



**NEW MEXICO
BUSINESS COALITION**

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October 5, 2018

State of New Mexico
Oil Conservation Commission

Via email: florene.davidson@state.nm.us

**RE: Approval of Special Rules for the Blanco-Mesaverde Gas Pool
Rio Arriba and San Juan Counties, New Mexico, Case 16403**

Dear Commissioners,

It is the responsibility of the Oil Conservation Commission to ensure that the resources of our great state are being developed. I am writing to respectfully request your approval of Hilcorp Energy's application to amend the well density and location requirements and administrative exceptions of the special rules for the Blanco-Mesaverde Gas pool, Rio Arriba and San Juan Counties, New Mexico (Case 16403).

Oil and gas exploration is critical to New Mexico and especially important to the northwest portion of our state. Hilcorp purchased assets in northwest New Mexico and in a very short period of time, has invested enormous amounts of capital into developing and re-developing the region's oil and gas infrastructure. They now have a strategy that will allow efficient production of energy from the Blanco Mesaverde Pool. It will involve further capital investment and revenue to the state and local governments which helps everyone. That matter is before the commission.

The "environmental" groups, however, are opposing this new plan based on fiction and bad information. Hilcorp is not proposing thousands of new "unnecessary" wells, they do not intend to pollute, and they are not using fresh drinking water to frack. None of these things are true.

What is true is that the northwest region of our state is struggling while attempting to redevelop its economy after so-called environmentalists succeeded in driving out coal and the PNM plant. Environmental activists have not opposed this application with geological or technical arguments, but with hyperbole because they are opposed to all oil and gas. But to stop the development of oil and gas resources would be another blow to the region.

Hilcorp seeks to allow all operators to operate at double the density on one pool. This does not mean double the number of wells. It means giving all operators the flexibility to develop the resources and in many cases, to use existing wells to simultaneously develop two or more pools from one well head. Your ruling would not be considered permission to drill a single new well. Companies would still need to seek environmental permits and all other necessary permits to drill new wells.

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On behalf of the New Mexico Business Coalition and the thousands of people it represents, I am asking you to give producers the flexibility with density requirements to do what they do well: produce energy. Please disregard the hyperbolic political rhetoric and approve an application that is in the best interest of the state and the development of our plentiful resources.

Sincerely,

A handwritten signature in blue ink, appearing to read "C. Sonntag", with a long horizontal flourish extending to the right.

Carla J. Sonntag
President