

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

**APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
THROUGH THE ENVIRONMENTAL BUREAU CHIEF, FOR ADOPTION OF
AN AMENDMENT TO 19.15.39 NMAC ADDING NEW SECTIONS TO BE
CODIFIED AT 19.15.39.9 AND 19.15.39.10 NMAC ADDRESSING SPECIAL
PROVISIONS FOR SANTA FE COUNTY AND THE GALISTEO BASIN; SANTA
FE, SANDOVAL AND SAN MIGUEL COUNTIES.**

CASE NO. 14255

EXHIBITS SUBMITTED BY THE OIL CONSERVATION DIVISION

1. Testimony of Daniel Sanchez
2. Testimony of Brad A. Jones
3. Testimony of Will Jones
4. Testimony of Glenn von Gonten
5. Wells in Santa Fe County and the Galisteo Basin
6. Map of Santa Fe County and the Galisteo Basin showing well locations
7. C-104 for the Black Ferrell #001
8. Production summary for the Black Ferrell #001
9. APD filed by Tecton Energy, LLC.
10. APD filed by Tecton Energy, LLC
11. APD filed by Tecton Energy, LLC
12. Operator change forms showing transfer from Tecton Energy, LLC to Tecton
Energy Operating, LLC
13. Map of the Galisteo Surface Water Drainage Boundary
14. Santa Fe County Ordinance No. 2007-14
15. Santa Fe County Ordinance No. 2008-03
16. Summary of county activity, from Santa Fe County website
17. Status report from Santa Fe County website
18. Executive Order 2008-004
19. Comments received by EMNRD/OCD
20. Report on the Galisteo Basin
21. Executive Order 2008-038
22. Red-line version of Sections 9 and 10, showing proposed modifications
23. Galisteo Basin Archaeological Sites Protection Act, PL 108-208
24. NMSA 1978, Section 18-6-8.1
25. 4.10.7 NMAC
26. NMSA 1978, Section 18-6-11.2
27. NMSA 1978, Section 30-12-12
28. NMSA 1978, Section 18-6-11.1
29. Subsection W of 19.15.2.7 NMAC
30. Attorney General Opinion No. 87-64
31. Executive Order No. 2005-003

32. State of New Mexico Executive Department Policy Regarding Tribal Consultation on the Protection of Sacred Places and Repatriation
33. NMSA 1978, Section 70-2-11(A)
34. NMSA 1978, Section 70-2-12
35. Subsection F of 19.15.17.13 NMAC
36. Subsection A of 19.15.2.7 NMAC
37. Letter, dated July 10, 1985 from the State Engineer to the OCD
38. Subsection F of 19.15.2.7 NMAC
39. Galisteo Basin Report, Executive Order 2008-004 Assessment, Office of the State Engineer, June 2008
40. Fresh Water Resources in the Galisteo Basin, Executive Order 2008-038 Assessment, Office of the State Engineer, December 1, 2008
41. Wellbore diagram for the Black Ferrill #1
42. Powerpoint to illustrate casing and cementing issues
43. Affidavit of Notice

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TESTIMONY OF DANIEL SANCHEZ

My name is Daniel Sanchez.

Since November 22, 2004, I have been the Compliance and Enforcement Manager of the Oil Conservation Division (OCD) of the Energy, Minerals, and Natural Resources Department (EMNRD).

My duties as Compliance and Enforcement Manager include supervising the four district offices of the OCD and the Environmental Bureau of the OCD; and overseeing the enforcement and compliance actions of the OCD.

I am also the Program Director for the Environmental Protection Agency's ("EPA") underground injection control program.

My testimony in Case 14255 will address:

(1) The history of oil and gas development in Santa Fe County and the Galisteo Basin; and

(2) The development of the proposed rules for Santa Fe County and the Galisteo Basin.

HISTORY OF OIL AND GAS DEVELOPMENT
IN SANTA FE COUNTY AND THE GALISTEO BASIN

The OCD's records in its RBDMS (Risk Based Data Management System) database show 32 wells drilled in Santa Fe County and the Galisteo Basin. All of the 32 wells have been plugged except for one: the Black Ferrell #001, API 30-049-20022. **OCD Ex. 5** is a list identifying the 32 wells. The first page of Ex. 5 was generated by a search of RBDMS records for wells in Santa Fe County. The second page of Ex. 5 was generated by a search of RBDMS records for those townships and ranges in Sandoval and San Miguel Counties that are included in the Galisteo Basin. **OCD Ex. 6** is a map showing the well locations. It was prepared using the latitude and longitude for each of the 32 identified wells. Some of the wells are located close together. Because of the scale of the map, some of the orange dots reflect the location of more than one well.

The Black Ferrell #001 was drilled in 1984-1985 by Black Oil Inc. **OCD Ex. 7** is a copy of the *C-104, Request for Allowable and Authorization to Transport Oil and Natural Gas*, from the OCD well file for the Black Ferrell #001 showing when it was drilled by Black Oil Inc. OCD records show that the Black Ferrell #001 has reported production of approximately 880 barrels of oil. **OCD Ex. 8** is a summary of reported production of oil, gas and water, to date, from the Black Ferrell #001. The Black Ferrell #001 is not currently reporting production.

No infrastructure currently exists in Santa Fe County to support oil and gas production in the county, such as waste disposal facilities, transportation pipelines, or downstream facilities.

Tecton Energy, LLC, OGRID 240497, became operator of record of the Black Ferrell #001 September 1, 2006. In December 2007 Tecton Energy, LLC filed three applications for permits to drill (APDs) for wells to be located in the Santa Fe County. **OCD Exs. 9, 10 and 11** are the applications filed by Tecton Energy, LLC. The orange diamonds on Ex. 5 show the proposed locations for the Tecton Energy, LLC wells.

Tecton Energy Operating, LLC, OGRID 261973, became operator of record for the well August 26, 2008, taking over from Tecton Energy, LLC. **OCD Ex. 12** shows the forms from the OCD well file for the Black Ferrell #001 on the operator change.

The Black Ferrell #001 and the three proposed wells are located in the Galisteo Basin. The Galisteo Basin is defined as the surface water drainage area for the Galisteo River. The Galisteo Basin is located in the south half of Santa Fe County, with small portions of the basin extending into San Miguel County to the east, and Sandoval County to the west. **OCD Ex. 13** is a map of the Galisteo Surface Water Drainage Boundary.

The filing of applications for permits to drill wells in the Galisteo Basin triggered public concern throughout Santa Fe County. On November 27, 2007, Santa Fe County adopted Ordinance No. 2007-14, placing a moratorium on the acceptance and processing of applications to drill an oil or gas well for a period of three months, or until the 28th day of February 2008. **OCD Ex. 14** is a copy of Ordinance No. 2007-004. Santa Fe County subsequently issued Ordinance No. 2008-03 on February 27, 2008, extending the moratorium until February 27, 2009, with a possible extension for six additional months. **OCD Ex. 15** is a copy of Ordinance No. 2008-03. Since enacting the ordinances, Santa Fe County has scheduled public meetings, hired consultants, drafted a proposed regulator ordinance governing oil and gas drilling, and drafted oil and gas specific amendments to

81 the county general plan. **OCD Ex. 16** is a page from the Santa Fe County website
82 summarizing the county's public meeting schedule on the oil and gas drilling ordinance.
83 **OCD Ex. 17** is a page from the Santa Fe County website summarizing the county's
84 actions on the oil and gas regulatory ordinance and the amendments to the county general
85 plan. The Santa Fe County Board of County Commissioners is currently scheduled to
86 hear the proposed oil and gas ordinance on December 9, 2008.

87 DEVELOPMENT OF THE PROPOSED RULES

88 On January 24, 2008, Governor Bill Richardson issued Executive Order 2008-
89 004, "Imposing a Six Month Moratorium on New Oil and Gas Drilling in Santa Fe
90 County and the Galisteo Basin." **OCD Ex. 18** is a copy of Executive Order 2008-004.

91 Executive Order 2008-004 directed the OCD to temporarily suspend the
92 processing and granting of applications for permits to drill (APDs) in Santa Fe County
93 and the Galisteo Basin, and directed the Energy, Minerals and Natural Resources
94 Department (EMNRD) to coordinate with other executive agencies in assessing existing
95 laws, regulations, policies and planning documents to ensure that the State of New
96 Mexico has fully and appropriately exercised its police powers to ensure that no oil and
97 gas drilling activity occurs in the Santa Fe County and the Galisteo Basin that would be
98 contrary to the interests of the State of New Mexico and its citizens.

99 Executive Order 2008-004 directed the executive agencies to work with other
100 governmental entities, including affected tribal governments, and to receive and evaluate
101 input from the public.

102 Executive Order 2008-004 further directed the executive agencies to report their
103 findings to the Office of the Governor and to the Secretary of EMNRD by June 24, 2008.

104 In response to Executive Order 2008-004, participating executive agencies hosted
105 an open house on March 29, 2008 at the Santa Fe Community College. The agencies
106 provided notice of the event through local newspapers and posted notice of the meeting
107 on EMNRD's website. I participated in providing the notice, and participated in the open
108 house itself.

109 The open house format allowed the public to visit with each agency and provide
110 comments, ask questions, and obtain general information about the agency. The
111 following agencies staffed the open house: EMNRD, Office of the State Engineer (OSE),
112 New Mexico Environment Department (NMED), Department of Game & Fish,
113 Department of Cultural Affairs (DCA), Department of Indian Affairs (IAD), Department
114 of Tourism, Department of Health, and Department of Agriculture.

115 Public comments were accepted until April 17, 2008. A total of 671 written
116 comments were received by the participating agencies including 126 written comments
117 submitted to OCD/EMNRD. **OCD Ex. 19** is a copy of the comments received by
118 OCD/EMNRD.

119 On June 24, 2008 the agencies submitted the Report on the Galisteo Basin, which
120 includes individual reports and recommendations from EMNRD, IAD, NMED, OSE,
121 DCA, the Department of Game and Fish, the Department of Health, the Department of
122 Tourism, and the Department of Agriculture. **OCD Ex. 20** is a copy of the Report on the
123 Galisteo Basin released by the Office of the Governor.

124 The report highlighted areas of concern, including but not limited to the impact of
125 oil and gas development activities on: water resources, human health and the
126 environment; the discovered and undiscovered archaeological sites in the area; tribal

127 cultural practices in the Galisteo Basin; and other land uses including residential uses,
128 ranching and tourism.

129 EMNRD's recommendations focused on actions that could be taken by the
130 Division, acting within its statutory authority to protect fresh water, and to protect human
131 health and the environment from the adverse effects of oilfield waste. See pages 23-26 of
132 OCD Ex. 20. Those recommendations included adopting rules:

133 (a) Allowing the OCD to evaluate and permit by area, rather than by
134 individual project, so that the Division can better address the cumulative
135 impact of development;

136
137 (b) Providing for notice and public input on applications;

138
139 (c) Allowing for increased participation from relevant governmental
140 entities, including sister agencies and divisions, local governmental
141 entities, and tribes, pueblos and nations;

142
143 (d) Addressing needs specific to the Galisteo Basin, with the focus on
144 identifying, delineating and protecting fresh water sources.

145
146 On July 14, 2008, Governor Richardson issued Executive Order 2008-038,

147 "Extending the Moratorium on New Oil and Gas Drilling in Santa Fe County and the
148 Galisteo Basin." **OCD Ex. 21** is a copy of Executive Order 2008-038.

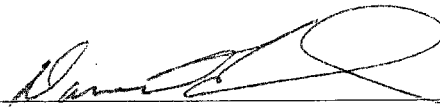
149 Executive Order 2008-038 extended the moratorium by six additional months,
150 until January 24, 2009, and directed the executive agencies that participated in preparing
151 the Report on the Galisteo Basin to take specific actions.

152 Executive Order 2008-038 directed the OCD as follows:

153 "The Oil Conservation Division shall investigate and begin drafting, if
154 appropriate, rules, regulations and statutory changes, including but not
155 limited to permitting by area, the allowance of notice and public input for
156 all applications for permits to drill, and the adoption of special rules
157 concerning the Galisteo Basin, all in an effort to protect this fragile and
158 ecologically sensitive area."

