

Oil & Gas
Accountability Project



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Jennifer Goldman, Oil & Gas Accountability Project
Comments to the Oil Conservation Commission
RE: Case No. 12888 - Infill spacing, San Juan Basin
June 3, 2003

Thank you for accepting my comments today. My name is Jennifer Goldman and I'm the Associate Director of the Oil & Gas Accountability Project, or OGAP. OGAP works with communities across the country to reduce and prevent environmental, social, economic, and public health impacts of irresponsible oil and gas development on oil and gas-field communities. We have worked extensively in the New Mexico portion of the San Juan Basin over the last four years.

Today and for the next day and half, the Oil Conservation Commission must ensure that any decision to allow infill spacing in portions of the San Juan Basin, is based upon compelling evidence that increased well density in certain areas is necessary to protect correlative rights and prevents the waste of oil and gas resources. This decision must not be based upon the private financial concerns of the companies present here today. I hope the Commission will take in to account not only preventing the waste of the resource, but also preventing the waste of Northwest New Mexico's long-term public health, safety, welfare and environment.

The issue of well densities, number of allowable wells, and the associated air, soil, water and noise impacts of the oil and gas industry in the San Juan Basin strikes at the very heart of public debate occurring in the Farmington, Aztec, Bloomfield and Lindrieth communities amongst ranchers, small business people, health advocates, retirees, parents, industry and public officials.

For perhaps the first time, a critical mass of citizens in these communities are questioning the long-term impact of the industry. Citizens and residents of northwest New Mexico are working with groups like OGAP, the San Juan Citizens Alliance and Dine Care and are struggling to insure that the industry operate responsibly without unduly threatening the air quality and public health of the region, or squandering the long-term economic viability of an area that is rich in cultural, agricultural, and environmental resources.

I encourage the Commission to take as seriously and literally as possible their own mandate today for the good of Northwest New Mexico's long-term future and Northwest New Mexico's citizens and residents, who are very much engaged in public debate about what is and what is not responsible oil and gas development

In doing this, I would like to briefly describe some of the forums in which this debate is occurring, and introduce into the record (if it has not already been done) correspondence from the Bureau of Land Management, Governor Richardson, the Navajo Nation's President Joe Shirley, and concerned citizens living in Farmington.

The first forum: the BLM's planning process for the SJB. In March, the Bureau of Land Management's released its final planning document for oil and gas development in the San Juan Basin over the next twenty years. They've proposed nearly 10,000 new wells. After receiving 11,000 comments on their draft plan last fall, the BLM released a Final Environmental Impact Statement (EIS) that, like the draft, ignores critical air quality and cultural issues, and elevates oil and gas production to the dominant use of this multiple use land. For these and other reasons, BLM received more than 20 protests against this final EIS.

The Commission may also be aware that the Farmington Field Office of the BLM has been struggling with inspection and enforcement issues for years. They have lacked adequate personnel to carry out their legal responsibilities to enforce the law and thus have been unable to ensure good practice by industry at many well sites. This issue has also spawned a tremendous amount of public dialogue about the soil, air, water, noise and habitat impacts, and the inability of the regulating agency to ensure that oil and gas development is done responsibly.

Second forum: NMED's FCOTF. As many of you may know, San Juan County has recently tested very high for a criteria air pollutant, ground level ozone. Ozone pollution is a contributor to asthma and other respiratory and cardio vascular diseases. Last year, the New Mexico Environment Department established a collaborative group, known as the Four Corners Ozone Task Force, to address ozone levels in San Juan County. The purpose of this Task Force is to take early action and keep San Juan County from exceeding the Environmental Protection Agency's standard for ozone. The emissions from oil and gas facilities are major contributors to this air pollution, a factor which complicates the BLM's plans to drill nearly 10,000 new wells in the area without a significant change in how this industry is regulated, inspected or enforced.

The BLM, industry, local governments and concerned citizens will have no choice but to continue to wrestle with these issues. Recently, BLM articulated its position on infill spacing in the Fruitland Coal formation in a letter sent to the Division dated February 11, 2003. In regards to infill drilling in the high productivity area, the BLM states "The Federal lands in this area have high aesthetic appeal and are prime areas for wildlife habitat. Merely rate acceleration of gas production at the

expense of additional surface disturbance is difficult to justify to the multiple users of public lands.” The substance of this letter supports the idea that the BLM may not automatically take the Commission’s direction on infill spacing and may require additional data from companies wishing to infill in order to fulfill BLM’s own multiple use mandate. I’d like to submit this letter into the record as evidence of the ongoing issues that are occurring across multiple agencies in Northwest New Mexico and as evidence that should underscore to the Commission the significance of this decision to the citizens of the Northwestern New Mexico. Northwest New Mexican’s are productively engaged in trying to ensure that oil and gas development is done responsibly. More wells now, without a significant change in how this industry is regulated, inspected or enforced will only degrade the public health safety and welfare of these communities and waste their long-term economic viability and resources.

