what  
8 we had with the BLM and FIMO, and they issued the  
9 preliminary approval.

10 Q. That's presented as Exhibit 4, correct?

11 A. Correct.

12 Q. Have you included as Exhibit 5 a copy of the  
13 development plan that you presented to the BLM, the  
14 State Land Office and FIMO?

15 A. Yes, we have.

16 Q. And can you please identify the obligation  
17 well?

18 A. All right. So the obligation well is the far  
19 northwest -- northeastern well in Section 20, which will  
20 be the Rodeo Unit 500H.

21 Q. When do you plan to drill this well?

22 A. Assuming we can get regulatory approval, we're  
23 looking to drill this well late spring, early summer.

24 Q. And do you have other APDs in this area?

25 A. We do have one outstanding APD, but it's

1 permitted on a north-south development plan. So we're  
2 going to have to go back and sundry it. We've also  
3 engaged in staking activities to try to get the  
4 locations ready to go. So once we do get unit approval,  
5 we can kind of fast-track this unit for development.

6 Q. But I understand that you need unit approval  
7 before you can file for more APDs; is that correct?

8 A. Correct. That is true. Yes.

9 Q. And once your unit is approved, you'll file  
10 APDs with the BLM, and that is approximately a six- to  
11 eight-month waiting period; is that correct --

12 A. Correct.

13 Q. -- to get those APDs approved?

14 A. Yes.

15 Q. In addition to BLM and FIMO -- and FIMO  
16 approval, has WPX undertaken any other efforts to notify  
17 the allottees within the unit area of this application  
18 and the hearing?

19 A. Right. So we got the addresses from FIMO, and  
20 we mailed out certified-mail packets. And in addition  
21 to that, we also served notice by publication.

22 Q. So you mentioned that you received all of the  
23 addresses from the -- allotted leases from FIMO; is that  
24 correct?

25 A. Correct.

1           Q.    And were all allottee interest owners of record  
2   as identified by FIMO provided timely notice of this  
3   hearing?

4           A.    Yes, they were.

5           Q.    And in your discussions with the allottees, did  
6   some people reach out to you concerning this unit?

7           A.    Yes. I received several calls leading up to  
8   this hearing, and we also had a town hall meeting in  
9   Farmington. And in general, most of the allottees were  
10  very supportive of our application.

11          Q.    You mentioned that the initial meeting was in  
12  Farmington, correct?

13          A.    Yes.

14          Q.    So when you sent out your notice letter, did  
15  you also send out an invitation to allottees to attend  
16  this meeting?

17          A.    We did.

18          Q.    Is Exhibit 6 an affidavit with attached letters  
19  providing notice of this application of hearing to the  
20  allottees?

21          A.    It is.

22          Q.    Did you originally notify the allottees of a  
23  hearing date in January?

24          A.    That's correct.

25          Q.    And then you also sent a letter related to a

1 continuation; is that correct?

2 A. We did.

3 Q. And then, finally, you sent a letter letting  
4 them know application had been amended and that the  
5 hearing date was set to February 16th; is that correct?

6 A. That's right.

7 Q. Does Exhibit 6 also contain a list of allottees  
8 with tracking numbers and addresses?

9 A. It does.

10 Q. And does Exhibit 6 also include, in addition to  
11 notice to the allottees, evidence of notice to working  
12 interest owners and offset parties both within the unit  
13 and within the 320 acres outside of the unit?

14 A. Yes, that's correct.

15 Q. And that was -- the offset notice was due to  
16 the request for the 330-foot setbacks; is that correct?

17 A. That is correct.

18 Q. And has notice been published to allottees?

19 A. Yes, it has.

20 Q. Is that included as Exhibit 7?

21 A. That is correct.

22 Q. Were Exhibits 1 through 5 prepared by you or  
23 compiled under your direction and supervision?

24 A. They were.

25 MS. KESSLER: Mr. Examiner, I move

1 admission of Exhibits 1 through 7, which include two  
2 affidavits.

3 EXAMINER JONES: Any objection to the  
4 admission?

5 MS. DAVIS: No.

6 EXAMINER JONES: Exhibits as stated are  
7 admitted.

8 (WPX Energy Production, LLC Exhibit Number  
9 1 through 7 are offered and admitted into  
10 evidence.)

11 THE COURT: Cross-examine?

12 MS. DAVIS: I'd like to make a statement.  
13 Can we reserve the right to recall witnesses at a later  
14 time? Put that on record?

15 EXAMINER BROOKS: That's not ordinarily  
16 allowed for the purposes of cross-examination.

17 Do you have any objection?

18 MS. KESSLER: I would object to that,  
19 Mr. Examiner. As you know, I don't have your statement  
20 as of today or in the future. Again, we're objecting to  
21 that merely because there hasn't been a pre-hearing  
22 statement listed as cross-examining Mr. West, and I  
23 don't believe that's appropriate at this time. But it's  
24 obviously within the Division's discretion.

25 EXAMINER JONES: So far we have just two --

1 just two witnesses that have said they're going to  
2 testify today. So are you talking about calling them  
3 after the second one to talk to him one more time? Is  
4 that --

5 MS. DAVIS: It depends on if the attorney  
6 basically warrants, through her presentation, that we  
7 need to call him back.

8 MR. DAVIS: Because that hasn't happened.

9 EXAMINER JONES: After we hear the geology  
10 witness, you might want to call back the land witness?

11 MS. DAVIS: Yes.

12 EXAMINER JONES: Okay. At that time -- we  
13 will reserve it at that time, and you can request it,  
14 and then we'll talk about it. Okay?

15 MS. KESSLER: (Indicating.)

16 MS. DAVIS: Okay. Sounds good.

17 EXAMINER BROOKS: But I gather, Ms.  
18 Kessler, you have an objection to Ms. Davis  
19 cross-examining the witness at any time?

20 MS. KESSLER: I do, Mr. Examiner.

21 EXAMINER BROOKS: Okay. Can you -- you  
22 mentioned this earlier. And I should probably have been  
23 prepared, but I'm not. Can you tell me what language in  
24 the rules or what particular rule you're relying on for  
25 that objection?



1 MS. KESSLER: Mr. Examiner, I am referring  
2 to --

3 EXAMINER BROOKS: I'm looking at Rule 4.13,  
4 but I may not be looking in the right place.

5 MS. KESSLER: 4.13? Is that what you said?

6 EXAMINER BROOKS: 4. -- yeah, 4.13.

7 MS. DAVIS: Isn't rebuttal allowed?

8 MR. DAVIS: That's what she wants. We  
9 don't need to recall him for rebuttal, which, according  
10 to the rules, it is allowed.

11 EXAMINER BROOKS: It is allowed for  
12 rebuttal.

13 MS. DAVIS: That's a clarification we want  
14 to make.

15 EXAMINER BROOKS: Okay. But do not wish to  
16 cross-examine the witness at this time?

17 MS. DAVIS: No. We're fine.

18 EXAMINER BROOKS: Then we'll go on, and  
19 maybe Ms. Kessler and I will have found the applicable  
20 provisions of the rule.

21 You may continue.

22 MS. KESSLER: And that concludes my direct  
23 examination of Mr. West.

24 EXAMINER JONES: Mr. Lowe, questions?

25 EXAMINER LOWE: No.

1 CROSS-EXAMINATION

2 BY EXAMINER JONES:

3 Q. Mr. West, so the sum total of all royalty  
4 interests, including overrides, is the State Land  
5 Office, BLM and Indian allotted; is that correct?

6 A. Are you saying what our company --

7 Q. The sum total of all royalty -- overrides and  
8 royalty is -- are there any other royalty interests  
9 involved besides any allotted?

10 A. No, just Indian allotted, State -- State Land,  
11 BLM and the overrides that have been reserved.

12 Q. And the overrides?

13 A. Yes.

14 Q. So there are some overrides that have been  
15 reserved?

16 A. Yes. And those are outlined in Exhibit B to  
17 the agreement.

18 Q. Did you notice those overrides?

19 A. We did.

20 Q. And where does it show notice, again, one more  
21 time that goes to everybody?

22 A. Well, we -- I don't know if we have that as an  
23 exhibit, but I had my broker send out a notice -- or  
24 basically the unit joinder package to all of the  
25 overriding royalty interest owners, and then once he

1 compiles them, he would take them to me. But if you'd  
2 like documentation that it was sent out, we can provide  
3 that.

4 Q. Yeah.

5 EXAMINER JONES: I think we usually have  
6 that, don't we, Mr. Brooks?

7 MR. BROOKS: Well, we have a fairly  
8 extensive number of notices attached to Ms. Kessler's  
9 affidavit, which is Exhibit 6, I believe.

10 MS. KESSLER: Mr. Examiners, all of the  
11 green cards -- it looks like my assistant didn't put a  
12 list in. But all the green cards that are included  
13 behind the first -- let's see. Exhibit 6, the first  
14 page is my affidavit. The second page is a letter. And  
15 all of the offsets and working interest owners have  
16 green cards back.

17 EXAMINER BROOKS: Well, then behind that  
18 there is a list that is like 30-something pages long.  
19 What is that?

20 MS. KESSLER: This is the list of all of  
21 the allottees who were provided notice and the tracking  
22 number of their green card.