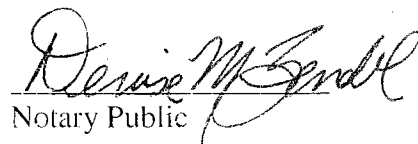
159

160 I, Daniel Sanchez, swear that the foregoing is true and correct.

161
162
163 

164 Daniel Sanchez
165 Compliance and Enforcement Manager
166 Oil Conservation Division
167

168
169 Subscribed and sworn to before me this 2nd day of December 2008, by Daniel Sanchez.
170

171 
172
173 Notary Public

174
175 My commission expires:

176
177 1-09-2012
178
179

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TESTIMONY OF BRAD A. JONES

I hold a Bachelor of Science degree in Environmental Health Science from the University of Georgia. I have over 10 years of environmental regulatory experience, mainly as a regulator but also some in industry. Prior to joining the Oil Conservation Division (OCD) I worked as an Environmental Specialist in the Solid Waste Bureau – Permit Section of the New Mexico Environment Department for approximately four years. In that capacity I was involved in the permitting of landfills, solid waste facilities.

33 I also oversaw ground water monitoring programs and investigations for those facilities.
34 Prior to that I worked as an Environmental Specialist I in the Florida Department of
35 Health, where I designed, permitted, inspected and approved on-site sewage systems. For
36 a short period, I also worked as an Environmental Scientist for Redemption
37 Environmental, Inc., a small consulting firm in Tampa, Florida where I performed site
38 investigations, remediation programs, and cleanups of underground storage tank
39 contamination sites. I have also worked as an Environmental Health Specialist II for the
40 Island County Health Department in Coupeville, Washington, under a state granted
41 funded position that involved overseeing solid waste programs, voluntary cleanup
42 programs, investigations of contaminated sites, and the cleanup of meth lab sites. I have
43 also worked as an Environmental Specialist I at the Florida Department of Health where I
44 oversaw the implementation of several environmental programs.

45 I have testified before the Oil Conservation Commission (OCC) as an expert in
46 environmental engineering and environmental regulation in Case 14015 adopting Part 17.
47 I have testified before the New Mexico Environmental Improvement Board as a technical
48 expert witness for the state in Case EIB 05-07 (R), Replacement to 20.9.1 NMAC, Solid
49 Waste Management Regulations. I have also testified on the behalf of the State of New
50 Mexico as a technical expert in two permit hearing regarding solid waste facilities; SWB
51 05-06 (P) - In the Matter of the Application of the City of Tucumcari for a Solid Waste
52 Management Facility Permit for the Tucumcari Landfill and SWB 02-09 (M) - In the
53 Matter of the Application of the County of McKinley for a Modification to the Smith
54 Lake (Thoreau) Landfill Permit.

55 My testimony will be a complete overview the proposed amendment to 19.15.39
56 NMAC and the proposed modifications filed by the OCD on November 24, 2008. **OCD**
57 **Exhibit 22** is a redlined version of the proposed amendment, showing the OCD's
58 modifications. The following technical provisions in the proposed amendment will be
59 addressed in greater detail by Division witnesses Glenn von Gonten and Will Jones:
60 Subparagraphs 1-8 of Subsection B of 19.15.39.9 NMAC, and Subparagraphs 3-8 of
61 Subsection B of 19.15.39.10 NMAC.

62 **OVERVIEW OF THE PROPOSED RULES**

63 The OCD proposes to amend Part 39, "Special Rules," to add two sections that
64 will apply to Santa Fe County and the Galisteo Basin.

65 **Section 9: Exploration and Development Plans**

66 Proposed Section 9 requires operators to obtain OCD approval of an exploration
67 and development plan prior to applying for a permit to drill, re-enter or deepen a well
68 within Santa Fe County or the Galisteo Basin. To apply for approval, the operator must
69 submit a plan defining the area covered by the plan, describing the operator's proposed
70 development of the area, and providing information that will help the OCD determine if
71 approval of the plan will be consistent with its statutory mandates to prevent waste,
72 protect correlative rights, and protect fresh water, human health and the environment. In
73 addition, the operator must provide proposed drilling and mud programs, and plans for
74 installing monitor wells, managing waste, minimizing pad size, and addressing releases.
75 If applicable, the operator will also be required to provide its plan for mitigating its
76 impact on cultural resources.

77 The OCD will perform a preliminary review of the application for administrative
78 completeness to determine if it contains all of the required elements. Administratively
79 complete plans will be set for public hearing. The operator will be required to publish a
80 legal notice, and provide public notice to interested parties. The public will have an
81 opportunity to submit written comments on the proposed plan and will be able to
82 participate in the hearing process.

83 The OCD will approve an exploration and development plan only if the operator
84 has provided the information required by the rule, satisfied the notice requirements, is in
85 compliance with certain OCD rules, and if the OCD determines that approval of the plan
86 will prevent waste, protect correlative rights, protect fresh water, and protect human
87 health and the environment. The OCD may impose conditions on the plan if it
88 determines those conditions are necessary to ensure that the plan will prevent waste,
89 protect correlative rights, protect fresh water and protect human health and the
90 environment. The OCD may approve a plan for a period not to exceed five years, and
91 may renew a plan for additional periods not to exceed five years.

92 Once the operator obtains an approved plan, it may apply for permits to drill, re-
93 enter or deepen wells covered by the plan through the established OCD permitting
94 process. The operator will also need to follow permitting process of the applicable OCD
95 rules for obtaining any other permits necessary for its operations, such as a permit for a
96 closed-loop system, injection wells, and surface waste management facilities. It is
97 important to understand that an approved plan is not a substitute for any applicable permit
98 process.

99 If the operator wants to expand the area covered by the plan, increase the number
100 or change the locations of wells and related facilities identified in the plan, or change the
101 terms of the proposed plan, it must apply for an amendment. In its application, it will
102 need to update the information it previously provided, and identify the specific changes it
103 proposes to the plan. The operator will be required to publish a legal notice of the
104 amendment, and provide public notice. The public will have the opportunity to give
105 written comments on the amendment, and request a public hearing. The OCD may set
106 the matter for public hearing. If it does so, the operator will be required to publish a legal
107 notice and provide public notice that provides the appropriate information regarding the
108 hearing. The application for amendment will be evaluated using the same standards
109 applicable to an initial application.

110 Because the OCD may approve a plan for a period not to exceed five years, the
111 operator will need to apply for renewal at least every five years. The operator may
112 combine an application for amendment with an application for renewal. In other words,
113 if an operator is applying for an amendment, it may at the same time request that its plan
114 be renewed to a date no more than five years from the date of the amendment. The
115 application process for renewal is the same as the process for an amendment: the operator
116 must update its application information, provide legal notice, and publish public notice
117 that provides instructions for public comment and requests for a public hearing, if
118 applicable. The OCD may set the matter for hearing. The application will be evaluated
119 using the same standards applicable to an initial application.

120 If the plan expires and the operator has not filed for renewal, the operator must
121 shut in the wells covered by the plan. If the operator violates the terms of the plan, or is

122 in violation of certain other OCD rules, the OCD may – after notice and hearing – order
123 the operator to shut in the wells covered by the plan.

124 Section 9 provides a process for replacing an exploration and development plan
125 with a special pool order. An operator may not apply for replacement until it has
126 operated wells under its plan for at least 5 years. It may then apply for replacement,
127 using the same process that is used for seeking an amendment or a renewal. The OCD
128 may set the matter for hearing. The application will be evaluated using the same
129 standards applicable to an initial application. The OCD may impose conditions in the
130 special pool order, to ensure that the order prevents waste, protects correlative rights,
131 protects fresh water and protects human health and the environment. Once a plan is
132 replaced with a special pool order, any changes to the special pool order will be handled
133 through existing OCD processes.

134 Section 10: Additional Requirements for Applications to Drill, Re-enter or Deepen Wells
135 Subject to an Exploration and Development Plan.
136

137 Section 10 is a companion provision to Section 9. It imposes additional
138 requirements on applications to drill, re-enter or deepen wells subject to an exploration
139 and development plan.

140 When an operator applies for a permit to drill, re-enter or deepen a well under its
141 plan, Subsection A of Section 10 will require the operator to take additional steps not
142 required under existing OCD rules. First, the operator will have to submit its application
143 for a permit under 19.15.17 NMAC (Part 17) to address drilling waste at the same time it
144 submits its application for an APD, so the OCD can evaluate them together. Second, the
145 operator will have to provide global positioning system coordinates for the location of a
146 well to be drilled in an un-surveyed area, so the OCD can review the site. Third, the

operator must provide any additional information required by its exploration and development plan.

Subsection B of Section 10 sets out conditions that are automatically required for an APD issued for a well covered by an exploration and development plan. The conditions include a requirement that the operator use a closed-loop system rather than pits; not dispose of drilling waste on-site; run logs during the drilling process that will help identify water zones; use a casing and cementing program that will isolate fresh water zones; and place wells requiring gas pipeline connections on approved temporary abandonment status while awaiting pipeline connection. To obtain an exception to any of these conditions, the operator must seek the exception as part of its exploration and development plan.

DETAILED REVIEW OF SECTION 9: **EXPLORATION AND DEVELOPMENT PLANS**

Subsection A: Applicability

As stated in the first paragraph of Subsection A, Section 9 requires operators to obtain OCD approval of an exploration and development plan prior to applying for a permit to drill, re-enter or deepen a well in Santa Fe County or the Galisteo Basin. The operator must renew its plan at least every five years, and must operate the wells covered by the plan in accordance with the plan's requirements until the plan is replaced by a special pool order.

Section 9 covers "re-entering" and "deepening," as well as drilling, so that an operator re-entering or deepening an existing well will be subject to the Section's requirements.

Section 9 covers all of Santa Fe County and not just the Galisteo Basin because Executive Orders 2008-004 and 2008-038 addressed both Santa Fe County and the Galisteo Basin, the public concern that prompted the executive orders extends to all of Santa Fe County, and the protections offered by the proposed rules would be beneficial throughout the county. Further, Santa Fe County has proposed a county-wide ordinance on drilling, and the OCD's adoption of county-wide rules will be consistent with that approach.

Most of the Galisteo Basin is located in Santa Fe County, with small portions of the basin extending into San Miguel County to the east, and Sandoval County to the west.

Paragraphs 1 and 2 of Subsection A identify those portions of San Miguel County and Sandoval County that are in the Galisteo Basin, and therefore covered by the rule.

Proposed Modifications:

The OCD has proposed the following modifications to the first paragraph of Subsection A:

A. Applicability. The operator must obtain division approval for an exploration and development plan prior to applying for a permit pursuant to 19.15.14 NMAC to drilling, re-entering or deepening a well located in Santa Fe county or the Galisteo Basin, and must operate the wells covered by the plan in accordance with the plan's requirements until the plan is specifically replaced by a special pool order. Approval of an exploration and development plan does not relieve an operator from its responsibility to obtain any permit required pursuant to the Oil and Gas Act for its activities conducted under the plan. The operator must renew an approved exploration and development plans every five years...

The proposed change to the first sentence in Subsection A, highlighted in green, affects whether Section 9 will apply to pending applications. As originally drafted, an operator would have to obtain an approved exploration and development plan prior to

200 drilling, re-entering or deepening a well in Santa Fe County or the Galisteo Basin. The
201 OCD proposed the language highlighted in green to make it clear that even though an
202 operator obtained an approved exploration and development plan, it would still need to
203 go through the permitting process set out in 19.15.14 NMAC prior to drilling, re-entering
204 or deepening a well. However, this proposed change could be interpreted to make the
205 rule inapplicable to any operator that has already applied for an APD but that has not yet
206 started drilling, re-entering or deepening the well. For that reason, the OCD has
207 determined not to request the modification highlighted in green.