Here is yet another example of what is happening on the ground. In a letter to the BLM dated April 23, 2003, Navajo Nation President Joe Shirley formally protested the BLM’s FEIS for the Farmington area. In this letter, President Shirley states “Quote The development will adversely affect the environment, culture and religion of the Navajo and land between the Four Sacred Mountains...Specifically, Navajo Sacred Mountains Ch’oo’ii (Governador Knob) and Dsilna’oodilii (Huerfano Mountain) represent a profound significance in the existence of the Navajo people historically and spiritually. Because of their significant contribution to Dine’ life, any oil and gas drilling on or near the two mountains will have a devastating affect on Navajo belief. End quote” I submit this letter into the record again as evidence of the far-reaching consequences of the issue before the Commission today.

In a letter dated May 14, 2003, from Governor Bill Richardson to the State Director of the BLM, our Governor reiterates that one of his first official acts was to implement a policy of cooperation, coordination and open communication with each New Mexico Tribe and Pueblo. I submit Governor Richardson's letter into the record and ask that the Commission follow state policy and ensure that before any infill spacing decision is made there is adequate consultation, communication and coordination with the Navajo Nation.

Finally, in closing I will submit yet two more letters today. This letter is from Charlene Anderson and Ed Mosimann from Farmington. They could not be here today, however, Charlene sits on the Four Corners Ozone Task Force and is actively working to define responsible oil and gas development and ensure that industry is held to that standard in her community. She is a small businessperson originally from the Four Corners.

In Charlene's letter she states, " Farmington is approaching the Environmental Protection Agency's (EPA) legal limit of ground-level ozone. More development is going to exacerbate this problem. According to BLM's data, 60,000 tons of additional NOx (one of the compounds that creates ozone) will be emitted. This makes the oil and gas industry the major contributor of NOx, even greater than the coal fired power plants. Modern health research indicates that low levels of ozone (50-60 ppb) are detrimental to people's health, and especially children. I (Charlene) am on the area's Task Force and have seen that the New Mexico Oil and Gas Association is willing to work on this issue, but the goal should be truly improving the air, not just meeting the bare minimum that EPA requires (84ppb)."

Tweeti Blancett of Blancett Ranches in Aztec could not be here today. I submit

her comments in writing on her behalf, and would just like to raise one of her points. She says that she and others requested last fall that these hearings be held in the area that would be affected, and asks why you did not choose to do this for this particular hearing. I'm interested in the Commission's response to this and just want to underscore that for the benefit of northwest New Mexico, now is decidedly not the time for the Commission to approve denser well spacing. Give these communities a chance to shape their future.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Farmington Field Office
1235 La Plata Highway, Suite A
Farmington, New Mexico 87401

IN REPLY REFER TO:
3160 (07100)

FEB 11 2003

CERTIFIED—RETURN RECEIPT REQUESTED
7160 3901 9842 1254 8364

Ms. Florene Davidson, Commission Secretary
New Mexico Oil Conservation Division
1120 S. St. Francis Drive
Santa Fe, NM 87505

Re: Bureau of Land Management, Farmington Field Office
Position concerning increased well density in the
Fruitland Coal within the "High Productivity Area"
Standard Gas Proration Unit (320 acres)
New Mexico portion of the San Juan Basin