23 EXAMINER BROOKS: It does not have a list  
24 of the override owners?

25 MS. KESSLER: No, it does not, unless those

1 overrides are included as the working interest owners  
2 or -- or the --

3 THE WITNESS: It did not include the  
4 overriding interest owners, but we can provide that if  
5 you'd like.

6 EXAMINER BROOKS: Okay. I don't remember  
7 if there is a specific provision with regard to -- well,  
8 let's just do it, and that will make it easy.

9 EXAMINER JONES: Yeah.

10 EXAMINER BROOKS: I don't recall if there  
11 is a specific provision for unit approval to have  
12 notice, but I think there probably isn't.

13 MS. KESSLER: There is not, Mr. Examiner,  
14 and it's simply as the Division so provides.

15 EXAMINER BROOKS: If there is not a  
16 specific provision, then that kicks it into the catchall  
17 that says notify whoever the Division requires.

18 MS. KESSLER: That's correct. And in the  
19 past, the Division has not required that we notify  
20 offset -- overriding royalty interest owners, although  
21 some operators do so choose to.

22 EXAMINER JONES: We have required it on  
23 some of them. I know in the beginning, we didn't, but  
24 since Mr. Catanach came in, we started doing that.

25 MS. KESSLER: We'll make sure we provide a

1 copy to you.

2 Q. (BY EXAMINER JONES) Okay. The other question  
3 is the four working interest owners, XTO, R&R Royalty,  
4 Encana and WPX. So how does Chevron play into this? I  
5 see a green card. Are they just offsets?

6 A. They would be an offset.

7 Q. Okay. Anybody else would just be an offset,  
8 ConocoPhillips, I guess, and Logos.

9 So as far as the pool goes, it makes it  
10 simple if it's only Basin-Mancos Gas Pool. So is that  
11 true even -- is it -- is it butting up against any other  
12 pools?

13 A. Right. All of the offsetting 320-acre spacing  
14 unit that we notified also in the Basin-Mancos Gas Pool.

15 Q. Okay.

16 CROSS-EXAMINATION

17 BY EXAMINER BROOKS:

18 Q. So you're not requesting the formation of a new  
19 pool in this case?

20 A. No.

21 EXAMINER JONES: That makes it simple.

22 RECROSS EXAMINATION

23 BY EXAMINER JONES:

24 Q. So really all you're asking for from us is the  
25 330-foot setbacks and the recognition of the unit

1 basically as a project area is actually -- so within the  
2 unit agreement, it says it's a single PA. Does it say  
3 that?

4 A. It doesn't actually say that, but it says it's  
5 going to be shared on a unit-contribution basis, which  
6 is pretty much the definition of a single-participating  
7 area. Now, the BLM, they refer to it as a single PA.  
8 We just don't have that specific language mentioned in  
9 here, but for all practical purposes --

10 Q. Can you talk more about the unit agreement and  
11 exactly how it differs from previous exploratory unit  
12 agreements? Is it true that it's a 1,000-foot  
13 horizontal-well-only unit?

14 A. I believe it's 4,000. That's what the  
15 classification is in order for it to be deemed a  
16 horizontal well. Let me just back up.

17 Q. Okay. It should be easily found. It says --  
18 oh, it says "100 feet." 100 feet. So it's -- it's --  
19 it actually is exactly the same as the OCD rules then.

20 A. Okay.

21 Q. It's the second paragraph at the beginning of  
22 the unit.

23 EXAMINER BROOKS: You're looking at  
24 Exhibit 2?

25 EXAMINER JONES: Exhibit 2, on the very

1 top.

2 EXAMINER BROOKS: Second page?

3 EXAMINER JONES: Unit agreement.

4 EXAMINER BROOKS: Yeah. Unit agreement --  
5 the first page of the unit agreement is the -- where are  
6 you looking? Oh.

7 THE WITNESS: I guess the 4,000 that I was  
8 referring to is drilling to discovery. It just states  
9 that we have to drill diligently for 4,000-foot laterals  
10 within --

11 Q. (BY EXAMINER JONES) For the discovery well?

12 A. Yes.

13 Q. And for all the obligation -- other obligation  
14 wells?

15 A. Well, the other obligation wells will be  
16 subject to the plan development we submit each year.

17 Q. Okay.

18 EXAMINER BROOKS: Well, I was thinking we  
19 ought to define horizontal well as 1,000 feet to  
20 coordinate the way the BLM is doing things, but if the  
21 BLM is not doing it consistently, that won't help.

22 EXAMINER JONES: It's 100 feet.

23 EXAMINER BROOKS: 100 feet, yeah. I saw  
24 what you were pointing out.

25 EXAMINER JONES: So we've got to get the

1 same definition there.

2 Q. (BY EXAMINER JONES) How are they treating  
3 segregation of leases in this?

4 A. Well, if there are any leases that are within  
5 the primary term that get pulled into this unit, it'll  
6 trigger a segregation to where the lands outside of the  
7 unit will be given a two-year extension to APP, to those  
8 lands. If it's past the primary term of ten years, then  
9 segregation will occur, but it -- you don't necessarily  
10 need to establish production on the outside lands.

11 Q. So do you establish -- but do you have to  
12 establish that lease on the inside or just any lease on  
13 the inside to extend the --

14 A. Any lease on the inside because that means  
15 we'll share in the production.

16 Q. Okay. So the -- this is the unit agreement,  
17 and this was agreed upon by the State Land Office also?

18 A. That's correct.

19 Q. So the State Land Office, did they put in a  
20 separate -- the way they handle their segregation  
21 clauses in here?

22 A. I know it's not specifically outlined in that  
23 unit agreement.

24 Q. Okay. Most of their leases have been held for  
25 a long time.



1           A.     Right.

2           Q.     Okay.  Now, why did you pick these lands?  Of  
3     all the lands out here, why did you define the boundary  
4     the way you did here?

5           A.     So this unit actually fits right in between our  
6     West Lybrook Unit and the Tsosie Wash Unit.  So this is  
7     just kind of fits in between them.  So to the east, we  
8     have the Encana Unit.  To the west, we have the West  
9     Lybrook Unit.

10          Q.     Does it share boundaries with those two units?

11          A.     It does.

12          Q.     Are those two units set with 330-foot setbacks?

13          A.     Yes.

14                   MS. KESSLER:  Mr. Examiners, if you look at  
15     page 5, there is a diagram that shows -- it doesn't show  
16     the Encana Unit, but it shows the other WPX units, and  
17     it shows the unleased federal acreage.

18                   THE WITNESS:  Right.  So the Encana Unit  
19     would be Sections 21, 28, 33, 5.  It literally hugs  
20     along the boundary on the east side.

21          Q.     (BY EXAMINER JONES) Okay.  Now, as far as on  
22     the south, you had to cut it off going south.  Why did  
23     you stop it where you did?

24          A.     We don't have leasehold there so in order to  
25     get effective control of the unit.

1 Q. So you have 33 tracts in the unit?

2 A. That's correct.

3 Q. What about surface facilities? Will you drill  
4 your wells from common pads so you reduce surface  
5 disturbance?

6 A. Right. And so a lot of surface facilities and  
7 gathering lines -- we need this unit to be approved  
8 because then all of the leases then kind of join as one  
9 and becomes an on-lease action. So we're able to build  
10 out our infrastructure. But yes, the surface facilities  
11 are unitwide facilities that will help the production  
12 from every unit.

13 Q. So you reduce your number of separators that  
14 you required, and you reduce surface disturbance?

15 A. Yeah, the surface. Absolutely.

16 Q. Do you know where you're going to put your  
17 facilities?

18 A. I don't think we do. No, not yet. I mean,  
19 we've kind of got to get out there and stake and see  
20 where we can actually get locations to put everything.  
21 But we're kind of in the early stage of the diagramming  
22 process, and once we get unit approval and get out there  
23 with the BLM, we'll be fast-tracking them.

24 Q. Okay. So this unit does not include vertical  
25 wells; is that correct?

1           A.    As to the unit agreement.  There are some  
2 vertical wells in there, but they won't contribute to  
3 this unit.

4           Q.    Okay.  The existing vertical wells are not part  
5 of the unit?

6           A.    That's correct.

7           Q.    And what about the effective date on this unit?

8           A.    It's going to be the effective date of whenever  
9 the BLM, State Land Office and FIMO approve on a  
10 going-forward basis.  We're not going to be  
11 retroactively --

12          Q.    Okay.  No retroactive.

13          A.    Right.

14          Q.    Now, the pipelines coming in, do you know  
15 anything about those?  How you're going to get your oil  
16 out of there?  How you're going to get your gas out of  
17 there?  What are you going to do with your water?

18          A.    I'm not an expert on that, but I know that once  
19 we get the unit approved and they go out there and start  
20 staking the right-of-way and all that, then we'll build  
21 out the infrastructure as we can.

22          Q.    Okay.  So any surface facilities that you put  
23 in will be taken care of with right-of-ways from the  
24 surface owners; is that correct?