208 The OCD has proposed the changes highlighted in red to clarify what an approved
209 exploration and development plan represents and does not represent to an operator. An
210 approved exploration and development plan is just that, an approved plan. Approval of a
211 plan does not equate to approval of permits. Permits for drilling will have to be obtained
212 through the permitting process identified in 19.15.14 NMAC and the additional
213 provisions and conditions of 19.15.39.10 NMAC. Permits required for managing the
214 drilling waste will have to be obtained through the permitting processes identified in
215 19.15.17 NMAC and address the additional conditions of 19.15.39.10 NMAC.
216 Depending on the proposals presented in the exploration and development application
217 and the outcome of the approved plan, the operator may have to pursue a permit for a
218 surface waste management facility pursuant to the permitting requirements of 19.15.36
219 NMAC. OCD would also like to clarify that any exception to a standard or specific
220 requirement identified in 19.15.17 NMAC and 19.15.36 NMAC that is proposed in the
221 exploration and development application and approved in the plan does not grant the
222 operator the opportunity to circumvent the exception, waiver, and administrative

223 protocols, processes, and provisions required for a permit pursuant to 19.15.17 NMAC or
224 19.15.36 NMAC.

225 **Subsection B: Application for Exploration and Development Plan**

226 Subsection B sets out the procedure for filing the application for an exploration
227 and development plan, and the information that must be included in the application.

228 **Filing Requirements**

229 The opening paragraph of Subsection B sets out the filing requirements. The
230 operator must submit two copies of the application with the OCD's Santa Fe office, and
231 submit a copy to the appropriate division district office or offices.

232 One of the two copies filed with the OCD's Santa Fe office will be provided to
233 the state historic preservation office for its review and comment. The OCD's
234 coordination with the state historic preservation office is discussed in more detail below.

235 The other copy filed with the OCD's Santa Fe office will be used internally. The
236 OCD's Environmental Bureau will review the application to determine if it is
237 administratively complete and will review the proposed legal notice for approval. An
238 administratively complete application will go through the public notice process outlined
239 in Subsection H and be forwarded to the Engineering Bureau for hearing or
240 administrative action, as appropriate.

241 The affected district office or offices need a copy of the application so they can
242 review it and determine if they will enter an appearance in the public hearing and take a
243 position on the application. OCD's District 4 includes Santa Fe County and that portion
244 of the Galisteo Basin that extends into San Miguel County. OCD's District 3 includes
245 that portion of the Galisteo Basin that extends into Sandoval County.

246 Application Contents

247 The numbered paragraphs of Subsection B set out what must be included in an
248 application. These requirements described in numbered paragraphs 1 through 8 will be
249 discussed in more detail in the testimony of Glenn von Gonten and Will Jones.

250 To summarize, Subsection B requires the applicant to define the area to be
251 covered by the plan and provide information about that area and for one half mile beyond
252 the boundary of that area. The applicant must provide a topographic map and maps
253 showing: state, federal, private or tribal surface ownership; private lands property
254 boundaries; municipal and county boundaries; relevant surface features and existing
255 water, oil and gas wells. In addition, the rule requires the applicant to provide a
256 hydrogeologic and site report that provides available information and detail on the area's
257 topography, soils, geology, surface hydrology and ground water hydrology.

258 Numbered paragraph 9 requires the operator to provide information relevant to
259 cultural resources, known cemeteries and unmarked human burials located in the area
260 included in the plan or within one half mile of the plan's boundaries. According to the
261 Galisteo Basin Archaeological Sites Protection Act, PL 108-208, the Galisteo Basin and
262 surrounding area is the location of many well preserved prehistoric and historic
263 archaeological resources of Native American and Spanish colonial cultures, including the
264 largest ruins of Pueblo Indian settlements in the United States. PL 108-208 is **OCD Ex.**
265 **23.** Requiring the operator to provide information relevant to cultural resources is
266 necessary to comply with state laws designed to protect those resources. NMSA 1978,
267 Section 18-6-8.1 provides, in relevant part,

268 The head of any state agency or department having direct or indirect
269 jurisdiction over any land or structure modification which may affect a

270 registered cultural property shall afford the state historic preservation
271 officer a reasonable and timely opportunity to participate in planning such
272 undertaking so as to preserve and protect, and to avoid or minimize
273 adverse effects on, registered cultural properties.

274
275 **OCD Exhibit 24** is a copy of NMSA 1978, Section 18-6-8.1. Rules issued by the
276 Cultural Properties Review Committee interpret this statute to apply to the issuance of
277 permits, authorizations or licenses for any land or structural modification on federal, state
278 or private lands that may affect any registered cultural property. **OCD Exhibit 25** is a
279 copy of the rules interpreting NMSA 1978, Section 18-6-8.1. Other statutes provide for
280 penalties for disturbing marked and unmarked burials. **OCD Exhibits 26 and 27** are
281 copies of NMSA 1978, Section 18-6-11.2, "Permit required for excavation of unmarked
282 burials; penalty," and NMSA 1978, Section 30-12-12, "Disturbing a marked burial
283 ground."

284 Subsection B also requires the applicant to describe its plan. It must identify its
285 target zone or zones, identify the location of proposed exploratory wells and related
286 facilities; describe its plan for developing the area if the exploratory wells are productive;
287 and provide its drilling and mud-logging programs, its plan for managing waste, its plan
288 for minimizing pad size and consolidating facilities, its plan for installing monitor wells,
289 and its contingency plan for releases. The OCD will be able to review the plans to
290 determine if they are appropriate for the site conditions, prevent waste, protect correlative
291 rights, and are protective of fresh water, human health and the environment.

292 As discussed in more detail below, Subsection B of Section 10 sets out conditions
293 that will apply to any permit to drill issued to wells subject to the exploration and
294 development plan. The conditions are designed to protect fresh water, human health and
295 the environment in situations where little is known about the geology or hydrology. An

operator may request an exception to any of these conditions as part of its application for an exploration and development plan. The burden is on the operator to provide evidence that operating in accordance with the proposed exception will prevent waste, protect correlative rights, and protect fresh water, human health and the environment.

The applicant must also submit a proposed legal notice, and must certify that the information it is providing in its application is true, accurate and complete to the best of the operator's knowledge, after reasonable inquiry.

The OCD may require additional information in order to determine if the plan will prevent waste, protect correlative rights, and protect fresh water, human health and the environment, and that operation of the plan will comply with division rules and orders.

Proposed Modifications to Subsection B

The OCD has proposed a number of modifications to Subsection B.

Numbered paragraph 5 sets out the items that must be shown on a map of the area included in the plan and a one-half mile buffer zone around that area. The OCD proposes the following changes to those items:

- The map showing state, federal, private or tribal surface ownership should also include for private lands the property boundaries and the name of the property owner at time of application. This will help the OCD determine if the operator has given notice to surface interest owners, as required by Subsection H.
- The OCD proposes to delete the requirement that a map show the location of all registered cultural properties. NMSA 1978, Section 18-6-11.1 requires that any information in the custody of a public official concerning the location of archaeological resources, the preservation of which is in the interest of the state of

319 New Mexico, shall remain confidential unless the dissemination of the
320 information will further the purposes of the Cultural Properties Act. **OCD**
321 **Exhibit 28** is a copy of NMSA 1978, Section 18-6-11.1

322 • The OCD proposes to describe infrastructure as including “but not limited to”
323 certain identified structures, to clarify that the identified structures are examples
324 of infrastructure, but that the list is not exclusive.

325 • The OCD proposes to add “watercourses” and “wellhead protection areas” to the
326 items that must be identified on a map. “Watercourse” is defined in Paragraph 4
327 of Subsection W of 19.15.2.7 NMAC to include a river, creek, arroyo, canyon,
328 draw or wash or other channel having definite banks and bed with visible
329 evidence of the occasional flow of water. “Wellhead protection areas” is defined
330 in Paragraph 8 of Subsection W of 19.15.2.7 NMAC to include the area within
331 200 horizontal feet of a private, domestic fresh water well or spring used by less
332 than five households for domestic or stock watering purposes or within 1000
333 horizontal feet of any other fresh water well or spring. Wellhead protection area
334 does not include the area around a water well drilled after an existing oil or gas
335 waste storage, treatment or disposal site was established. **OCD Exhibit 29** is a
336 copy of Subsection W of 19.15.2.7 NMAC.

337 In numbered paragraph 7, the OCD proposes to correct the spelling of
338 “parameters.”

339 In numbered paragraph 8, the OCD proposes the following change:

340 (8) a written contingency plan for all releases, with no
341 exclusion for de minimus amounts, which shall include
342 (a) best management practices for the prevention
343 and detection of releases procedures for early detection of releases;

344
345 The OCD has proposed the recommended change in order to clarify the type of
346 information that is expected to be provided in the contingency plan. A contingency plan
347 should identify the protocols and standards operating practices in order to minimize
348 hazards (such as releases) to fresh water, human health and the environment. Best
349 management practices should address preventive measures such as the installation of
350 secondary containment (liners) for above grade tanks and detection measures such as
351 regularly scheduled visual inspections. Note that this change is shown, and discussed, in
352 the OCD's notice of recommended modifications, filed on November 24, 2008, but the
353 change did not appear in the redline version of the rules attached to that filing.

354 The OCD proposes to modify numbered paragraph 9 as follows, to require the
355 operator to provide information on known cemeteries and unmarked human burials as
356 well as registered cultural properties, in order to comply with the statutes described
357 above:

358 (9) ~~if the area to be include in the proposed exploration and~~
359 ~~development plan includes a registered historic cultural property, the~~
360 ~~information required by 4.16.7.9 NMAC~~ if cultural resources listed in
361 or eligible for listing in either the national register of historic places or
362 the state register of cultural properties, known cemeteries and
363 unmarked human burials are located in the area included in the
364 proposed exploration and development plan or within one half mile of
365 the area included in the plan, the information in 4.10.7.9 NMAC
366 including a description of the effects the proposed operations may
367 have on these sites and proposed mitigation measures;
368

369 4.10.7.9 NMAC is contained in OCD Ex. 25.

370 The OCD proposes modification of numbered paragraph 10 as follows:

371 (10) any proposed exceptions to the requirements set out in
372 Subsection B of 19.15.39.10 NMAC and evidence that operating in
373 accordance with the proposed exceptions will prevent waste, protect

374 **correlative rights, protect fresh water and protect human health and**
375 **the environment ~~from oilfield waste~~;**
376

377 The OCD has proposed the recommended changes in order to clarify the original intent of
378 the first version of the proposed rule. The original intent was only to allow operators to
379 propose exception to the specified conditions identified in Subsection B of 19.15.39.10
380 NMAC. The original intent was not to allow operator propose exceptions such as: not
381 having to satisfy the requirements of 19.15.14 NMAC, not submitting a permit
382 application pursuant to 19.15.17 NMAC; not have to provide the GPS coordinates of the
383 location; and not providing any of the additional information required by the operator's
384 exploration and development plan. The omission of "from oilfield waste" is
385 recommended due to the nature and variety of the conditions identified in Subsection B
386 of 19.15.39.10 NMAC and the limitation that it establishes when proposing and assessing
387 an exception request. The OCD is concerned that if the caveat "from oilfield waste"
388 remains, applicants may base their assessment and evidence regarding their exception
389 request to certain conditions identified under Subsection B of 19.15.39.10 NMAC in
390 which the comparison of the impact "from oilfield waste" is not applicable. One such
391 condition would be the requirement for an operator to place a well that requires gas
392 pipeline connection on approved temporary abandonment status while awaiting pipeline
393 connection. This condition prevents waste, as defined by the Oil and Gas Act, and
394 protects correlative rights and would never be impacted or influenced by or from "oilfield
395 waste." If the operator requested an exception to this condition and assessed the
396 exception to prevent waste based upon the impact or influence by or from oilfield waste,
397 the operator could easily demonstrate that the prevention of waste is not impacted or
398 influenced by or from oilfield waste because the operator would not be addressing a

waste of a resource. Other such conditions in which the impact or influence of oilfield waste would not be applicable would include: the requirement to log the well the total depth to surface; the conditions regarding the setting of the casing in order to isolate fresh water zones and aquifers; and the running of cement bond logs after each casing string is cemented and filing the logs.

Subsection C: Amendments to Exploration and Development Plans

Subsection C requires an operator to obtain an approved amendment to its exploration and development plan prior to expanding the area covered by the plan, increasing the number or changing the location of proposed wells or related facilities, or changing the terms of the proposed plan.

To apply, the operator must file an application describing its proposed amendment(s) and update the information required by Subsection B. It will not have to re-submit information that has not changed. However, if the operator has drilled wells under its approved exploration and development plan it is likely that it can provide additional information on geology and ground water hydrology.