On October 15, 2002 the New Mexico Oil Conservation Division issued a Fruitland Coal infill order (Case No. 12888, Order No. R-8768-C) allowing 160 acre spacing for all areas except the 'High Productivity' portion of the basin also referred to as the "Fairway". The Division Order states "A preponderance of the evidence [submitted] establishes that current 320-acre spacing is adequate in the High Productivity Area." The Order further declares that "Based on the relative lack of direct evidence of the potential effects from infill drilling within the High Productivity Area, it would not be prudent for the Division to amend the pool rules to provide for increased density within the High Productivity Area at this time. The more prudent course of action would be to refer the matter of infill drilling within the High Productivity Area back to the Committee for further study." The Bureau of Land Management (BLM) realizes that in certain areas of the fairway the existing well spacing is adequately draining the Fruitland Coal reservoir. The BLM also acknowledges that portions of the fairway probably require additional drilling to optimally recover the gas resource. Consequently, the BLM concurs with the order but would entertain additional forthcoming technical data that would support infill drilling in the Fruitland Fairway. The Federal lands in this area have high aesthetic appeal and are prime areas for wildlife habitat. Merely rate acceleration of gas production at the expense of additional surface disturbance is difficult to justify to the multiple users of the public lands.

Within the "High Productivity Area", the BLM reserves the right to request technical data from operators especially if the Bureau suspects that rate acceleration alone is involved in the new drill and/or additional surface disturbance is required. These data may include, but are not limited to, geologic cross-sections, reservoir isopachs, reservoir simulations and other pertinent information.

The BLM supports the orderly and efficient exploration, development and production of oil and gas on Federal and Indian lands. The BLM is responsible for managing public lands for multiple use and maximizing the resource values for the American people.

In summary, the BLM is in support of the increased well density in the Fruitland Coal formation. We encourage the development of the Fruitland Coal formation by means of re-completions in existing wellbores, commingling and drilling from existing well pads. This type of development will minimize surface disturbances, decrease development costs and maximize utilization of existing wellbores.

Sincerely,



Steve Henke
Field Manager

cc:

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FAX NO.

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Curtis & Dean
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David K. Brooks
New Mexico Oil Conservation Division
1120 S. St. Francis Drive
Santa Fe, NM 87505



**THE
NAVAJO
NATION**

P.O. Box 9000 • WINDOW ROCK, ARIZONA • 86515 • (928) 871-6352 • (928) 871-4025 FAX

JOE **SHIRLEY, Jr.**
PRESIDENT
FRANK J. **DAYISH, Jr.**
VICE PRESIDENT

OGAP
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April 23, 2003

Linda Rundell, NM State Director
Bureau of Land Management
1474 Rodeo Road
P.O. Box 27115
Santa Fe, New Mexico 87502-0115

Dear Ms. Rundell:

This is to inform you that I formally protest the proposed selection of preferred alternative D of the Farmington Field Office Final Resource Management Plan (FRMP) and Environmental Impact System (EIS). If approved and implemented, the alternative will result in "full-field" oil and gas development in our original tribal homeland of Dinétah. With that, I ask that you stay the Farmington Field Office environmental review and decision process beyond the May 05, 2003 deadline.

The development will adversely affect the environment, culture and religion of the Navajo and land between the Four Sacred Mountains. Dinétah is the Navajo Holy Land and we still hold spiritual title to that area from whence we emerged and became a tribal nation. Specifically, Navajo Sacred Mountains Ch'ool'i'i' (Governador Knob) and Dziłna'oodilii (Huerfano Mountain) represent a profound significance in the existence of the Navajo people historically and spiritually. Because of their significant contribution to Dine' life, any desecration through oil and gas drilling on or near the two mountains will have a devastating affect on Navajo beliefs. Other cultural sites such as pueblitos, petroglyphs, pictographs sites and/or designated traditional cultural properties for the use and benefit of all Native people in the region are also being threatened by the development. To acknowledge our position, I would ask to establish a buffer zone around our natural place of worship.

The FRMP and EIS preferred alternative would potentially violate national air quality standards in the future for our Navajo people in the Eastern Navajo region. The flawed EIS does not adequately address long term environmental consequences for protection and restoration, should an unexpected oil and gas leak, spill or water contamination occur.

It behooves me to learn that at the receipt of the Navajo Nation Resolution CJA-21-00 Farmington Bureau of Land Management neglected to honor the document under the Cooperating Agency Status "Government to Government Relationship". I believe that Navajo Nation should have been invited to participate in the planning process. That leads me to the point that the Navajo Nation Government be permitted designation as a consulting agency pursuant to the National Environmental Policy Act and its

Implementing Regulations and Procedures. Furthermore, pursuant to Cooperating Agency Status that a collaborative approach between all stakeholders be convened to address acknowledged problems and failure to implement prior Navajo Nation Resolutions and recommendations to the planning documents.

Moreover, I request that you stay the above-mentioned process until we reach consensus and make a final decision. By the authority of the government-to-government relationship as affirmed by these great United States, I ask that you accommodate the request by May 05, 2003.