25          A.    Right, which will be the BLM, the State and

1 Indian allotted.

2 Q. And the Indian allottees?

3 A. (Indicating.)

4 Q. Okay. I don't have any more questions.

5 RECROSS EXAMINATION

6 BY EXAMINER BROOKS:

7 Q. And the surface, as well as the minerals, are  
8 all BLM, SLO or Indian allotted?

9 A. Yes.

10 Q. Okay. I think that's all I have.

11 EXAMINER JONES: Thank you very much.

12 THE WITNESS: All right. Thank you.

13 TREVOR GATES,

14 after having been first duly sworn under oath, was  
15 questioned and testified as follows:

16 DIRECT EXAMINATION

17 BY MS. KESSLER:

18 Q. Please state your name for the record and tell  
19 the Examiners by whom you're employed and in what  
20 capacity.

21 A. My name is Trevor Gates. I work for WPX Energy  
22 as a geoscientist in the San Juan Basin.

23 Q. Have you previously testified before the Oil  
24 Conservation Division?

25 A. In Colorado, yes, not in New Mexico.

1 Q. Can you please outline your educational  
2 background?

3 A. I have a bachelor's degree in geology from  
4 C. Boulder from 2006.

5 Q. And what is your work history?

6 A. I had an internship in 2006 with Williams, and  
7 then they hired me on after graduation. So I've been  
8 with Williams ever since.

9 Q. Since 2006?

10 A. Yes.

11 Q. Have your responsibilities during this time  
12 included the San Juan Basin?

13 A. Yeah, for the last year and a half.

14 Q. And your responsibilities in the San Juan Basin  
15 are to evaluate geologic targets; is that correct?

16 A. Yes.

17 Q. Are you a member of any professional  
18 associations?

19 A. Yes, the Rocky Mountain Association of  
20 Geologists, New Mexico Geologic Association and the  
21 AAPG.

22 Q. And you mentioned that you had previously  
23 testified in front of Colorado's Oil Conservation  
24 Division equivalent; is that correct?

25 A. Yes.

1 Q. Are you familiar with the application filed in  
2 this case?

3 A. I am.

4 Q. And have you conducted a geologic study of the  
5 lands that are the subject of this application?

6 A. Yes.

7 MS. KESSLER: Mr. Examiners, I would tender  
8 Mr. Gates as an expert witness in petroleum geoscience.

9 EXAMINER JONES: Any objection?

10 MS. DAVIS: Yes. Basically, I would like  
11 to cross-examine.

12 EXAMINER JONES: You can ask him questions  
13 about his --

14 MS. DAVIS: Yes. I would like to ask you  
15 [sic] questions.

16 EXAMINER JONES: Sure.

17 VOIR DIRE EXAMINATION

18 BY MS. DAVIS:

19 Q. The first one is: What is the estimated  
20 distance for fracking in the Rodeo Unit calculated to  
21 fracture?

22 EXAMINER JONES: Yeah. That's not part of  
23 the voir dire.

24 EXAMINER BROOKS: That's not -- yeah.  
25 That's not related to his qualifications. Are you

1 challenging his qualification as a geologist?

2 MS. DAVIS: Yes.

3 EXAMINER BROOKS: Well, you can ask him  
4 only questions about his qualifications as a geologist.  
5 You can't ask him substantive questions unless -- until  
6 he has completed his --

7 MS. DAVIS: Okay. Then I have no  
8 objection.

9 VOIR DIRE EXAMINATION

10 BY EXAMINER JONES:

11 Q. So what did you specialize in at Boulder?

12 A. Just a general geology degree.

13 Q. Okay. And the internship, was that in the  
14 Western Slope?

15 A. It was in the Piceance Basin.

16 Q. Piceance.

17 A. Uh-huh. And then I worked in the Piceance  
18 until I transferred to the San Juan Basin a year ago.

19 Q. How do you spell your last name?

20 A. G-A-T-E-S.

21 EXAMINER JONES: Mr. Gates is so qualified.

22 CONTINUED DIRECT EXAMINATION

23 BY MS. KESSLER:

24 Q. Mr. Gates, I'm looking at Exhibit 8. Are you  
25 familiar with the interval being unitized that will be

1 the Rodeo Unit?

2 A. Yes.

3 Q. Is Exhibit 8 a type log of the well showing the  
4 unitized interval?

5 A. It is.

6 Q. What is the name of that well?

7 A. The North Chaco #7.

8 Q. Where is it located?

9 A. It's located in Section 30, Township 23 North,  
10 Range 8 West.

11 Q. Is this the same log that was used in Exhibit C  
12 to the agreement?

13 A. It is.

14 Q. What interval is it that WPX would like to  
15 unitize?

16 A. We'd like to unitize the entire Mancos  
17 interval, so from the top of the Mancos shown at 3,524  
18 down to the Graneros at 5,359.

19 Q. In your opinion, does the horizon identified in  
20 Exhibit 8 extend across the unitized area?

21 A. It does.

22 Q. Have you brought structure maps and cross  
23 sections to support this conclusion?

24 A. Yes.

25 Q. Let's look at Exhibit 9, please. Identify this



1 exhibit and explain what it shows.

2 A. So Exhibit 9 is a structure map on the top of  
3 the Mancos Formation. And the contour lines are on a  
4 25-foot contour interval, and so it's showing that the  
5 Basin is deepening to the northeast, just a gentle dip  
6 to the northeast. And then the blue lines on there are  
7 to indicate where the cross sections are located that  
8 I'll be showing you.

9 Q. Based on the structure in this unit area, have  
10 you identified any geologic hazards to drilling  
11 horizontal wells?

12 A. No.

13 Q. Turning to Exhibit 10 --

14 MS. KESSLER: Mr. Examiners, this has to be  
15 folded out.

16 Q. (BY MS. KESSLER) Is this the cross section that  
17 corresponds to the wells labeled A to A prime to the  
18 previous exhibit?

19 A. It is.

20 Q. What does the cross section show?

21 A. So this cross section is going down dip, so you  
22 can see, based on the top of that Mancos, how it is  
23 going down into the Basin. The tracks starting on the  
24 left, shaded in yellow, would be your gamma ray. Next  
25 to that is your resistivity. There is kind of a mix of

1 logs here because they're vintage wells. The next well  
2 has an SP curve shown in red there, and the well is a  
3 more -- log. So I would have shown an SP and  
4 resistivity as well.

5 The main thing to note is just that top of  
6 the Mancos pick is what correlates across. That SP kind  
7 of flattens out indicating the top of the Mancos. And  
8 then at the base of the Graneros, same thing. You can  
9 see how the pick is just pushed across and the interval  
10 is pretty consistent thickness throughout the entire  
11 unit.

12 Q. What is Exhibit 11?

13 A. Exhibit 11 is similar except for it's going on  
14 strike with the formation, so it's coming perpendicular  
15 to the dip, so it should look a little bit flatter.  
16 Other than that, it's essentially showing the exact same  
17 thing, just showing how the tops were picked, and just  
18 showing the unit more on an east-to-west.

19 Q. And in your opinion, based on the geologic  
20 evidence, does the unitized interval that WPX seeks  
21 approval of extend across the area?

22 A. Yes, it does.

23 Q. Have you observed any evidence of faults or  
24 pinch-outs or other geologic hazards that would prevent  
25 this acreage from contributing to the overall production

1 from this?

2 A. No, I have not.

3 Q. Can this unitized area, in your opinion, be  
4 effectively and efficiently developed under the unit  
5 plan?

6 A. Yes.

7 Q. In your opinion, is it in the best interest of  
8 conservation and the prevention of waste to approve this  
9 application?

10 A. Yes, it is.

11 Q. Were Exhibits 8 through 11 prepared by you or  
12 coordinated under your direction and supervision?

13 A. Yes, they were.

14 MS. KESSLER: Mr. Examiners, I'd move the  
15 admission of Exhibits 8 through 11.

16 EXAMINER JONES: Exhibits 8 through 11 are  
17 admitted.

18 (WPX Energy Production, LLC Exhibit Numbers  
19 8 through 11 are offered and admitted into  
20 evidence.)

21 EXAMINER JONES: Do you want to ask him a  
22 question? Go ahead.

23 MS. DAVIS: Now I can?

24 EXAMINER JONES: (Indicating.)

25 MS. DAVIS: We'll just waive them.

1 EXAMINER JONES: Pardon?

2 MS. DAVIS: We'll waive the questions.

3 EXAMINER JONES: Okay. Okay. We'll just  
4 ask questions.

5 Leonard, do you want to start? I mean  
6 Mr. Lowe.

7 EXAMINER LOWE: No. I'm okay for now.  
8 Thank you.

9 CROSS-EXAMINATION

10 BY EXAMINER JONES:

11 Q. Well, I can ask a few. I'm always asking  
12 geology questions.

13 I guess the big issue here is we want to  
14 make sure that your unit definition of the Mancos is --  
15 if it's not the same as the definition in the  
16 Basin-Mancos, then we have to resolve that somehow. But  
17 it's not always true that units are always exactly the  
18 same as the pools because we have a lot of those in this  
19 state. But can you answer that or --

20 A. I'm not exactly sure I understand. To the  
21 extent they're not always the same, I think we're  
22 consistent between the units that we have in this area.

23 Q. Oh, they are?

24 A. I believe so, like the West Lybrook.

25 Q. So basically it's the top of the Mancos as

1 defined?