The operator also has to provide a proposed legal notice. The proposed amendment will go through the same public notice process as the original application, and the division director has the discretion to set the proposed amendment for hearing.

The filing requirements for an amendment are the same as the filing requirement for the initial application: two copies must be filed with the OCD's Santa Fe office and a copy must be filed with the appropriate district office or offices.

Subsection D: Renewals of Exploration and Development Plans

421 As stated in the initial paragraph of Section 9, an approved exploration and
422 development plan must be renewed every five years. This gives the OCD and the
423 operator an opportunity to review and update the plan to make sure it is protective of
424 fresh water, human health and the environment. The application for renewal is subject to
425 public notice, and the director has the discretion to set the application for public hearing.
426 The operator may combine an application for amendment with an application for
427 renewal.

428 The application for renewal, like the application for an amendment, must update
429 the information required pursuant to Subsection B, and provide a proposed legal notice.

430 **Subsection E: Replacement of an Exploration and Development Plan with a Special**
431 **Pool Order.**
432

433 Section 9 provides extra protections to an area that has seen little oil and gas
434 development, and that has important water resources. Section 9 requires the operator to
435 provide public notice of its activities, and provide the OCD and the public with the best
436 available information on the area so the OCD can make informed decisions on the
437 conditions that may apply to the exploration and development plan in order to protect
438 fresh water, human health and the environment. As exploration and development under
439 the approved plan continues the OCD will gather more and more information about the
440 geology and hydrology of the area. At some point, the OCD may have sufficient
441 information to allow the operator to replace its plan with a special pool order. The pool
442 order could incorporate those conditions the OCD determines are necessary to protect
443 fresh water, human health and the environment. Changes to the special pool order would
444 be made by application under existing OCD procedures. But the operator would no
445 longer have to follow the processes set out in Section 9, or apply for renewal of its order

every five years. If the operator wanted to drill in an area outside the area covered by its former exploration and development plan, however, it would have to apply for a new plan under Section 9.

An operator is not eligible to replace its plan with a special pool order until it has operated wells under its approved plan for at least five years. This will give the OCD five years of operational experience under the plan to review to determine if the conditions imposed under the plan are effective in protecting fresh water, human health and the environment, and to determine what conditions should be placed on any special pool order.

To apply, the operator must file an application updating the information required by Subsection B and describing any conditions it proposes should be included in the special pool order. The operator has to provide a proposed legal notice. The application to replace the plan with a special pool order will go through the same public notice process as the original application, and the division director has the discretion to set the application for hearing.

The filing requirements for an application to replace the plan with a special pool order are the same as the filing requirement for the initial application: two copies must be filed with the OCD's Santa Fe office and a copy must be filed with the appropriate district office or offices.

Subsection F: Legal Notice

Subsection F sets out the requirements for the legal notice that will be used to notice the original application, any renewals or amendments, and any application to replace the plan with a special pool order.

469 The notice must provide basic contact information on the operator, and a legal and
470 common description of the area covered by the plan or proposed plan. The notice must
471 also provide information on what the applicant is seeking.

472 If the application is for approval of an initial exploration and development plan,
473 the notice must summarize the proposed plan, including the number and location of
474 proposed exploratory and development wells and related facilities. If the application is
475 for an amendment, the notice must summarize the existing plan and the proposed
476 amendment. If the application is for a renewal, with no amendment, it only needs to
477 summarize the existing plan. If the application is for replacement, it must summarize the
478 conditions the operator proposes to make part of the special pool order that will replace
479 the plan.

480 The notice must also provide instructions for viewing the complete application on
481 the OCD's website or at the appropriate division district office. It will also provide
482 instructions for filing written public comments on the application.

483 The notice will also provide instructions for being placed on a contact list to
484 receive notice of future applications to amend, renew or replace the exploration and
485 development plan and hearings on those applications.

486 If the application is set for public hearing, the notice will contain the date, time
487 and location of the hearing. All applications for approval of an initial exploration and
488 development plan must be set for public hearing. For clarification proposes, an
489 application for approval is a request for approval from the operator and not a
490 recommendation of approval of the application from OCD. Applications for
491 amendments, renewals and replacements may be set for public hearing at the discretion of

the director. If the director determines to set an application for hearing upon receipt of the application, the operator will be notified and the hearing information will be included in the notice. It is possible that the determination to set an application for public hearing will be made after the division receives public comments on the application. In that case, the operator will have to prepare a second legal notice that includes the hearing information.

Proposed Modifications to Subsection F

The OCD proposes the following modifications to Subsection F:

F. Legal Notice. Legal notice of an application for a proposed exploration and development plan or an application to amend, renew or replace an existing exploration and development plan shall include

...

(8) instructions for filing written public comments on the application with the division clerk in ~~with~~ the division's Santa Fe office;

(9) instructions for requesting a public hearing on an application that has not been set for public hearing;

(9)(10) if the application ~~will be~~ has been set for hearing, the date, time and location of the public hearing; and

(10)(11) instructions for being placed on a division contact list to receive notice of future applications and hearing notices related to the to amend, renew or replace the exploration and development plan.

The proposed change to numbered paragraph 8 clarifies that public comments are to be filed with the division clerk. New numbered paragraph 9 provides that the legal notice will include instructions on how to request a public hearing, if the application has not yet been set for hearing. Numbered paragraph 10 clarifies that if the application has been set for public hearing, the legal notice will provide the date, time and location of the hearing. Numbered paragraph 11 clarifies that the OCD will keep the contact list, and

that the list will be used to provide notice of future applications and hearings related to the plan.

Subsection G: Administrative Completeness

The OCD will review each application for administrative completeness. An application is administratively complete if it contains the information required by Section 9. A determination that an application is administratively complete is not a determination that the information provided is accurate or adequate. The OCD must notify the operator of its determination on administrative completeness within 60 days of receipt of the application.

If the OCD determines that the application is not administratively complete, its notice to the operator will identify the deficiencies. The operator may re-submit its application to correct deficiencies, correct errors or add information. The re-submittal triggers a new 30-day period for the OCD to make a decision on administrative completeness.

If the OCD determines that the application is administratively complete, it will provide the operator with an approved legal notice so the operator can proceed with public notice. The OCD will also provide the operator with the current contact list of individuals and entities requesting notice of applications related to the plan. The OCD will distribute notice of the application with its next division or commission docket, and post the notice and application on its website.

Proposed Modifications to Subsection G

The OCD proposes to add a new requirement under numbered paragraph 2: once the OCD has determined that an application is administratively complete, the OCD must

provide a copy of the complete application to the state historic preservation office with a request for review and comment. This will help satisfy the requirement of NMSA 1978, Section 18-6-8.1 that "the head of any state agency or department having direct or indirect jurisdiction over any land or structure modification which may affect a registered cultural property shall afford the state historic preservation officer a reasonable and timely opportunity to participate in planning such undertaking so as to preserve and protect, and to avoid or minimize adverse effects on, registered cultural properties. In addition, Attorney General Opinion No. 87-64 states that the historic preservation officer may participate in a state agency's deliberations when the agency is considering the issuance of a license that would affect a registered cultural property even if that registered cultural property is on private land. **OCD Ex. 30** is a copy of Attorney General Opinion No. 87-64.

Subsection H: Public Notice

Once the operator receives the OCD's written determination that the application is administratively complete, and the OCD's approved legal notice, the operator has 20 days to issue public notice.

The operator must publish the notice in a newspaper of general circulation in the affected county or counties.

The operator must mail or e-mail notice to the individuals and entities on the OCD's contact list for the exploration and development plan.

The operator must mail the notice by certified mail, return receipt requested, to the individuals and entities listed in Paragraph 2 of Subsection H. Holders of mineral interests in the area included in the plan or within one half mile of the border of the plan

568 must receive notice if they have not already agreed to participate in the plan. This
569 ensures that affected interest owners, and potentially affected interest owners, receive
570 notice. Similarly, surface interest owners in the area included in the plan or within one
571 half mile of the border of the plan receive notice. Subsection H also requires the operator
572 to notify all tribes, pueblos and nations in New Mexico, affected county and municipal
573 governments, the state historic preservation officer, and the game and fish department.
574 Notice to the tribes, pueblos and nations is consistent with the intent of Executive Order
575 No. 2005-003, and State of New Mexico Executive Department Policy Regarding Tribal
576 Consultation on the Protection of Sacred Places and Repatriation. Those documents are
577 **OCD Exs. 31 and 32.**

578 Proposed Modifications to Subsection H

579 The OCD proposes two modifications to Subsection H.

580 First, the OCD proposes to require the operator to mail notice to the entities listed
581 in numbered paragraph 2 by certified mail, return receipt requested, rather than by first
582 class mail. Certified mail, return receipt requested, will help the operator show that it has
583 provided the required notice.

584 Second, the OCD proposes to clarify that the notice should be sent to the leader of
585 each tribe, pueblo or nation in New Mexico, to ensure that the notice reaches the
586 appropriate individual. This change was suggested by the Indian Affairs Department,
587 which can provide the necessary contact information to operators.

588 **Subsection I: Public Hearings**

Subsection I requires all applications for approval of an exploration and development plan to be set for public hearing; applications for amendments, renewals or replacement may be set for public hearing.

Paragraph 3 of Subsection I provides that if the OCD acts administratively to deny an application to amend, renew or replace a plan, or grants an application administratively with conditions, the matter will be set for public hearing at the operator's request. This provides review of the OCD's decision.

Paragraph 4 sets out the notice process if the OCD sets an application for amendment, renewal or replacement for hearing. The operator must submit a proposed notice of hearing to the OCD, and then provide the same type of public notice as is required for an initial application. The only difference is that the notice must be sent 30 days before the hearing date, instead of 60 days before the hearing, as is required for initial applications.

Proposed Modifications to Subsection I

The OCD proposes a change to numbered paragraph 1 to clarify that the hearing on an application for approval of an exploration and development plan must be held no sooner than 60 days after the operator serves public notice. The 60-day period is not triggered by actions taken by the OCD, such as the posting of notice on the OCD website.

The OCD also proposes changes to numbered paragraph 4 to make clear that the hearing notices on amendments, renewals and replacements must be published or mailed at least 30 days prior to the hearing. As currently drafted, the provision does not set a time for notifying individuals and entities on the contact list. In addition, the OCD proposes a change that will require notice by certified mail, return receipt requested.

612 **Subsection J: Plan Approvals, Conditions, Denials, Amendments, Revocations,**
613 **Renewals and Transfers**

614
615 Subsection J addresses the OCD's actions related to exploration and development
616 plans.

617 The OCD may approve a plan for a period not to exceed five years, and may issue
618 renewals for additional periods not to exceed five years.

619 The OCD may approve an initial plan, or approve an application to amend, renew
620 or replace an existing plan only if the application provides the information required by
621 Section 9, the operator has provided the notice required by Section 9, the operator is in
622 compliance with Subsection A of 19.15.5.9 NMAC (formerly 19.15.1.40 NMAC, or
623 "Rule 40"), and approval of the application will prevent waste, protect correlative rights,
624 and protect fresh water, human health and the environment. If the application fails on
625 any of these points, it may be approved with conditions if the condition could address or
626 satisfy the concern or it may be denied.

627 Requiring compliance with Subsection A of 19.15.5.9 NMAC means that the
628 operator must be in compliance with financial assurance requirements, have no more than
629 a limited number of wells out of compliance with the inactive well rule (19.15.25.8
630 NMAC), have no unpaid penalties, and not be in violation of an order requiring
631 corrective action.

632 The prevention of waste and the protection of correlative rights are the OCD's
633 statutory mandates under NMSA 1978, Section 70-2-11(A). **OCD Ex. 33.** The
634 protection of fresh water, and the protection of human health and the environment, as
635 well as the prevention of waste and the protection of correlative rights, are the OCD's

statutory duties under its enumeration of powers in NMSA 1978, Section 70-2-12. **OCD**

Ex. 34.

Paragraphs (3) and (4) of Subsection J allow the OCD to attach conditions to an exploration and development plan, or a special pool order that replaces an exploration and development plan. This allows the OCD to customize the plan or order to address the issues.

Paragraph (5) of Subsection J addresses revocation of an exploration and development plan. If the operator fails to comply with the terms of the plan, or is out of compliance with Subsection A of 19.15.5.9 NMAC, the OCD may revoke its approval of the plan and require the wells covered by the plan to be shut-in. Revocation requires notice and hearing.