Sincerely,



Joe Shirley, Jr.

xc: Mr. Steve Henke, Field Office Director, Farmington Field Office
Mr. Bill Richardson, Governor, State of New Mexico



State of New Mexico
Office of the Governor

• Received

Bill Richardson
Governor

MAY 19 2003

• Energy, Minerals & Natural
Resources Department
• Office of the Secretary

May 14, 2003

Linda S.C. Rundell, State Director
United States Department of the Interior
Bureau of Land Management
1474 Rodeo Road
P.O. Box 27115
Santa Fe, New Mexico 87502-0115

Re: Proposed Resource Management Plan/Final Environmental Impact Statement
(PRMP/FEIS) for the Farmington Field Office and a portion of the Albuquerque
Field Office in the San Juan Basin.
1600(93100)

Dear Ms. Rundell:

I received your letter of March 14, 2003 and thereafter instructed staff to review the Proposed Resource Management Plan/Final Environmental Impact Statement (PRMP/FEIS) for the Farmington Field Office and a portion of the Albuquerque Field Office in the San Juan Basin. I understand that pursuant to 43 C.F.R. § 1610.3-2, the State of New Mexico may review the PRMP/FEIS, identify any inconsistency with any officially adopted resource related plan, policy or program of the State of New Mexico, and provide a written recommendation no later than May 16, 2003.

Before I address the PRMP/FEIS directly, I would like to address the April 23, 2003 letter I received from Joe Shirley Jr., President of the Navajo Nation. Mr. Shirley's letter was directed to you and expressed concern that the Navajo Nation was left out of the planning process that culminated in the PRMP/FEIS. One of my first acts as Governor was to implement a policy to establish and promote a relationship of cooperation, coordination, open communication and good will with each Tribe and Pueblo located within the State of New Mexico. Accordingly, to ensure consistency with State policy, I recommend that the BLM address the Navajo Nation's concerns and resolve such issues prior to finalization of the PRMP/FEIS.

Linda S.C. Rundell

May 14, 2003

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Aside from this issue, the PRMP/FEIS appears to be consistent with the officially adopted resource plan, policy, and program of the State of New Mexico, provided that the PRMP/FEIS delivers a balanced and pragmatic approach to development of mineral resources (such as the substantial natural gas reserves of the San Juan Basin and co-located coal deposits) with multiple-use of public lands, protection of air and water resources, sensitive cultural resources, riparian areas, wildlife, forests, rangeland, and surface uses (such as ranching and agriculture).

In addition, I am aware that other persons and organizations have expressed concern that the PRMP/FEIS may not fully protect the State and its citizens from the impacts of oil, gas, and coal development. I know that you take these concerns seriously, as reflected in Preferred Alternative D, which pledges to protect New Mexico's air, water, cultural resources, and surface resources. Nonetheless, I urge you keep an open dialog with my staff, the Navajo Nation, and all other interested parties, to ensure that the implementation of the PRMP/FEIS is consistent with the Department of Interior's Four C's policy of "consultation, cooperation, communication - all in the service of conservation."

Finally, please be advised that the Western Governors Association ("WGA") is preparing best management practices guidelines for coal bed methane resources in the West. Once these guidelines are finalized, the State of New Mexico requests an opportunity to revisit the Department of Interior's leasing policies and plans in light of the WGA's guidelines, including with regard to the current PRMP/FEIS.

The State of New Mexico's rich oil, natural gas and coal resources are vital to the nation's energy security as well as to our economic well-being. However, resource development must be responsible and consistent with the equally important goal of preserving and protecting our environment. In this regard, the State of New Mexico does not object to the implementation of the PRMP/FEIS to the extent it strikes this important balance for the benefit of all New Mexicans.

Sincerely,



Diane Denish
Acting Governor

WAX
A

Charlene Anderson
Ed Mosimann
308 Hwy 170
Farmington, NM 87401
505-326-9139

June 3, 2003

New Mexico Oil Conservation Commission
1220 South St. Francis Drive
Santa Fe, NM 87501

Dear Commissioners,

We appreciate your time to hear our concerns. We live near the La Plata River and really treasure this area for its beauty, solitude and recreation. What concerns us is that the area surrounding Farmington has been neglected for years. Neglected by a "this is not worth saving" attitude.

But this area *is* worth saving.