2 A. Top of the Mancos, yeah.

3 Q. Now, I see your SP curve is very definitive  
4 here, but I thought the top of the Mancos had some sort  
5 of a definition of 100 feet below the top of the Point  
6 Lookout or something.

7 A. Yeah. The Point Lookout would be -- it's just  
8 not shown, but it's just right above that. You see the  
9 well on the furthest right? The gamma ray is further to  
10 the left. That's indicating sandstone. And so it kind  
11 of comes out, and then it goes back in about 100 feet,  
12 like I said, top of the Point Lookout. The other logs  
13 are not shown. I just took off the other tops just to  
14 keep it confined to the top -- the base and the top.

15 Q. Okay. Okay. So hopefully it'll be the same  
16 definition as the top. That way -- it's clear that way.  
17 I don't have the Basin-Mancos rules right in front of me  
18 so I don't know that.

19 Now -- and the Graneros is the base of the  
20 Greenhorn; is that correct?

21 A. Yes, base of the Greenhorn, top of the  
22 Graneros.

23 Q. So that's pretty clear there. That's the  
24 definition of the Basin-Mancos.

25 A. Yeah.

1           Q.    So where in this big section are you going to  
2   drill?

3           A.    Where are we targeting?

4           Q.    Yeah.

5           A.    I mean, it's more in the lower half.  You can  
6   see with the SP curve kicks out a little bit, but that's  
7   generally referred to as the regressive interval.

8           Q.    Is that below some kind of an unconformity they  
9   always talk about?

10          A.    Yeah.  There's the Libra [sic;phonetic]  
11   unconformity, the Gallup unconformity.  There are a few  
12   different names floating out there, but yeah, exactly.

13          Q.    So where would that unconformity be in these?

14          A.    I mean, it would be roughly -- the well of the  
15   Chaco 622B to the second well over, it would be roughly  
16   around, I'll just say, 4,300 feet.  I mean, honestly,  
17   it's a difficult pick to do on the well logs.  In core,  
18   you can see it very well.  In outcrop, you can see some  
19   unconformity, but on a log, you need to have an offset  
20   core and correlate it over to that core because it will  
21   be pretty tricky to pick on the log.

22          Q.    So you want to go below the unconformity.  And  
23   how far below, and where do you decide -- how do you  
24   decide where to --

25          A.    I mean, a lot of it's based on offset stuff

1     that we're doing in West Lybrook, essentially the same  
2     targets we're drilling there.

3         Q.     Okay.  So is it sometimes called the Gallup  
4     or --

5         A.     Yeah.  They call that the Gallup interval.  
6     It's mislabeled above that unconformity as Gallup, and I  
7     think that's part of the issues with some of these  
8     Gallup pools and stuff.  The Gallup Formation top has  
9     kind of been mislabeled.  That unconformity comes  
10    through and cuts away the Gallup, and above that is  
11    really the Gallup equivalent in some areas that we  
12    have -- the area we would be drilling is true Gallup.

13        Q.     Okay.  So is it in a sandstone?

14        A.     Yeah.  It's a series of regressive sequences.

15        Q.     Okay.

16        A.     It's like --

17        Q.     Regressive meaning forcing it upward; is that  
18    correct?

19        A.     Yeah, essentially.  The sea level is dropping,  
20    so essentially the delta is coming in.  All right?  And  
21    it's depositing its sand.  The further it goes, the  
22    water velocity is slowed down, and you start dropping  
23    out smaller and smaller sediment.  Right?  So you have  
24    better porosities that gets closer and finer and finer  
25    in the deep Basin-Mancos Shale.  Yeah.  They need their

1 sandstone. So it's just a coarsening upwards as these  
2 lobes come out as the delta is building out essentially.

3 Q. Okay. So you try to hit -- you try to look at  
4 your gamma ray mainly, or is it the resistivity log that  
5 you --

6 A. Once you know where it is, you can correlate it  
7 across the gamma ray or resistivity or SP.

8 Q. So there is a series of those regressive  
9 sequences? So you could be drilling in multiple  
10 horizons out here?

11 A. I mean, they're close enough together you could  
12 probably have communication, so typically we just -- we  
13 just land one.

14 Q. Okay. So it's pretty much one level you're  
15 going to here?

16 A. Right now it's one level. I mean, people are  
17 always testing different benches, and you see what  
18 works, and well spacing, are they in communication. A  
19 lot goes into it. But right now the interval that is  
20 targeting is what we're targeting.

21 Q. Okay. So why do you want to unitize all the  
22 way up to the top of the Mancos? Why don't you just go  
23 to the unconformity?

24 A. Like I said, there are other potential targets  
25 up there, so -- I mean, they're more exploratory



1 targets, but they're there.

2 Q. Okay. So it's a possibility?

3 A. And if it does work, there is always a  
4 possibility, kind of a stagger like you're talking  
5 about.

6 Q. Okay. But there is no situation here where  
7 you've got gas and then go below and get oil and then  
8 below and get water? This is a shaley sand or sandy  
9 shale?

10 A. It's shaley sand. Everything that I've seen  
11 that we've drilled so far in this interval has been oil.

12 Q. Okay. Are you in the oil-generation window, or  
13 have you guys done any maturity studies or --

14 A. We're working on that right now, currently,  
15 also.

16 Q. Okay. So the depth you're drilling would be  
17 what? Approximately what depth here?

18 A. In this area, I think we're landing our targets  
19 roughly around 5,000 feet.

20 Q. Okay. So you're almost a mile below the  
21 surface with your horizontal well?

22 A. Yes. Uh-huh.

23 Q. So you're going to drill down, and you're  
24 going -- you're going to turn it like 500 feet above,  
25 and your horizontal production interval is going to be

1 about a mile below the surface; is that correct?

2 A. That's correct.

3 Q. Do you know anything about the surface  
4 locations and how the drilling of horizontal wells out  
5 here is going to reduce the surface impact?

6 A. Yeah. I mean, I helped plan out that, and, I  
7 mean, we're always looking to, you know, put unit wells  
8 on the pad as we -- as we can. There are limitations to  
9 that drilling, like how far you can drill out to the  
10 side and just getting the depth we have to go down  
11 because the pipe will only bend so fast. But we always  
12 try to minimize that surface disturbance, and, like you  
13 were saying before, you know, putting multiple or --  
14 production facilities that work for multiple wells. But  
15 you kind of have to have that unit outlined and set  
16 before I can really start deciding where to put the pads  
17 and where the infrastructure will go, pipelines, all  
18 that. You have to have the outline set.

19 Q. Okay.

20 A. So we've done a little bit of preliminary  
21 staking where we know things aren't going to change,  
22 and, you know, that's part of where we got the permit  
23 for the 500. But other than that, until the rest of  
24 that unit really gets formed, it's hard to go out there  
25 and do a lot of work because it keeps changing.

1 Q. Okay. So what does the surface look like out  
2 here? Is it badlands, or is it --

3 A. It's a mix. In other words, on top of the  
4 mesa, it's relatively flat, and as you drop, it's  
5 badlands.

6 Q. So how long -- how far will you drill your  
7 horizontals? One mile or two miles?

8 A. One to one and a half is what we're comfortable  
9 with now. I don't think we've done a two-mile. That  
10 would be kind of pushing it. But --

11 Q. Okay. Now, how does this relate to the  
12 Niobrara that's done over in the DJ Basin?

13 A. I've read people think it's somewhat  
14 equivalent. I can't tell you exactly how equivalent. I  
15 think there's more margin in the Basin, where we have  
16 our Rosa [phonetic] Unit. That would be more equivalent  
17 to what they're drilling, because that unconformity cuts  
18 down and you lose the Gallup section. And you've got  
19 the equivalent formation, but it's really deep-sea shale  
20 kind of along the shoreline.

21 Q. Okay. So the Niobrara and the DJ is more  
22 deep-sea shale?

23 A. More shale.

24 Q. Okay. So it's a different -- it's all  
25 Cretaceous?

1           A.    It's all Cretaceous.  It's, you know, roughly  
2   the same time period, that kind of thing, but it's just  
3   where it's deposited within the -- on the -- close to  
4   the shoreline or in a deeper basin that makes a  
5   difference.

6           Q.    So how many years ago was the Cretaceous --  
7   these Cretaceous rocks --

8           A.    The end of the Cretaceous was 65 million years  
9   ago, so most of these are probably somewhere around 90  
10  million years ago.

11          Q.    90 million ago?  During the dinosaur age?

12          A.    During the dinosaur age, yes.

13          Q.    Okay.  Well -- and do you know anything about  
14  the frac length -- the half length of your frac jobs,  
15  how far out they're going?

16          A.    Honestly, I'm not an expert to talk about that  
17  talk.  You want to talk to the reservoir engineers  
18  because they do all the calculations of our drainage  
19  area.  I mean, I work more on looking at the targets,  
20  where to land the horizontals, help with the surface  
21  plan, but the reservoir engineers really calculate the  
22  volumetrics and what we're getting out as far as mapping  
23  that out.  Nothing I've seen to date would lead me to  
24  believe that 330 is too close.

25          Q.    So 330 is too close?

1           A.    No.  I said nothing I've seen to date leads me  
2   to believe that that is too close.  I believe that's a  
3   setback.