Paragraph (6) of Subsection J addresses expiration of an exploration and development plan. If a plan expires, and the operator has not filed an application for renewal, the operator must shut-in the wells covered by the plan. If the operator filed an application to renew the plan prior to its expiration, the operator may continue to operate the wells covered by the plan until a final order is issued on its application for renewal.

Paragraph (7) of Subsection J provides that a plan, once approved, remains in effect until it is revoked, amended or replaced by a special pool order pursuant to Section 9.

Paragraph (8) provides that any operator operating wells subject to an exploration and development plan or special pool order is subject to the terms of that plan or order.

Proposed Modifications to Subsection J

658 The OCD proposes to delete "from oilfield waste" in numbered paragraph 3, to
659 make the description of the standard of review by the OCD consistent throughout the
660 Section 9.

661 **DETAILED REVIEW OF 19.15.39.10 NMAC ("SECTION 10")**

662 Section 10 sets out special requirements for applications for permits to drill,
663 deepen or re-enter a well that is subject to an exploration and development plan.

664 **Subsection A**

665 Subsection A of Section 10 requires an operator applying for a permit to drill, re-
666 enter or deepen a well subject to an exploration and development plan to provide
667 additional information when filing its APD.

668 The operator must attach its Part 17 permit application, which will provide the
669 OCD with information on the operator's plans for disposal of drilling wastes. Under
670 current OCD rules, a Part 17 permit application and an application for APD may be filed
671 separately.

672 The operator must provide global positioning system (GPS) coordinates to the
673 sixth decimal point to identify the location of a well to be drilled in an un-surveyed area.
674 Santa Fe County includes land grant areas that have not been surveyed. Providing GPS
675 coordinates will allow the OCD to review the drilling location.

676 The operator must also provide any additional information required by its
677 exploration and development plan. This allows the OCD the opportunity to determine if
678 any specific conditions should be applied or incorporated into the appropriate and
679 applicable permits.

680 **Proposed Modifications to Subsection A**

681 The OCD proposes the following modifications to Subsection A of Section 10:

682 **A. An application for permit to drill, re-enter or deepen a well**
683 **that requires an exploration and development plan pursuant to**
684 **19.15.39.9 NMAC must include the following in addition to meeting**
685 **the requirements set out in 19.15.14.10 NMAC:**
686

687 The OCD has proposed the recommended change in order to clarify and inform
688 applicants that they must comply with all of the provisions of 19.15.14 NMAC, which
689 includes the requirement of a permit and permit application process. Section 10 of
690 19.15.14 NMAC only addresses provisions regarding the approval or denial of a permit
691 to drill, deepen or plug back.

692 (1) **a permit application pursuant to 19.15.17 NMACa-form**
693 **C-144 for the closed-loop system, or for the pit if the operator's**
694 **approved exploration and development plan allows pits;**
695

696 The OCD has proposed the recommended change in order to clarify OCD original
697 intent, which is that the applicant must submit a complete permit application and not just
698 the form. A permit application pursuant to 19.15.17 NMAC includes the Form C-144 as
699 well as additional documents such as an operational and maintenance plan, a design and
700 construction plan, a closure plan, demonstrations of compliance to the applicable siting
701 requirements and possibly a hydrogeologic report or data, if applicable. The Form C-144
702 is not a permit application.

703 **Subsection B**

704 Subsection B sets out conditions that apply to any APD issued for wells covered
705 by an exploration and development plan unless the operator has requested and received
706 an exception. These conditions are “default” conditions; the burden is on the operator to
707 request an exception and prove that granting the exception will prevent waste, protect
708 correlative rights and protect fresh water, human health and the environment.

709 Paragraph (1) of Subsection B requires the operator to drill using a closed-loop
710 system. A closed-loop system uses above-ground steel tanks for managing drilling or
711 workover fluids and does not use below-grade tanks or pits. The rule endorses the use of
712 closed-loop systems to reduce the impact of surface disturbance, to promote the recycling
713 of drilling fluids that results in the reduction of clean water use and allows for the reuse
714 of such fluids at other drilling sites, and to reduce the volume solids and semi-solid drill
715 cuttings and mud due to fluid recycling effort which reduces the risk of a potential release
716 and results in reduced disposal costs for the operator.

717 Paragraph (2) of Subsection B requires that the operator not use any of the on-site
718 closure methods set out in Subsection F of 19.15.17.13 NMAC. **OCD Ex. 35.** There are
719 two on-site closure methods identified in Subsection F of 19.15.17.13 NMAC: in-place
720 burial and on-site trench burial. Each method has its own specific siting criteria, burial
721 standards and protocols. The rule specifies this condition in order to establish an extra
722 level of protection due to the absence of available information and data pertaining to the
723 region and uncertainty of the environmental issues. As more information is gathered
724 through the exploration and development plan process and operators are able to switch
725 over to special pool orders, conditions such as this may no longer be applicable.

726 The conditions set out in Paragraphs (3) through (8) will be addressed in the
727 testimony of Will Jones.

728 Proposed Modifications to Subsection B

729 The OCD proposes several modifications to Subsection B.

730 **B. Unless otherwise specified in an approved exploration and**
731 **development plan, an application for permit to drill, re-enter or**
732 **deepen a well that requires an exploration and development plan shall**
733 **be subject to the following conditions:**

734 (1) the operator shall drill the well using a closed loop
735 system that uses above ground steel tanks for the management of
736 drilling or workover fluids without using below-grade tanks or pits;
737

738 The OCD proposes to add "re-enter" to Subsection B to clarify that the listed
739 conditions will apply to re-entry operations in addition to drilling and deepening
740 operations.

741 The OCD has proposed the additional language in numbered paragraph 1 to
742 clarify and inform the applicant that a closed-loop system identified within this provision
743 is a closed-loop system as defined in 19.15.17 NMAC.

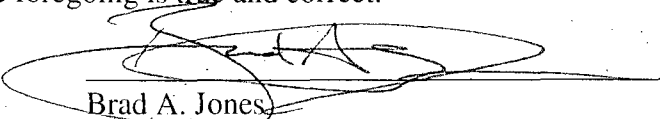
744 (2) the operator shall not use the on-site closure methods
745 identified in Subsection F of 19.15.17.13 NMAC ~~dispose of waste on~~
746 ~~site;~~
747

748 The OCD has proposed the recommended change in order to clarify OCD original
749 intent, which is to address the proper handling and disposal of waste generated from the
750 drilling, re-entry or well deepening activities. Subsection F of 19.15.17.13 NMAC
751 identifies the types of activities on-site closure applies to and conditions in which such
752 waste can be considered for burial on-site. By providing the appropriate reference, it will
753 also prevent the misinterpretation of the original. The original language could be
754 interpreted in a manner that would prevent the permitting of Class II disposal wells for
755 produced water or the permitting of commercial and centralized surface waste
756 management facilities. OCD's intent is not to limit the ability of operators to obtain such
757 permits, especially since there is an absence of a waste management infrastructure within
758 the area surrounding Santa Fe County and the Galisteo Basin region.

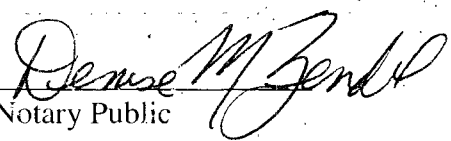
759 (5) the operator shall isolate all fresh water zones and
760 aquifers throughout their vertical extent with at least two cemented
761 casing strings.
762

The OCD proposes this change to broaden the protection of fresh water. Aquifer is defined in Subsection A of 19.15.2.7 NMAC as "a geological formation, group of formations or a part of a formation that is capable of yielding a significant amount of water to a well or spring." **OCD Ex. 36.** "Zone" is a broader term that will include any area in which fresh water is located, without regard to the amount of fresh water.

I, Brad A. Jones, swear that the foregoing is true and correct.


Brad A. Jones
Environmental Engineer
Oil Conservation Division

Subscribed and sworn to before me this 3rd day of December 2008, by Brad A. Jones.


Notary Public

My commission expires:

1-09-2012

1 STATE OF NEW MEXICO
2 ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
3 OIL CONSERVATION COMMISSION
4
5

6 APPLICATION OF THE NEW MEXICO OIL CONSERVATION DIVISION,
7 THROUGH THE ENVIRONMENTAL BUREAU CHIEF, FOR ADOPTION OF
8 AN AMENDMENT TO 19.15.39 NMAC ADDING NEW SECTIONS TO BE
9 CODIFIED AT 19.15.39.9 AND 19.15.39.10 NMAC ADDRESSING SPECIAL
10 PROVISIONS FOR SANTA FE COUNTY AND THE GALISTEO BASIN; SANTA
11 FE, SANDOVAL AND SAN MIGUEL COUNTIES

12 CASE NO. 14255
13
14

15 TESTIMONY OF WILLIAM V JONES
16

17 My name is William V. Jones. I work for the State of New Mexico in the
18 Engineering Bureau of the Oil Conservation Division and have been here for
19 approximately 7 years. I am an engineer with a State title of "Petroleum Specialist".
20

21 The majority of my time as an engineer in the Engineering Bureau is spent
22 assisting operators by processing their administrative applications for commingling,
23 injection, or disposal. The engineers also conduct examiner hearings on a rotational
24 schedule, and make recommendations to the Director based on those hearings. I have
25 Bachelor of Science degrees in Geological Engineering and in Civil Engineering from
26 New Mexico State University and an Information Technology degree from Denver
27 Technical College (DeVry University).
28

29 I have been a registered Professional Petroleum Engineer since the mid-1980's
30 and have about 11 years of work experience in New Mexico. I worked 20 years as a
31 petroleum engineer with Texaco and a couple of years as a hired consultant engineer for
32 other oil and gas and consulting firms. For experience relevant to this Case, I worked 10
33 years as an engineer in oil and gas exploration over most of the United States, completed
34 a semester of sedimentary (geology) field training in and around the Galestee Basin at the
35 University of New Mexico in 1977, and have experience reviewing injection/disposal
36 applications for compliance with the rules of the Oil Conservation Division and
37 Underground Injection Control (US-EPA).
38

39 I have testified several times before the Oil Conservation Division and
40 Commission and have been accepted as an expert in Petroleum Engineering by both the
41 Division and the Commission.
42

43 My engineering testimony in this case will address 19.15.39.9.B(7) NMAC, the
44 proposed plans for "drilling program" and "mud-logging program", and 19.15.39.10.B
45 NMAC concerning logging, mudlogging, isolating fresh water, casing and cementing,
46 and the temporary abandonment of wells awaiting pipeline connection.

*Before the OCC
Case 14255
OCD Exhibit 3*

19.15.39.9.B Application for Exploration and Development Plan.

(7)(b) a drilling program describing the air drilling program or mud program to be used;

This section of the rule is asking the applicant to be detailed as to its drilling method or drilling fluid to be used.

Deep holes are typically drilled with rotary rigs, circulating either "mud" or compressed "air". Air drilling is a drilling technique whereby gases (typically compressed air or nitrogen) are used to cool the drill bit and lift cuttings out of the wellbore. Some advantages of air drilling are (i) the hole is drilled much faster than with mud, (ii) it reduces lost circulation problems, and (iii) formation damage is minimized. Some disadvantages to air drilling are the inability to control the influx of formation fluid into the wellbore and the destabilization of the borehole wall.

Mud drilling with a rotary rig is the most versatile and dependable method of drilling and is necessary in many basins. The advantages seen in mud rotary drilling are that mud characteristics can be controlled so that formations are stabilized, pressures are controlled, and inflow, invasion, or cross-flow are minimized.

Detection and protection of "fresh" water is important and a carefully planned drilling program will help do this by preventing invasion or formation crossflow. If mud drilling is necessary, fresh water intervals are better protected by drilling with "fresh water" based muds, and preferably not with "salt water" based muds.

Normally operators use Form C-101 to submit proposed APD details. The details of the mud program envisioned here would be similar to the detail required for drilling on federal lands.