With plans for adding over 10,000 more wells along with about 10,000 compressors to the San Juan Basin, we will have no more quiet or peaceful land left for people or wildlife. On a recent trip to Largo Canyon, the area smelled like a gas station, both in the valleys and on mesa tops. Incrementally, step by step this area is being spoiled. It is so delicate, just how will it recover? It is the cumulative impacts that are the issue, one or two wells aren't the point, but multiply that by 20,000 to 30,000 and it is detrimental for quality of life and health. We know that more drilling will continue, but it needs to happen responsibly.

Specific concerns are listed below:

- Poor enforcement of existing rules for drilling and production.
- Not enough pollution controls on existing equipment.
- Farmington is approaching Environmental Protection Agency's (EPA) legal limit of ground-level ozone. More development is going to exacerbate this problem. According to BLM's data, 60,000 tons of additional NOx (one of the compounds that creates ozone) will be emitted. This will make the oil and gas industry the major contributor of NOx, even greater than the coal fired power plants.
- Modern health research indicates that low levels of ozone (50-60 ppb) are detrimental to people's health, and especially children. I (Charlene) am on the area's Ozone Task Force and have seen that the New Mexico Oil and Gas Association is willing to work on

this issue, but the goal should be truly improving the air, not just meeting the bare minimum that EPA requires (84ppb).

- BLM's Special Management Areas aren't treated specially. The Glade area of Chokecherry canyon is supposedly designated for recreation, but there are no limits on drilling or air pollution, and wells aren't fenced. Last summer two young men died after driving into a wellhead and causing an explosion.
- Noise. It is everywhere and it is going to get much worse as the gas field matures and requires more compressors. It is close to impossible to go outside without hearing pumpjacks and compressors. People's lives are ruined by incessant noise when a compressor moves into their neighborhood. Their property value drops and they have no voice against the industry. We need real noise rules and true noise abatement, not just noise redirection as we have now.
- The oil and gas industry needs strong standards: such as smaller pads, erosion control, real mitigation, and real reclamation procedures.
- Lack of enforcement. BLM is very short on enforcement staff. Even with new staff added as planned they are very short on manpower. And we need penalties for those who break the rules. Enabling denser wells at this time will only exacerbate this problem.

We would like to have a beautiful and clean area after the oil and gas industry leaves. People's children, grandchildren (nieces and nephews in our case) deserve to have clean air, clean water and clean land. And as consumers we are willing to pay a higher price for resources that are extracted responsibly.

We need your help to extract these resources in a responsible and clean manner.

Sincerely,

A handwritten signature in black ink, appearing to read "Charlene Anderson". The script is fluid and cursive, with a large initial "C" and a long, sweeping underline.

Charlene Anderson

A handwritten signature in black ink, appearing to read "Ed Mosimann". The script is cursive, with a large initial "E" and a long, sweeping underline.

Ed Mosimann

BLANCETT RANCHES

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AZTEC, NM 87410
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stepback1@earthlink.net

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June 2, 2003

OCD
Santa Fe, NM

Dear Sir or Madam:

Thank you for the opportunity to respond to the 160 acre down spacing for the Fruitland coal bed formation.

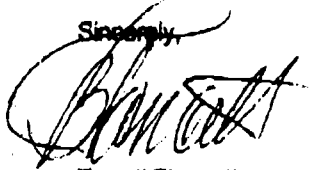
I would submit the same comments that were submitted for the first hearing held in Farmington. Our position as to surface damage has not changed.

There are two other points I would request a response on:

1. We requested that the hearings be held in the area that would be affected. Why did you not do so? It is hard for the locals, those who will be impacted, to participate in the process.
2. Is this hearing familiar with the Rattlesnake oil field that was developed in the 1920-30's? It is the first oil field in San Juan County located in the Hogback area west of Farmington. This field is abandoned. There are wellheads that continue to leak, oil spills that have not been cleaned up, and pollution and erosion that are affecting the watersheds. OCD is and has been responsible for this mess. Little to nothing has been done and no one is left to tie the bill for clean up to.

OCD as an agency have a responsibility to the lands and people of New Mexico. You are not accepting and completing that charge. OCD is going to be in the middle of a firestorm that is sweeping the west as a result of the unwillingness of your agency to enforce existing rules and regulations. Compliance and fining of the Oil and Gas Industry is token at best and the depredation of the lands continues.

Sincerely,



Tweetl Blancett
Blancett Ranches