4           Q.    So if you have 330 setbacks from the unit  
5   boundary, it's possible it won't drain beyond that?

6           A.    Yeah.  I mean, like I said, we'd have to get  
7   the reservoir engineer to talk about how they calculate  
8   that out.

9           Q.    Now, as far as your contribution to the  
10  reservoir engineers to the recovery of these wells, is  
11  this just strictly empirical reserves, decline curve  
12  solution, or do you actually contribute some volumetric  
13  data to them like porosity and --

14          A.    Yeah.  We'll give them some of the data to feed  
15  into whatever software they're using to model, but  
16  they're looking at the decline curves and kind of  
17  figuring out what we're getting versus what we're  
18  expected to get.

19          Q.    So decline curves are the dominant way to do  
20  it?  Volumetrics are the secondary way to do it?

21          A.    I mean, I would talk to a reservoir engineer.  
22  I'm not an expert.

23          Q.    But what porosity would you give it?

24          A.    In this area, an average porosity would  
25  probably be around 6 to 7 percent for that entire

1 interval.

2 Q. 6 to 7 percent?

3 A. Yeah.

4 Q. Okay.

5 A. There are places higher than that, and there  
6 are places lower than that just given that coarsening --  
7 you know, with coarser sand, you're going to have more  
8 room between those sand grains. The finer sediment is  
9 not going to have it, though. On the whole, the average  
10 would be 6 to 7 percent porosity.

11 Q. Okay. And what about your water saturation?  
12 How much water are you going to make with these wells?

13 A. I mean, it varies. The further southwest we  
14 go, the water saturation keeps going up. I'd guess  
15 these would be around 30 to 40 percent water saturation.

16 Q. Okay. So the further southwest you go, the  
17 more water you're getting in wells?

18 A. Uh-huh.

19 Q. And is there a reason for that?

20 A. I think you're just shallowing up, so you're  
21 probably getting more contribution coming in from the  
22 outcrops where the water is seeping down.

23 Q. Yeah.

24 A. So it's closer to that.

25 Q. Okay. Now, you mentioned the Rosa Unit

1 earlier. This one-mile deep well you're drilling -- how  
2 deep are they drilling in the Rosa Unit for this  
3 formation for the Mancos?

4 A. I'm not sure off the top of my head. Another  
5 geologist operates the Rosa.

6 Q. But it's gas, isn't it?

7 A. It's gas. It's very dry gas.

8 Q. Very dry gas.

9 So it's been heated up more?

10 A. It's been cooked a lot more.

11 Q. Are you expecting good gas out of this or with  
12 propane and no inerts like nitrogen or CO2 or --

13 A. I haven't heard of us having a problem with CO2  
14 or nitrogen.

15 Q. Or H2S?

16 A. No H2S in this area.

17 Q. So there is no dangerous gas except for -- it's  
18 explosive, but it's not dangerous as far as H2S?

19 A. Yeah. There's no -- I've been on the rigs, and  
20 there is no H2S in this area.

21 Q. Of course, on H2S, you can never say never,  
22 right?

23 A. True. But to date, we have not --

24 Q. You always are protective against it?

25 A. Yes. We have not seen it.

1 Q. Okay.

2 EXAMINER BROOKS: I think I don't have  
3 anything.

4 EXAMINER JONES: Okay. Thank you.

5 MS. KESSLER: That concludes my direct  
6 examination. Thank you.

7 EXAMINER JONES: I think, if there is  
8 nothing else, we'll take this --

9 MS. DAVIS: My turn?

10 EXAMINER JONES: Pardon?

11 MS. DAVIS: Is it my turn.

12 EXAMINER JONES: Sure. If you have  
13 questions, go ahead.

14 MS. DAVIS: I'm basically going to give a  
15 statement, a testimony.

16 EXAMINER BROOKS: Okay. Is it acceptable  
17 that the witness is excused?

18 MS. DAVIS: Yes.

19 Do you want me to sit?

20 EXAMINER JONES: Yes.

21 FRANKIE DAVIS,  
22 after having been first duly sworn under oath,  
23 testified in narrative form as follows:

24 MS. DAVIS: We're going to sit? Okay.

25 I'm going to be reading. "A party other



1    than the Applicant shall" -- okay. This is 19.15.4.13B,  
2    paragraph two. "A party other than the Applicant shall  
3    include in its pre-hearing statement a statement of the  
4    extent to which the party supports or opposes the  
5    issuance of the order the Applicant seeks and the  
6    reasons for such support or opposition.

7                    "In cases to be heard by the Commission,  
8    each party shall include copies of the exhibits that it  
9    proposes to offer in evidence at the hearing with the  
10   pre-hearing statement. The Commission may exclude  
11   witnesses the party did not identify in the pre-hearing  
12   statement or exhibits the party did not file and serve  
13   with the pre-hearing statement unless the party offers  
14   such evidence solely for rebuttal or makes a  
15   satisfactory showing of good cause for failure to  
16   disclose the witness or exhibit."

17                   And the good cause is that this exhibit  
18   affects my testimony and position on the unit  
19   application, and it was received from Mr. West after the  
20   filing date. And here is a letter, Exhibit A, Brennan  
21   West to Frankie Davis, dated 10 February. Do you want  
22   me to give you a copy?

23                   EXAMINER BROOKS: You need to give a copy  
24   to the court reporter, and if you have copies -- and a  
25   copy to the Examiners. We'll need that, too.

1 MS. DAVIS: Also, in the WPX email, it  
2 states, "We are going to drill eight Rodeo Unit wells in  
3 the first half of 2018, and this could be moved up."

4 The only way to prevent drainage is for WPX  
5 to put in writing to this Commission that it agreed to  
6 drill eight wells in the Rodeo Unit in 2017. And if  
7 they do, then I change my objection to my full support  
8 for any expeditious ruling on this matter in favor of  
9 WPX. With the other one -- with the one other  
10 requirement. If WPX fails to drill -- okay. Stop that  
11 one. And as you can tell, my issue is drainage.

12 And these are the questions that I would  
13 have asked or that I have concerns with, and I'm just to  
14 going read them, if you don't mind:

15 What is the estimated distance the fracking  
16 in the Rodeo Unit is calculated to fracture?

17 What is the desired fracking goal in terms  
18 of distance of the frac?

19 Do formations count as one of the variables  
20 involved in determining the distance of a frac? Yes.

21 Can a frac, as a result of fracking, be  
22 accurately be determined? No.

23 Can the directions of fracking be  
24 predetermined, or will the fracturing follow the  
25 formations? Yes.

1                   Is well location one of the variables in  
2     determining drainage?   Yes.

3                   The West Lybrook Unit is adjacent to the  
4     Rodeo Unit.   If there is a pool of oil at a deep level  
5     and you frack the well and it goes into the deep  
6     reservoir of oil and this reservoir of oil is not only  
7     within the West Lybrook Unit but extends to the Rodeo  
8     Unit, would this be drainage?   Yes.

9                   No matter a large or very small chance, is  
10    there any possibility that when WPX commences fracking  
11    in the Rodeo Unit, that it will extend into the West  
12    Lybrook Unit and other units?   Yes.

13                  So I will ask this:   Could a formation  
14    allow a frac to extend for a lot longer distance than  
15    normal?

16                  Is it true, then, that if a well is drilled  
17    and fracked in the West Lybrook Unit, that the frac  
18    would extend into the Rodeo Unit -- could extend into  
19    the Rodeo Unit?   Yes.

20                  When I went to the BLM office in  
21    Farmington, I requested information about drainage  
22    reports in relation to allotted lands.   The BLM stated  
23    that they had many drainage reports.

24                  Now, is the BLM conducting drainage reports  
25    to waste taxpayers' money, or is it because that

1 sometimes drainage does occur? Yes.

2 And my -- my preference as an allottee --  
3 you know, you have the 300 -- what did they say --  
4 330-foot setbacks.

5 EXAMINER JONES: Uh-huh.

6 MS. DAVIS: And in speaking with Brennan,  
7 he said there is another 330 setback on the Rodeo Unit.  
8 My preference was to have a 2,600 setback instead of the  
9 300 because of that issue of drainage.

10 And then if you look at -- I guess we can  
11 look at any of the maps, but on the Rodeo Unit,  
12 basically, again, my preference as an allottee would be  
13 to drill the wells in the Rodeo Unit preferably rather  
14 than -- you know, as soon as possible, you know, and  
15 that would satisfy the drainage concerns that we have --  
16 or that I have in my interest.

17 (Consultation with Mr. Davis.)

18 MS. DAVIS: Okay. I have changed my  
19 position. I've spoken with Brennan, and I totally do  
20 support the unit -- the Rodeo Unit drilling.

21 Oh, and the last thing, I wanted to make  
22 sure -- I wanted to ask the Commission if you could  
23 expedite this drilling ASAP.

24 EXAMINER BROOKS: Okay. Okay. Thank you  
25 very much.

1 MS. DAVIS: Thank you.

2 EXAMINER JONES: We really appreciate it.

3 MS. DAVIS: Appreciate it.

4 EXAMINER BROOKS: Have we answered your  
5 questions to what we can do in regard to -- there is  
6 very little because that's all up to the Bureau of Land  
7 Management. They make all the decisions about granting  
8 permits to drill on federal lands, including Indian  
9 allotted lands, and we have no control over it.