(7)(c) a mudlogging program, including a copy of the mudlog sheet and a description of the mudlogger's daily report, which shall include at a minimum the total depth reached, the footage drilled in the preceding 24 hours, oil and gas intervals, fresh water zones, and mud parameters including mud weight, chlorides, funnel viscosity and filtrate properties;

This section asks the operator to disclose the details of its intended mudlog program - including an example "description". This is requested to ensure the operator (i) has a geologist watching the details of the drilling and (ii) reports these details to the State. This proposed regulation is needed to prompt the operator to gather valuable, interpreted information while the well is drilled in order to better ensure potential oil, gas, and water intervals are detected and recorded.

The Mud Logger (normally a geologist) samples rock cuttings and writes an interpretation of the rocks drilled. The mud log also includes formation tops, oil and gas "shows", and drilling rate-of-penetration. Mud parameters such as weight, chlorides and viscosity are often added to this rock description. The mudlog is used in combination with the electric logs run on the well to make a decision about whether to complete the hole (try to produce oil or gas from it) or "plug" the well. The mudlog accurately identifies the lithology or type of rocks which is needed when interpreting the electric logs. Running mudlogs will aide in interpretation of electric logs and will aide in identifying thick, clean, high porosity intervals that may contain water and will ensure hydrocarbons are not bypassed - causing "waste".

19.15.39.10 Additional requirements for applications to drill, re-enter, or deepen wells subject to an Exploration and Development Plan:

Division Rules, Part 14 contain the requirements to obtain approvals to drill, including reference to the required forms C-101 and C-102. In addition, the rules allow the Division the "impose conditions" on drilling. The approvals to drill are normally processed in the district offices by district personnel. Each district has standardized practices of permitting wells that is unique to that district because of the unique nature of the geology, protectable water, or other conditions in that district.

These proposed rules for the Galisteo Basin are intended to be more specific in order to prevent waste and protect the environment.

B. Unless otherwise specified in an approved exploration and development plan, an application for permit to drill, re-enter, or deepen a well that requires an Exploration and Development Plan shall be subject to the following conditions:

(3) the operator shall run logs from total depth to surface that will determine porosity and water saturation;

This section requires the operator to design and run an electric logging program ("logs") with the purpose of determining critical parameters such as porosity and water saturation from the well's total-depth to the surface. The intent is to not only detect the presence and extent of hydrocarbons, but to detect all waters, water bearing sands, and (geologic) lithology or rock types and thicknesses.

Currently, the Division does not require electric logs to be run, but does require these to be submitted to the Division if they are run - Division Rule 7.16 (Form C-105).

Porosity is the percentage of void space or pore volume within a rock. Effective porosity is the interconnected pore volume in a rock that contributes to fluid flow in a reservoir. The porosity or "voids" contain fluids such as various gases or liquids (water

or hydrocarbons). Porosity is estimated by the mudlogger, and measured in cores, but the preferred measurement of porosity in the reservoir is from running and interpreting modern electric logs.

Water saturation is the fraction of the pore volume occupied by formation water and $(1-S_w)$ is the fraction of the pore volume occupied by hydrocarbons. Water saturation determinations are done using data from mud properties and formation resistivity logs.

Electric wireline logging gives the best understanding of the reservoir or what's below ground. Both open hole and cased hole logging tools and techniques are available and provide state-of-the-art formation evaluation.

Wireline logs are normally run by an operator, focused on the potential hydrocarbon pay interval. Requiring these logs to be run from the bottom to the top in these wells in the Galesteo Basin will help determine the location and extent of fresh water intervals; which can then be protected. The requirement to run a well designed and thorough electric logging suite will ensure the reservoir and reservoir fluids are understood and will prevent waste and protect potential sources of drinking water.

(4) a mud-logger shall be on site during drilling from surface to total-depth and shall submit the logs and a written report daily to the supervisor of the appropriate district office;

This section requiring the mud-logging of the entire well and the daily report from that mud-logger is intended to ensure geological and drilling data are gathered and available to both the company paying for the well and to the Division. Mudlog information is used to make decisions on the well, such as where to stop and set protective casing, or even whether to complete a well and where to complete it.

Currently mudlogging is not required and if it is done, the reports are not required to be submitted to the Division. If they are voluntarily submitted to the Division, it is after the well is finished drilling.

(5) the operator shall isolate all fresh water zones and aquifers throughout their vertical extent with at least two cemented casing strings;

This section puts the responsibility on the operator to protect all fresh waters with at least two cemented casing strings. The two casing strings are a best practice in the Division or a normal result of drilling a well and casing off fresh water as it normally occurs above any hydrocarbon bearing interval. However, sometimes fresh "protectable" water occurs below hydrocarbon intervals. Requiring a double cement sheath or cement to be circulated on two casings covering "fresh water", no matter where this water occurs, is a necessary protective measure.

176 "Fresh Water" is defined by the Division in Rule 7F.(3) and is to be protected
177 from oil production operations by casing wells as described above. Waters defined as
178 "fresh", even if deep in a well or of low capacity (yield) for production are to be
179 protected (see Rule 7F.(3)) "except for which, after notice and hearing, it is found there is
180 no present or reasonably foreseeable beneficial use which would be impaired by
181 contamination of such waters."

182
183 Division Rules Part 16.9 requires the well to be designed to prevent movement of
184 fluids, confine and prevent downhole contamination of water, and seal off water with
185 cement.

186
187 **(6) the operator shall circulate cement to surface on all casing strings,**
188 **except that the smallest diameter casing shall have cement to at least 100 feet above**
189 **the casing shoe of the next larger diameter casing;**
190

191 This section requires the operator to design a cement job in order to protect all
192 installed casing from total-depth of the well to the surface with a cement sheath in order
193 to prevent casing corrosion and vertical migration of fluids from one formation into
194 another; preventing waste and protecting fresh waters.

195
196 Division Rules 16.10 provides details as to the method and extent of cementing.
197 This rule requires cement coverage but allows exceptions so cement is only placed over
198 the lowermost portions of intermediate and production casing.

199
200 The proposed rule would prevent any casing to be exposed to the formation
201 without coverage of a cement sheath.

202
203 **(7) the operator shall run cement bond logs acceptable to the Division**
204 **after each casing string is cemented and file the logs with the appropriate district**
205 **office;**
206

207 This section requires cement bond logs after all primary cementing jobs. This is
208 intended to aid in identifying not only the cement top, but to identify thief zones and high
209 and low permeability zones in the well. A Cement Bond Log ("CBL") is an electric
210 wireline log run in casing after the casing has been cemented in place. The CBL is
211 typically a variety of series of sonic-type tools and gives a detailed, 360-degree view of
212 the integrity of the cement job. It is a representation of the cement job, and shows
213 whether the cement is adhering to the outside of the casing and to the formation.

214
215 Requiring cement bond logs after cement jobs will provide information as to not
216 only the cement top, but also the cement quality and possible formation permeability;
217 adding a level of protection to the well and protecting potential sources of drinking water.
218

Existing Division rules allow for flexibility in verifying cement tops. In practice, when cement does not circulate, the Division requires a survey to be done to determine the cement top. The survey could be a temperature survey or any type of cement bond log.

(8) the operator shall place a well that requires gas pipeline connection on approved temporary abandonment status while awaiting pipeline connection.

This portion of the proposed rule was intended to allow normal and necessary testing of wells but require inactive wells to be temporarily abandoned by placing bridge plugs above any perforations.

I recommend that the Commission change the language in numbered paragraph (8) as follows:

The operator shall place a well that requires gas pipeline connection on approved temporary abandonment status while awaiting pipeline connection with a bridge plug above any open perforations.

The normal limits of 19.15.25.8 NMAC would apply; the operator would have to place an inactive well on approved temporary abandonment status within 150 days after suspension of drilling operations or plug and abandon.

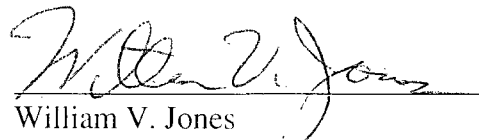
The existing rules allow wells to be approved for temporary abandonment without placing plugs above the perforations. Rule 25.14 allows the operator to demonstrate "internal mechanical integrity", which is necessary prior to approving temporary abandonment, by demonstrating that the well has been completed for less than five years and has not been connected to a pipeline.

The existing rules clearly give the Division some discretion in methods of demonstrating mechanical integrity and therefore in approving temporary abandonment. This sometimes results in wells being approved for temporary abandonment without placing a bridge plug above the perforations and circulating the well with corrosion resistant fluid.

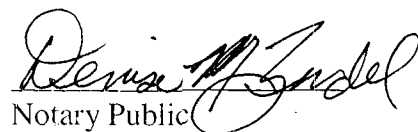
As an example, the Black Ferrill Well No. 1 was "temporarily abandoned" for many years with the tubing in the hole and (probably) no plug set above the perforations. After twenty years, re-entry of the well was difficult and the 4-1/2 inch casing in the well was badly corroded. Tecton repaired the problem by running an internal "scab" liner.

Division Rule 18.12 limits flaring or venting time to 60 days following the well's "completion", but allows application for exception to this time limit (form C-129). Flaring or venting hydrocarbon gases is a "waste" and exceptions to allow an operator to flare or vent for long periods of time should be minimized.

I, William V. Jones, swear that the foregoing is true and correct.


William V. Jones
Petroleum Specialist
Oil Conservation Division

Subscribed and sworn to before me this 3rd day of December 2008, by William V. Jones.


Notary Public

My commission expires:

1-09-2012

provisions regarding drilling and mud-logging programs in numbered paragraph 7 will be addressed by Mr. Will Jones. Mr. Brad Jones will testify on the requirements set out in numbered paragraphs 9-13.

19.15.39.9B NMAC APPLICATION FOR EXPLORATION AND DEVELOPMENT PLAN.

Rule 9B(1) requires the operator to include some very basic contact information with its Exploration and Development Plan application, including: the operator's name, address and telephone number, with an e-mail address and facsimile number if available. OCD obviously needs this information to process the application and to be able to contact the operator for additional information or clarification.

Rule 9B(2) requires the operator to provide a "legal description" of the area covered by its Exploration and Development plan. OCD needs the detailed legal description because some of areas covered by this rule have not been surveyed as part of the Public Lands Survey System (PLSS). These un-surveyed areas include various land grants.

Rule 9B(2) also requires the operator to provide OCD with the operator's best estimate of the potentially productive area. That means the operator should include the entire area that it estimates will be covered by its Exploration and Development Plan. If the operator were to underestimate the area to be covered by its plan, then it would be required by the proposed rule to amend its plan to include the additional area as its operations expand. Operators must provide OCD with an estimate of the area that will be covered by its Exploration and Development Plan so that OCD will be able to focus on any special issues that might arise in that the potential productive area, such as the local surface hydrology, ground water hydrology, geology, soils, culturally sensitive areas, *etc.* In addition, the public notice required under the rule also depends on what area is covered by the plan. If the operator's proposed plan is approved, OCD will approve it only for a specific area.

Rule 9B(3) requires the operator to identify all target zone or zones. Target zones include the potentially productive formations. OCD needs this information when evaluating proposed mud programs and logging programs.

Rule 9B(4) requires the operator to submit a topographic map of the area to be covered by the proposed plan and one half mile beyond the boundary of that area. OCD requires this locational and geographic information to use as a base for assembling all the other information that it needs to consider when processing the operator's application.

Rule 9B(5) requires the operator to provide a map or maps of the area to be covered by the proposed Exploration and Development Plan and one half mile beyond the boundary of that area. The maps must document the location of several specific items and must be practically surveyed using global positioning system coordinates to the sixth decimal point for un-surveyed areas.

The maps must depict the locations of:

- (a) state, federal, private or tribal surface ownership, including for private lands the property boundaries and the name of the property owner at time of application;
- (b) municipal and county boundaries;
- (c) farms;
- (d) all buildings and infrastructure including but not limited to highways and roads, railroads, pipelines, power lines, antennas, wind turbines, solar farms, and mines (surface and subsurface);
- (e) watercourses, sinkholes, playas and unstable areas;
- (f) municipal fresh water well fields covered under a municipal ordinance adopted pursuant to NMSA 1978, Section 3-27-3, as amended;
- (g) wellhead protection areas;
- (h) all existing oil and gas wells; and
- (i) the location of proposed exploratory wells and related facilities, including but not limited to tank batteries, gathering lines, waste disposal facilities, compressor stations and access roads.

Rule 9B(5) requires the operator to provide information on boundaries, geographic and geologic features, and structures. This information is needed when OCD evaluates the sensitivity of a particular well site or other facility location. An operator's proposed productive area may be quite large and any siting restrictions that OCD imposes on an operator must be based on site specific information. Obviously, operators should not place wells or facilities in close proximity to occupied houses, environmentally sensitive areas such as playas or stream channels, or archaeological sites. The appropriate setback will depend on the sensitivity of the items. It is appropriate for OCD to require a greater setback distance from existing and occupied homes or buildings than it would for abandoned structures.

In addition, by requiring the operator to specify the proposed location of wells and other associated facilities, OCD ensures that the operator has adequately planned for siting and constructing the infrastructure that it must construct before its exploration and development program can be implemented.

These special requirements are in addition to the existing requirements for an Application for Permit to Drill, Deepen or Plug Back (APD - OCD Form C-101).

Rule 9B(6) requires that the operator submit a hydrogeologic and site report, based on available data and reports, that provides sufficient information and detail on the area's topography, soils, geology, surface hydrology and ground water hydrology to enable the division to evaluate the actual and potential effects on soils, surface water and ground water. This basic hydrogeologic and geologic information is routinely provided to OCD by operators conducting soil and ground water investigation and remediation operations. The information is fundamental to understanding the local site hydrogeology and geology. Given that the potential or proposed productive area may be large, the operator must provide a report that covers the entire productive area.

Rule 9B(7) requires the operator to propose several plans to proactively address potential problems that would be contrary to the interests of the state of New Mexico and its citizens. My

testimony will address plans for monitor wells, addressing wastes, minimizing pad size and consolidating facilities, and developing the area. OCD witness Mr. Will Jones will address plans for the drilling program and the mud-logging program.

Monitor wells. **Rule 9B(7)(a)** requires the operator to provide a ground water monitoring program plan which must propose the locations of monitor well(s) to determine depth to water and saturated thickness, to obtain baseline water samples, and to detect releases. Requiring Operators to have a ground water monitoring program ensures that the operator will help determine the three dimensional extent of ground water aquifers in Santa Fe County and the Galisteo Basin. According to the SEO's *Report on the Galisteo Basin*, the aquifers in the Galisteo Basin are poorly defined. By requiring the operators to propose and install a ground water monitoring program, OCD will be able to obtain much needed hydrogeologic information on the Galisteo Basin aquifers and will be better able to meet its obligation to protect fresh water and human health.

Waste Management. **Rule 9B(7)(d)** requires the operator to provide a waste management plan that specifies how the operator shall collect, manage, and dispose of all wastes generated during the drilling and production processes. A comprehensive waste management plan ensures that an operator exploring in Santa Fe County and the Galisteo Basin will properly manage its waste. Rule 10B(2) prohibits operators from disposing of waste onsite. All waste must be collected, properly stored and managed, and safely transported offsite for final disposition.

Infrastructure. **Rule 9B(7)(e)** requires that the operator propose an infrastructure plan that specifies how it will protect Santa Fe County and the Galisteo Basin by reducing the cumulative impact of the construction of well pads, including berms and ditches, and the operations at related facilities, including pipelines, pump stations, and compressor stations. Drilling and production activities will necessarily have an impact on the environment. Operators must propose plans that will minimize and mitigate undesirable impacts to the extent possible. Obviously, the less surface area that is disturbed by roads, pipeline right-of-ways, drilling pads, etc., the less negative impact on the environment. From a regulatory perspective, it is easier for OCD to provide oversight of operations at centralized facilities. Operators may propose procedures specified in BLM's Gold Book that are already required on federal leases. Requiring the operator to carefully plan for the installation and operation of the necessary infrastructure, which may include, roads, pads, pipelines, compressor stations, pump stations, junction boxes, etc., will help protect the environment.

Development plan. **Rule 9B(7)(f)** requires the operator to provide a production or development plan that specifies how the operator will develop the area if the exploratory wells are productive, including the operator's best estimate of the number and location of development wells and related facilities. The more wells and production facilities that are necessary to properly develop a new field, the more impact there will be on the environment. For large discoveries, the operator might need directionally drill wells from a single location to properly develop the reserves, prevent waste, and still protect the environment.

Each of the plans specified in Rule 9B(7) is necessary in Santa Fe County and the Galisteo Basin because of the lack of existing oil field infrastructure. If new production is established, the

reserves cannot be successfully developed without comprehensive plans to address the issues specified above and the reserves might be "wasted."

Rule 9B(8) requires the operator to propose a written **contingency plan** for all releases with no exclusion for *de minimus* amounts. The written contingency plan shall include:

- (a) best management practices for the prevention and detection of releases;
- (b) instructions for notifying appropriate responders, with a contact list including current names, telephone numbers, e-mail addresses, facsimile numbers and addresses;
- (c) identification of applicable equipment, materials and supplies available locally or regionally to respond to releases, with advance arrangements for acquiring the equipment, materials and supplies; and
- (d) response plans based on the severity and nature of the release.

Rule 9B(8)(a) requires operators to implement a pollution prevention program to prevent all releases, including *de minimus* releases. The proposed rule differs from OCD's Rule 116, which generally only requires operators to report releases of more than 5 barrels. Given that there is no sure way of estimating the volume of a release by the size of the stained soil, OCD intends that all releases be reported and addressed. However, releases may occur and when they do, the operator should immediately detect the release and then report and mitigate the release regardless of the volume. A detection and monitoring program is an essential element of any pollution prevention program's best management practices because it ensures that operators prevent pollution in the first place, immediately detect any release that does occur, and appropriately remediate the release. The operator should propose a comprehensive detection and monitoring program that addresses all phases of exploration and development in Santa Fe and the Galisteo Basin, from the initial siting of wells and facilities, to the production of oil and gas and the operation of other facilities, through to the final abandonment of all wells and the decommissioning of all facilities.

Rule 9B(8)(b) specifies that operators have the necessary information on hand and immediately available so that if a release does occur, the operator can immediately notify the appropriate agencies. When dealing with a release, the operator must know who to contact so that no time is wasted and that the release is mitigated as soon as possible before it impacts surface water or ground water.

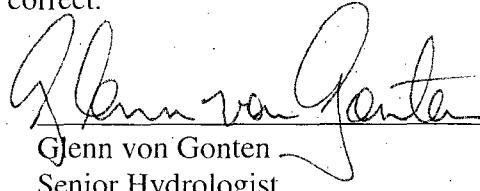
Rule 9B(8)(c) specifies that operators identify as part of its contingency plan all applicable equipment, materials and supplies it needs when it must respond to a release. When dealing with a release, operators must know what equipment, materials and supplies to use and where to obtain the necessary equipment, materials and supplies. Operators can store response equipment, materials and supplies onsite, at a nearby staging area, or have made binding prior arrangements with a service company to provide the necessary response equipment, materials and supplies in a timely manner.

Rule 9B(8)(d) requires operators to provide response plans for all releases. Existing Rule 19.15.16.12 NMAC (Blowout Prevention) specifies the general performance standards that operators must take to prevent blowouts and requires operators to propose a blowout prevention

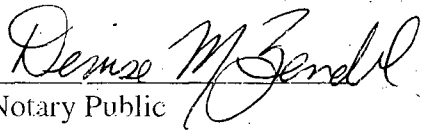
231 program. Existing Rule 19.15.10.8 NMAC (Safety Procedures for Drilling and Production)
232 specifies the general safety standards that operators must achieve during drilling and production
233 operations, but does not require the operator to submit a written safety plan. Existing Rule
234 19.15.11 NMAC (Hydrogen Sulfide Gas (Hydrogen Sulfide)) already specifies that operators
235 must submit a Hydrogen Sulfide Contingency Plan to OCD.
236

237 The response plans required by Rule 9B(8)(d) can be partly satisfied by the inclusion of the
238 already required a blowout prevention program and Hydrogen Sulfide Contingency Plan.
239 However, operators must also provide a written safety plan which specifies in writing how it
240 would address other contingencies such as how to deal with fires, lost circulation, traffic
241 accidents, pipeline ruptures, *etc.*
242

243 I, Glenn von Gonten, swear that the foregoing is true and correct.
244

245
246 
247 Glenn von Gonten
248 Senior Hydrologist
249 Oil Conservation Division
250

251
252 Subscribed and sworn to before me this 3rd day of December 2008, by Glenn von Gonten.
253

254 
255
256 Notary Public

257
258 My Commission expires:
259

260 1 - 09 - 2012
261

Arrow-Down API's and Entry Form

Shared Recordset Displayed in GIS

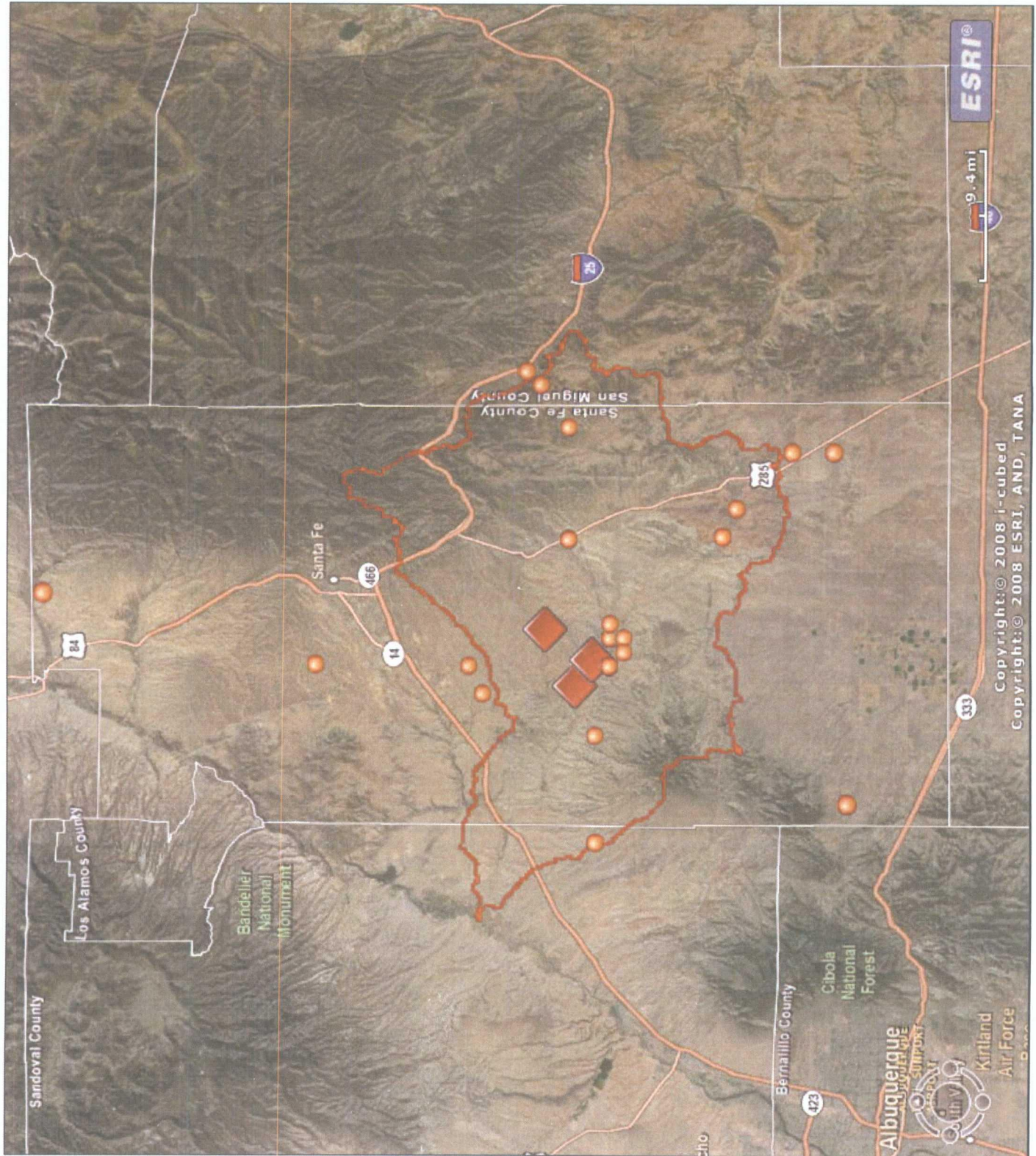
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6/11/2008