10 MS. DAVIS: Well, but you have the ability  
11 to approve it quicker, right, the unit itself?

12 EXAMINER JONES: Yeah, we have.

13 EXAMINER BROOKS: If we approve -- we're  
14 going to approve this unit before the BLM approves the  
15 APD. I'm certain of that. And it won't be more than  
16 like 30 days before we get this done, and they're going  
17 to be five or six months. So it's all in their control.

18 MS. DAVIS: Well, thank you so much.

19 EXAMINER JONES: You're welcome.

20 MS. DAVIS: Appreciate it.

21 MS. KESSLER: Mr. Examiner, if we supply a  
22 proposed order, would it be possible to expedite this  
23 process? We'd be happy to circulate a copy to you.

24 MS. DAVIS: Great.

25 EXAMINER JONES: Proof of notice to the --

1 MS. KESSLER: Proof of notice to the  
2 overrides.

3 EXAMINER JONES: Okay. Let's take Case  
4 Number 15618 under advisement, and that concludes our  
5 hearing.

6 MR. DANIEL TSO: I'd like to make a  
7 statement regarding this particular --

8 EXAMINER JONES: Yes, sir. Come on up.  
9 We're not closing the case yet.

10 MR. DANIEL TSO: Ya'at'eeh.

11 EXAMINER BROOKS: I'd ask if there are  
12 others present who want to make statements.

13 Okay.

14 MR. DAVIS: Me. I want to make a  
15 statement. I'll do it after these people.

16 EXAMINER BROOKS: We'll take his statement,  
17 since he's already on the stand, and then we'll take a  
18 break.

19 MR. DANIEL TSO: My name is Daniel Tso.  
20 This is my third or fourth appearance before this  
21 particular process.

22 Ya'at'eeh.

23 (Speaking in Native language; no  
24 translation provided.)

25 That's to basically give credentials that I

1 am connected to Mother Earth and also to basically have  
2 a standing. I have an allotment, 104 and 105, within  
3 this Rodeo Unit, and basically what the -- I think that  
4 what your experts basically don't talk about is the fact  
5 that this particular Rodeo Unit is bound by 7900, the  
6 road to Chaco, and then the turnoff to Chaco, 7950. So  
7 what you're basically -- what I'm concerned about is  
8 you're going to do an industrial development in what is  
9 somewhat of a pristine environment. And right now we  
10 know that the oil and gas industry is not adding to the  
11 economy like it was a year ago, but tourism is the one  
12 that's keeping some revenues coming to the state. And  
13 so that's the actual aspect that I really want to talk  
14 about, is the fact that you're going to industrialize an  
15 area that is the entrance to a world heritage site.

16           The other aspect is directly outside of the  
17 unit, there are residents. Along 7900, I think there  
18 are seven or eight right before the turnoff on 7950.  
19 And what I'm concerned about is yes, there's going to be  
20 eight wells, but there are going to be pipelines built  
21 to get the oil out of there. And there are going to be  
22 compressors built to push that oil out of that  
23 particular area. And with those compressors, then there  
24 is going to be the release of methane gas, multiple  
25 organic compounds, and then as the hearing officer

1 relayed, there are going to be some releases of hydrogen  
2 sulfite.

3                   So those aspects, the effect -- the  
4 downwind effect to the residents on the east side of the  
5 Rodeo Unit, along 7900 -- and there are some other folks  
6 that are on 7950, more toward the south and west of  
7 Rodeo Unit. Those folks will also be impacted. And  
8 again I say, as I said in times before, the maps that  
9 are presented doesn't show where people live.

10                   And we already know that the methane  
11 gathers in specific spots, and I've heard in other  
12 presentations that the methane molecules are very active  
13 molecules. They will go congregate. So in that aspect,  
14 then, the environment, the air quality will be hampered.

15                   It would not surprise me that they would be  
16 going to the New Mexico Environment Department to ask  
17 for variances on the National Air Quality Standards.  
18 We're already encountering that. Eight miles northeast  
19 of Niasse Chapter House, there is already a big  
20 compressor that is already permitted to release volumes  
21 of gases that are higher than what is allowable with the  
22 National Air Quality Standards. So those are some  
23 things.

24                   The reason I'm saying it is because the  
25 letters from the lawyer says if you don't raise



1 objections, you forever hold your peace. And right now,  
2 because of the events that have occurred within the West  
3 Lybrook Unit, that causes me to say I have objections.  
4 And that has to be stated.

5           The other is -- and I've said it -- the  
6 terrain. The Bettonie Tsosie Wash drains through this  
7 particular unit, and if there is any spills, this  
8 Bettonie Tsosie Wash drains into the Chaco Wash and on  
9 into the San Juan. So we have to be cognizant of those  
10 factors. Again, the experts that talked about the  
11 geologic, they didn't talk about the actual drainage of  
12 the land.

13           And the surface damage that presently  
14 occurs with the existing vertical wells causes erosion,  
15 and it's very apparent as you go farther south and west  
16 within the unit. I have the actual privilege to walk  
17 that, and so that's how come I'm saying that there has  
18 to be consideration for the folks that live within a  
19 quarter of a mile, a half mile, a whole mile, two miles  
20 of this particular industrial zone that you're being  
21 asked to approve. And those folks have, I'm sorry to  
22 say, no standing because they aren't part of the unit  
23 and the overall air quality and health factors.

24           In the other areas, we are already noticing  
25 higher cases of asthma, especially more east of

1 Counselor, New Mexico. So those aspects -- again, you  
2 may tell me that these concerns aren't under the purview  
3 of your decision, but I want it on record that this is  
4 what the concerns are.

5           So that would be the extent of my  
6 statement, and I appreciate the time. As we go forward,  
7 I feel like, with this unit, we're almost going to be  
8 like 80,000 acres that are unitized in that area. And,  
9 again, as I stated before in other hearings, this isn't  
10 isolated. It's just part of the big grid that this  
11 Division has approved, and the conglomerate effect is --  
12 hasn't been seen yet. But when it is, then I think that  
13 that's when there will be other issues that will come  
14 forward as we go forward.

15           Thank you, again.

16           EXAMINER BROOKS: Thank you.

17           EXAMINER JONES: Thank you.

18           Let's take a ten-minute break.

19           (Recess 9:38 a.m. to 9:54 a.m.)

20           EXAMINER JONES: Back on the record.

21           Next person who wants to make a comment,  
22 please come up.

23           MR. DONALD TSO: I'm the better half of  
24 that young boy that was talking. My name is Donald Tso.

25           I have photographs. I've taken some a few

1 years back, and I have a special interest in the area.  
2 I don't know why. It just happened. The first  
3 photograph I want to show you, it looks like -- it looks  
4 like a bear (indicating). I call it Rusty Bear. And  
5 it's south of this area where they're fracking. And  
6 that photograph was taken, and it's near a road near to  
7 one of the wells. And if I were to go back there and  
8 check out how my friend is doing, I would have to wait a  
9 little later, when it warms up. As you can see, what  
10 the bear's standing on is very flimsy and the corrosion  
11 around, and the wind has blown all that sandstone away  
12 from it. And it's amazing how some structures like that  
13 are in the area.

14 And concerning the area we're talking about  
15 today, I don't know what else is out there. I haven't  
16 been out there. I would like to go out there and take  
17 more photographs. And it's very important how these  
18 things stand. If they fall over, the people are going  
19 to say, you know, What was that?

20 EXAMINER JONES: Yeah.

21 MR. DONALD TSO: And it doesn't look good  
22 if we're going to be caretakers.

23 And every time I look at this flag  
24 (indicating), the New Mexico flag, and from this office,  
25 it's pointing four directions. So my point is let's be

1 the caretakers of this earth in a good way.

2           And the second photograph is -- well, at  
3 the last hearing that we had here, I was referring to a  
4 butterfly that is not too far down the road from that  
5 bear picture. That's an actual butterfly (indicating),  
6 and it's about the size of my thumb (indicating). And  
7 it took about 15 to 20 photographs of that butterfly to  
8 finally settle on that flower. So it is a butterfly.  
9 It's not a moth. It's a butterfly. And I've learned  
10 from it that these kind of butterflies migrate to these  
11 different regions all over New Mexico. And they do have  
12 a name for one of those butterflies in Santa Fe County.  
13 And the butterflies -- that particular butterfly -- the  
14 flower it's sitting on is kind of special because the  
15 Navajos use that plant to -- as part of the dyes. So  
16 it's very important for the -- for everyone to know that  
17 all these things -- all the little things that we  
18 overlook, that some of us are still trying to protect.

19           Some of us have a deep concern that  
20 companies come in and want to build a site here, you  
21 know, on both sides of what we live on. And this piece  
22 of land that my brother was talking about, 104 and 103,  
23 we've had that piece of land since day one, and we've  
24 had -- not necessarily us, our own selves, but one of  
25 the properties has been used for medicine ceremonies.

1 And it's been so sacred that people have been asking us  
2 to make it into a historical site. Because it's been  
3 used so many times, that I may have to request that, to  
4 keep it for the next generation, after generation after  
5 generation. You know, it's very important that -- some  
6 people do not go to the Christian Church, yet they go to  
7 a traditional teepees and have their ceremonies there.  
8 And I've been on that particular property. It's  
9 disheartening to hear that things are going to be  
10 destroyed in the surrounding area.

11           The arroyo that goes through that  
12 property -- the families that live in the area have told  
13 us that their great grandfather had irrigated farmland  
14 there. And back in those days, we didn't have  
15 headstones. So there are burial grounds all over the  
16 place on the properties in the surrounding area. What  
17 will become of those bones that are scraped up? Will  
18 they be scraped up, or are they going to be touched?  
19 What would happen? How would they be conduct them --  
20 how would things be conducted? You have to bring a  
21 medicine man to remove them, to relocate them. It seems  
22 awkward to do that.

23           The other problem is, like I said, there  
24 is -- like I said, they told us that you can dig 15 feet  
25 near the arroyo, 15 feet. You get a good drinking

1 water. But I really don't understand why the Health  
2 Department comes in and says, The water's not good;  
3 don't drink it; don't touch it. So they're telling  
4 everybody in the surrounding area, Don't eat your  
5 livestock, because if you eat the livestock, you'll get  
6 sick. If you drink the water, you'll get sick. So I  
7 don't know. To me that's scare tactics.

8 I find that -- I mean, we have these  
9 inventions with these little tubes. You can put it in  
10 the dirt water, muddy water and suck the water out. You  
11 won't get sick. You get in these third-world countries  
12 and pass them out to them, to every household. We  
13 don't -- we don't want to be -- let's work something  
14 out, make the surrounding people happy, as well as  
15 people that come in.

16 The other problem is I didn't hear anything  
17 from -- from the oil company about that explosion.  
18 Didn't hear from the people that live in the area who  
19 were evacuated. There was no apologies from the  
20 company. There was no way to help these people once  
21 they were evacuated, to give them monetary things during  
22 the period that they were evacuated to help them out  
23 while they were under stress. You know, it's not  
24 working out. It's not working out. I mean, we were --  
25 poor as we are, but we're not dumb. We're not dumb.

1 I have this habit of getting on the  
2 Internet. I love it. It brings more knowledge into my  
3 head. It makes me feel like a little kid again. I love  
4 that.

5 I just don't want things to happen like  
6 that picture there (indicating). See that? To me  
7 that's ugly. I don't want to see that. I don't want my  
8 families to see that. It's not worth it. Mother Earth  
9 is sacred. We are the only ones that are protecting it,  
10 like our friends up in North Dakota protecting their  
11 water, water protector. We are the same. We are doing  
12 the same thing.

13 I don't care how far deep it goes. Somehow  
14 it will come back up, right, by pressure?

15 That's it.

16 EXAMINER BROOKS: Thank you, sir.

17 MR. DONALD TSO: Think about it.

18 Thank you.

19 MS. ELDRIDGE-SHORTY: Thank you for opening  
20 the floor to me today, Commissioners.

21 EXAMINER BROOKS: Please state your name to  
22 the court reporter.

23 MS. ELDRIDGE-SHORTY: My name is Shannon  
24 Eldridge-Shorty, and I'm Navajo. I wanted to also state  
25 my clan. I am a member of the Navajo Nation, and my

1     clan is the -- (speaking in Native language; no  
2     translation provided). And that is the woman I am. I  
3     represent my community. I represent the Navajo Nation,  
4     and I'm also a mother of two.

5                 I just want to state -- make a statement in  
6     regards to the production of what's being planned out,  
7     you know, near our home, to our community members, that  
8     I'm opposed to this production, this industry that is  
9     wanting to come in to drill, run pipelines. I'm against  
10    that. It really affects the whole -- the Mother Earth  
11    and how -- we are caretakers. And what does our future  
12    hold for us with this type of environment? We know that  
13    it affects the environment, and in the end, we're left  
14    with having to try to take care of this area.

15                We've been -- this has been our -- our --  
16    our family, our ancestors have all lived in this area.  
17    Most of the families here are livestock owners, you  
18    know. Some do travel to town to work and also take care  
19    of the homestead. So we need to look at alternatives.  
20    We need to focus on what else we can do to bring work  
21    into the area, and this way out is not the way to go.  
22    We have -- we have our futures to think about, our kids.  
23    And I believe in some of the communities members here.  
24    We should not go on this route. This is not the way to  
25    go. It has environmental impact tremendously.



1                   Environmental studies on the land have  
2 never been -- have been pushed to where they haven't  
3 really been looked at and completely studied. It seems  
4 like oil companies' intents -- their push is to push  
5 this through right away, all for that almighty dollar,  
6 and we can't do that. There is a vast movement around  
7 the country. We understand. We're hearing it. There  
8 is news. The Internet has all this information that --  
9 that oil companies, what their intents are, what -- how  
10 they're affecting the environment. Even our own  
11 people -- our native people have been shut down, have  
12 been degraded, have been treated horribly, and none of  
13 them are coming head to head with all this around them.  
14 It's going on everywhere. So please understand what  
15 this affects.

16                   We are ranchers. We care about this land.  
17 We just need a vast movement. This is the way it's  
18 going right now. We need alternative energy. And I'm  
19 hear to state for me. I am on -- I guess I'm Tract 19,  
20 and I am an heir to Gonahe Pah. And the lease record is  
21 WPX Energy Production, and my mother is one of the  
22 allottees for this land. And she's -- you know, she's  
23 passed on. However, you know, we're her kids. And, you  
24 know, I've talked to my kids about it, and we're all in  
25 agreeance [sic] that we really need to push and stand up

1 for what we believe in. And please, this is not -- not  
2 a way to go. We know that it has health issues,  
3 environment impact. And I just wanted to make a  
4 statement that we need to look at alternatives.  
5 This is -- we can't do this no more.

6 And I believe, you know, the whole country  
7 is in this movement, and I believe that my people and  
8 the surrounding -- you know, this is -- our voices are  
9 going to be heard.

10 So I appreciate your time and having me  
11 speak.

12 (Speaking in Native language; no  
13 translation provided.)

14 MR. KEITH TSO: Hello. Ya'at'eeh. Keith  
15 Tso.

16 (Speaking in Native language; no  
17 translation provided.)

18 That's my Navajo.

19 I oppose the well project.

20 When I was a kid, I used to go out there.  
21 My dad -- I'm a part of allottee out there when I was a  
22 kid, and I used to go out there with my dad, go hunting,  
23 everything else.

24 A couple of times I go back, everything  
25 else, you see these trucks going down the road,

1 everything else, and water trucks, belly trucks coming  
2 down the road. Then you go down to where I used to go  
3 and everything else when I was young and everything  
4 else, the scenery is different. There are roads through  
5 the whole land. My uncle used to graze his sheep and  
6 everything else down there, and now there's roads  
7 everywhere. Now his sheep, everything else just went  
8 down. His livelihood went down. Let's put it that way.  
9 Everybody's livelihood from herding sheep, cattle,  
10 everything else -- everything's going down. Now he's  
11 just got four or five sheep in his corral. He used to  
12 have 100, 150 sheep lying around. All these oil things,  
13 everything's that's coming out now, his livelihood is  
14 gone. Everybody's livelihood is gone and everything  
15 else.

16                   Again, the environment. I was on that  
17 fire -- on the well fire when it happened. We got  
18 called out when I was there. I stood behind the burn  
19 and everything else and watched at night. It happened  
20 at night, 10:30, almost 11:00. But during the day -- if  
21 you saw it during the day, from what we saw that night,  
22 it looked totally different than what you saw and  
23 everything else. It was a big ol' black plume in the  
24 dark when you're driving over there. You see a big ol'  
25 bright light, and then you see the clouds. In the

1 darkness of the cloud -- you see the darkness of the  
2 cloud of the black smoke going through. It was totally  
3 different. And I was just standing there. Man, all  
4 this air that we're breathing and everything else and  
5 the way it was just set out. I just looked at  
6 everything like oh, my God, everything -- then the  
7 people they evacuated, trying to evacuate people all the  
8 way around. It was something else. I thought I was in  
9 a movie just looking at everything. Wow. This is  
10 really happening here and everything else. And it's  
11 just totally different.

12                   And that's one of the statements I wanted  
13 to give is because everybody's losing because of oil.  
14 Everybody's life changed. Why? Because of oil. Like  
15 she said, it's all about the mighty dollar. Some people  
16 don't like the mighty dollar. Some people want to live  
17 in peace and not have that, everything else. You can't  
18 even go out, like this is a mine spill.

19                   I live by -- we have a house down by the  
20 river. We can't even go fishing down in the river no  
21 more because all the fish are practically extinct. I  
22 went fishing down the river again this past year, I  
23 didn't even catch nothing. I didn't even catch fish,  
24 everything else. Everybody is, Oh, wild this; oh, wild  
25 that, everything else. It's just -- I don't know. I

1 oppose it and everything else. That's why I wanted to  
2 make my statement.

3 EXAMINER BROOKS: Okay.

4 EXAMINER JONES: Thank you, sir.

5 EXAMINER BROOKS: Thank you.

6 MR. DAVIS: Jeff Davis.

7 The environment is very important,  
8 extremely. The Navajo people, the Dine, they connected  
9 to Mother Earth. So most of you are a very important  
10 part of the environment yourselves. The environment  
11 needs to be looked after, including you. That issue was  
12 not addressed. You focus on the external instead of the  
13 internal. People that don't have teeth, they can't see.  
14 Allottees, the way it's geared, are mostly the elderly,  
15 the elders, those that have need, no income, none. I  
16 have been out there and I have seen the elderly, the  
17 grandmas get their royalty money. They send their  
18 grandkids to school on it, get a good education. They  
19 fix up their house. They fix their car. They are  
20 looking after the environment. They live the  
21 traditional way.

22 Chaco Canyon. There is another road that  
23 comes to Chaco Canyon, the main road that comes from  
24 I-40, the opposite direction. Chaco Canyon is sacred.  
25 If it's sacred, you should stop tourism completely. Why

1 don't you do this? Why don't you go to them and say,  
2 No, don't come here anymore? This place needs to be  
3 protected. It's sacred. People are buried there.

4 And what happened in 1913 in Chaco Canyon?  
5 Cattle, sheep; white man's cattle, sheep; everybody's  
6 cattle, sheep go into Chaco Canyon. What happens?  
7 Falling rock falls down. I'm sure you know about this.

8 The number one pollution that affects  
9 everybody in this room, what is it? What is the number  
10 one pollution? Automobiles, vehicles that put out  
11 pollution, number one, way more than anything that oil  
12 and gas industry does. If you want to stop pollution,  
13 why don't you ban all the cars from going down 550? I'm  
14 giving you solutions to help the environment. There is  
15 more than one issue that you can help with.

16 And three years ago -- two years ago, I was  
17 in the Navajo Supreme Court, Herb Yazzie, Chief Justice,  
18 he stated, Our language is sacred. He spoke the words.  
19 The holy ones, when they left, the last one turned  
20 around. He said, Don't forget the language. It is  
21 sacred. What did the council do? They stripped that  
22 from the president. No longer need that requirement.  
23 What did they do? They offended the holy ones.

24 Then what happens? Gold mine -- Gold King  
25 Mine spill contaminates all your rivers. Where did your

1 protection go? Your traditions, you cannot throw them  
2 away. You cannot offend the holy ones. Your  
3 protection, it left.

4                   There is no balance, and when there is no  
5 balance, things happen that are bad. That needs to be  
6 rectified. And then the holy ones will help you go with  
7 the environment. They will stop these disasters, these  
8 drilling accidents, these rig accidents. If you want  
9 help, you need to seek it in your traditions. This is  
10 important. The white man doesn't understand this.

11                   I come from Australia. The aborigines,  
12 here's their rock, Ulura. It's sacred to them. So what  
13 did they say? No, you cannot climb this rock anymore.  
14 They take action.

15                   Chaco Canyon is sacred. Why do you let  
16 people go there? How can you get the help with the  
17 environment and this unit when you haven't addressed  
18 these other smaller issues? You want these problems  
19 fixed. It's up to you. You will get the help. These  
20 problems won't keep going. You will get the help you  
21 need, but you have to do what your traditions say.

22                   Many times, if your allottees don't get  
23 royalties for the land, the oil will still be taken, and  
24 you will get nothing. This is the big problem. You  
25 have to get it now, or you won't get it at all. It will

1 be taken.

2 Gentlemen (indicating), does anyone  
3 recognize this? Who is that in the photograph?

4 EXAMINER BROOKS: It looks like Ronald  
5 Reagan.

6 MR. DAVIS: It is. It's President Ronald  
7 Reagan. There is a Navajo in that picture as well, Mae  
8 Chee Castillo. Who knew Mae Chee Castillo here?

9 She went to President Reagan. She refused  
10 to shake his hand until he supported the elderly on the  
11 reservation. She made him send for the paperwork and  
12 sign the papers, and she was successful. Do you know  
13 what is unique about her? She only spoke Navajo. She  
14 respected her language.

15 Frankie's grandfather, he refused to speak  
16 English. He honored the language, and he was looked  
17 after. It is important. And it's true and it works.

18 You want these gentlemen to help you? What  
19 about these other environmental issues? What about your  
20 history and your traditions? Stick to them. Teach your  
21 children, your grandchildren. This is what will fix the  
22 issues, if you do that.

23 That's all I have to say.

24 EXAMINER BROOKS: Anyone else want to make  
25 public comments?



1                   EXAMINER JONES: Leonard, do you want to  
2 say something?

3                   EXAMINER LOWE: I just want to speak a  
4 little introduction of myself to the Dine that have  
5 showed up today for the hearing.

6                   (Speaking in Native language; no  
7 translation provided.)

8                   On the aspect of oil and gas, of all that  
9 has been spoken from people that have objected -- are  
10 objecting to oil activity in this area, it all is based  
11 down upon respect. I know I've seen a lot of  
12 applications -- a few applications from Brennan. The  
13 subject at play is based upon a lot of information  
14 from -- from a distance, from afar, but when it comes  
15 down to the location, when it comes down to the area  
16 that the individuals are concerned about, you're not  
17 there to see the truckers. You're not there to see the  
18 accidents that have happened.

19                   I, coming from the environmental portion of  
20 the OCD, have even seen a lot of effects of what has  
21 happened. A lot of up-front information is media, a lot  
22 of just showboat. But the results of those happenings,  
23 individuals see that live in the area.

24                   So out of respect first from what  
25 information I've seen, what information I have been

1 exposed to, I would just be very respectful of the  
2 areas. And this whole -- all of this is very big in  
3 subject matter and all aspects, as you heard, so just be  
4 respectful of the location and the people and the land.

5 That's all I got to say.

6 (Speaking in Native language; no  
7 translation provided.)

8 EXAMINER JONES: Okay. We're done here.

9 MR. DANIEL TSO: Sir, one more time, just  
10 to follow up on what the gentleman from Australia said.

11 EXAMINER BROOKS: Yes, sir, Daniel. Go  
12 ahead.

13 MR. DANIEL TSO: The reason Mae Chee  
14 Castillo was in Washington, D.C., she was a foster  
15 grandparent volunteer under the Navajo Nation Foster  
16 Grandparent Senior Companion Program.

17 There is a natural gas pipeline that goes  
18 along from the Bloomfield area all the way toward Rio  
19 Rancho, and at Pueblo Pintado, there is a mesa. And she  
20 used to -- and she volunteered at Pueblo Pintado  
21 Preschool. On one of these times when the roads were  
22 muddy -- in the afternoon, the kids were being taken  
23 home -- the preschool bus hit that pipeline, and there  
24 was an explosion. The preschool bus caught on fire.  
25 She helped those three- and four-year-olds out of the

1 bus, and she got national recognition through the  
2 National Foster Grandparent Program. And that's why she  
3 was standing before President Reagan.

4 I, at the time, worked for the Navajo  
5 Nation Foster Grandparent Senior Companion Program, and  
6 we nominated her for that recognition. And the national  
7 folks also recognized it, And that's how she gained that  
8 notoriety. And certainly -- (Speaking in Native  
9 language; no translation.) So that's how close the  
10 relationship is. She's my auntie. I just wanted to  
11 clarify it. That's the dangers that the people live  
12 with.

13 There was another -- along that same  
14 pipeline, another explosion where a young man basically  
15 died from the explosion. So there's -- the hazards are  
16 there.

17 Last night I drove from Counselor to Ojo  
18 Encino on Road 474. It's a dirt road mainly used by  
19 Encana and WPX. Just this week, Cuba schools did not  
20 run two days because the muck is that deep (indicating),  
21 and the only way -- and I've seen one-ton four-by-fours  
22 putting chains on all four tires to get through to their  
23 work, the service providers, the contractors that  
24 subcontract WPX. And, again, as Mr. Lowe says, your  
25 view is from a long distance. You don't see actually

1     what's occurring on the ground.

2                     Lybrook Community School along 550, a major  
3     part of their K through 8 students come from this  
4     Gallup-Mancos shale corridor. The whole month of  
5     January the school was closed because the school buses  
6     couldn't run out there. The only ones that were running  
7     out there were the WPX trucks, the WPX, Williams Energy,  
8     trucks and the contractors, the service providers. The  
9     folks that have the little cars, the folks that -- the  
10    nonemergency medical transport vehicles that take folks  
11    to do their dialysis couldn't get through. There is a  
12    person that had a heart attack. The ambulance tried to  
13    get out there. Got stuck twice. No wrecker to call in.  
14    Guess who pulled them out? Some of the Navajo folks  
15    basically pushed and pushed by hand to get the emergency  
16    vehicle loose.

17                    Those, you don't talk about, you don't see,  
18    And that's why I continue to bring the issues to you.  
19    Yes, the scope of your approval, the scope of your  
20    authority is this (indicating). But the overall  
21    emanating effects of the people that are supposed to  
22    have life, liberty and the pursuit of happiness, that  
23    aspect is suddenly diminished, greatly diminished.

24                    Thank you.

25                    EXAMINER JONES: Thank you.

1 EXAMINER BROOKS: Thank you.  
2 We're adjourned.  
3 (The proceedings conclude, 10:34 a.m.)  
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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

3

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