API Well #	Well Name	Well #	Operator Name	Type	Stat	County	Surf	UL	Sec	Twp	N/S	Rng	W/E	Feet	NS	Ft	EW
30-049-20036-00-00	PRE-ONGARD WELL	005	PRE-ONGARD WELL OPE	G	P	Santa Fe	P		1	13	N	8	E	1740	N	1650	E
30-049-20037-00-00	PRE-ONGARD WELL	006	PRE-ONGARD WELL OPE	G	P	Santa Fe	P		1	13	N	8	W	0		0	
30-049-20038-00-00	PRE-ONGARD WELL	003	PRE-ONGARD WELL OPE	G	P	Santa Fe	P		13	15	N	8	E	330	N	330	E
30-049-20040-00-00	PRE-ONGARD WELL	001	PRE-ONGARD WELL OPE	G	P	Santa Fe	P	E	9	11	N	11	E	1980	S	660	W
30-049-20041-00-00	PRE-ONGARD WELL	001	PRE-ONGARD WELL OPE	G	P	Santa Fe	P	P	16	12	N	10	E	4620	N	660	E
30-049-20042-00-00	PRE-ONGARD WELL	001	PRE-ONGARD WELL OPE	G	P	Santa Fe	P	P	16	12	N	10	E	0		0	
30-049-20043-00-00	PRE-ONGARD WELL	001	PRE-ONGARD WELL OPE	G	P	Santa Fe	S	P	23	14	N	11	E	330	S	330	E
30-049-20044-00-00	PRE-ONGARD WELL	001	PRE-ONGARD WELL OPE	G	P	Santa Fe	P	M	11	20	N	9	E	330	S	330	W

[illegible]

API Well #	Well Name	Well #	Operator Name	Type	Stat	County	Surf. Owner	UL	Sec	Twp	N/S	Rng	W/E	Feet	NS	FL	EW
30-043-20549	BLACKSHARE FEDERAL	1	PELTO OIL CO.	O	P	Sandoval	FEDERAL	I	35	14	N	6	E	1980	S	990	E
30-047-20048	N.M.	3	HAROLD L. STANLEY	G	P	San Miguel	STATE	F	4	14	N	12	E	3301	S	1976	W
30-047-20049	COLORADO MINES AND METALS	1	COLORADO MINES AND METALS, INC.	G	P	San Miguel	FEDERAL	E	8	14	N	12	E	2096	N	442	W



OIL CONSERVATION DIVISION

P. O. BOX 2688
SANTA FE, NEW MEXICO 87501OGRID # 2455
Property ID 2111
POD # 2836732REQUEST FOR ALLOWABLE
AND
AUTHORIZATION TO TRANSPORT OIL AND NATURAL GAS

NAME OF OPERATOR	OPERATOR
LAND OFFICE	LAND OFFICE
TRANSPORTER	TRANSPORTER
OPERATION OFFICE	OPERATION OFFICE
Operator BLACK OIL, INC.	
Address P.O. Box 537, Farmington, NM 87499	
Reason(s) for filing (Check proper box)	
New Well ☒	Change in Transporter of: Oil ☒ Dry Gas ☐
Recompletion ☐	Casinghead Gas ☐ Condensate ☐
Change in Ownership ☐	Other (Please explain)

If change of ownership give name
and address of previous owner

II. DESCRIPTION OF WELL AND LEASE

Lease Name Ferrill-H	Well No. 1	Pool Name, Including Formation Cash Field, Gurley Sand	Kind of Lease State, Federal or Fee Fee	Lease No.
Location Unit Letter H ; 2310 Feet From The North Line and 990 Feet From The East Line of Section 1 Township 13N Range 8E , NMPM, County				

III. DESIGNATION OF TRANSPORTER OF OIL AND NATURAL GAS

Name of Authorized Transporter of Oil ☒ or Condensate ☐ The Permian Corporation	Address (Give address to which approved copy of this form is to be sent) 202 Petroleum Plaza Bldg., Farmington, NM 87401					
Name of Authorized Transporter of Casinghead Gas ☐ or Dry Gas ☐	Address (Give address to which approved copy of this form is to be sent)					
If well produces oil or liquids, give location of tanks.	Unit H	Sec. 1	Twp. 13N	Rge. 8E	Is gas actually connected? ☐	When

If this production is commingled with that from any other lease or pool, give commingling order number:

IV. COMPLETION DATA

Designate Type of Completion - (X)	Oil Well	Gas Well	New Well	Workover	Deepen	Plug Back	Same Res't.	Diff. Res't.
Date Spudded Reentry 10/2/85	Date Compl. Ready to Prod. Nov. 12, 1985	Total Depth 3696'	P.B.T.D. 2792'					
Oct. 30, 1984								
Elevations (D) 5884 GR	Name of Producing Formation Gurley Sand(Basal Niobrara)	Top Oil/Gas Pay 2740'	Tubing Depth 2770'					
Perforations 2 per foot 2740-2762'			Depth Casing Shoe 2852'					
TUBING, CASING, AND CEMENTING RECORD								
HOLE SIZE	CASING & TUBING SIZE	DEPTH SET	SACKS CEMENT					
12"	9-5/8" 36#	364'	To surface					
8-5/8"	7" 23#	1820'	200 sks 50/50 pos to surf					
6-1/4"	4-1/2"	2852'	200 sks 50/50 pos					
	2-3/8" tubing	2770'	None					

V. TEST DATA AND REQUEST FOR ALLOWABLE (Test must be after recovery of total volume of load oil and must be equal to or exceed top allowable for this depth or be for full 24 hours)

Date First New Oil Run To Tanks Nov. 12, 1985	Date of Test Nov. 12, 1985	Producing Method (Flow, pump, gas lift, etc.) swabbing	
Length of Test 12 hours	Tubing Pressure 350#s	Casing Pressure None	Choke Size None
Actual Prod. During Test Calculated 30 bbls/day	Oil - Bbls. 15	Water - Bbls. 3 bbls. (frac water)	Gas - MCF TSTM

GAS WELL

Actual Prod. Test - MCF/D	Length of Test	Bbls. Condensate/MCF	Gravity of Condensate
Testing Method (pilot, back pr.)	Tubing Pressure (shut-in)	Casing Pressure (shut-in)	Choke Size

VI. CERTIFICATE OF COMPLIANCE

I hereby certify that the rules and regulations of the Oil Conservation Division have been complied with and that the information given above is true and complete to the best of my knowledge and belief.

James G. Black
(Signature)
President, Black Oil, Inc.
(Title)
November 12, 1985
(Date)

OIL CONSERVATION DIVISION

APPROVED *[Signature]* 11/18/85
BY **DISTRICT SUPERVISOR**
TITLE

This form is to be filed in compliance with RULE 1104.
If this is a request for allowable for a newly drilled or deepened well, this form must be accompanied by a tabulation of the deviation tests taken on the well in accordance with RULE 111.
All sections of this form must be filled out completely for allowable on new and recompleted wells.
Fill out only Sections I, II, III, and VI for change of owner, well name or number, or transporter, or other such change of condition.
Separate Forms C-104 must be filed for each pool in multiply completed wells.

Before the OCC
Case 14255
OCD Exhibit 7

PRODUCTION FROM THE BLACK FERRILL #001 30-049-20022

Through October, 2008

Gas	Oil	Water
0	882 bbls	179 bbls

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division

1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

Submit to appropriate District Office

2007 DEC 13 AM 8:27 AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Tecton Energy, LLC 3000 Wilcrest, Suite 300 Houston, TX 77042		² OGRID Number 240497
		³ API Number 30-049-20045
⁴ Property Code	⁵ Property Name Bruce Black	⁶ Well No. 1-2
⁷ Proposed Pool 1 Wildcat - Entrada		⁸ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section 1	Township 13N	Range 8E	Lot Idn H	Feet from the 2321.65'	North/South line North	Feet from the 1055.92'	East/West line East	County Santa Fe
---------------	---------------------	------------------------	--------------------	---------------------	----------------------------------	----------------------------------	----------------------------------	-------------------------------	---------------------------

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
---------------	---------	----------	-------	---------	---------------	------------------	---------------	----------------	--------

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code P	¹⁵ Ground Level Elevation 5884.29'
¹⁶ Multiple No	¹⁷ Proposed Depth 5500'	¹⁸ Formation Entrada	¹⁹ Contractor TBD	²⁰ Spud Date May 2008
Depth to Groundwater 20' to 700'		Distance from nearest fresh water well 1725'		Distance from nearest surface water 315'
Pit: Liner: Synthetic ☐ _____mils thick Clay ☐ Pit Volume: _____bbls Drilling Method: Rotary				
Closed-Loop System X Fresh Water X Brine ☐ Diesel/Oil-based ☐ Gas/Air X				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5"	13.375"	54.5# J-55	1500'	1850	Surface
12.25"	9.625"	36# J-55	3000'	1650	Surface
8.75"	7.0"	26# L-80	5500'	960	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

This well is designed to test the Entrada which is the primary target at an anticipated TD of 5500'. Other potential shallower oil pays which might be encountered include the Point Lookout, Niobrara, Dakota, and Morrison. The surface casing interval will be drilled using a large water well rig and a fresh water mud system to provide maximum protection of the ground waters in the area. The intermediate and production casing intervals will be drilled using a conventional rotary drilling rig employing a closed loop system and Clean Faze mud system (an environmentally friendly food grade starch based system). Tecton reserves the right to drill the production casing interval with a air mist system. This will depend upon equipment availability and noise abatement issues. The formations to be encountered are anticipated to be normally pressured based on other wells previously drilled in the area. This is a non-standard oil well location (it is however a standard gas well location. The well is being drilled from the same drill pad as the Black Ferrill #1 to demonstrate and establish the "drilling island" concept. Closest water well is #RG 51928. BOP will be a double ram rated at 5000#.

This well should be considered a title hole.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐, a general permit ☐, or an (attached) alternative OCD-approved plan ☐

Printed name: **G. L. Christensen**

Title: **VP - Operations & Engineering**

E-mail Address: **cchristensen@tectonenergy.com**

Date: **December 5, 2007**

Phone: **(281) 668-8065**

OIL CONSERVATION DIVISION

Approved by:

Title:

Approval Date:

Expiration Date:

Conditions of Approval Attached ☐

Before the OCC
Case 14255
OCD Exhibit 9

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-049-20045		² Pool Code	³ Pool Name Wildcat - Entrada
⁴ Property Code	⁵ Property Name Bruce Black		⁶ Well Number 2
⁷ OGRID No. 240497	⁸ Operator Name Tecton Energy, LLC		⁹ Elevation 5884.29

¹⁰ Surface Location

UL or Lot no.	Section 1	Township 13 N.	Range 8 E.	Lot Idn H	Feet from the 2321.65'	North/South line North	Feet from the 1055.92'	East/West line East	County Santa Fe
---------------	--------------	-------------------	---------------	--------------	---------------------------	---------------------------	---------------------------	------------------------	--------------------

¹¹ Bottom Hole Location If Different From Surface

UL or Lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40.0		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non standard unit has been approved by the division

16 WELL SITE 2 ELEV = 5884.29 NAD 83 CENTRAL ZONE GRID N: 1596388.949 GRID E: 1703894.233 LATITUDE: 35°23'14.959" LONGITUDE: -106°02'13.293"		¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature: <i>[Signature]</i> Date: 12/5/07 G.L. CHRISTENSEN, VP Operations and Engineering Printed Name Tecton Energy, LLC gchristensen@tectonenergy.com (281)668-8065
		¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey: 11/21/07 Signature and Seal of Professional Surveyor: <i>[Signature]</i> NMPS 10988 Certificate Number

8District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

RECEIVED

Submit to appropriate District Office

2007 DEC 13 AM 8 27

☐ AMENDED REPORT

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Tecton Energy, LLC 3000 Wilcrest, Suite 300 Houston, TX 77042		² OGRID Number 240497
		³ API Number 30-049-20046
⁴ Property Code	⁵ Property Name Tecton Ortiz	⁶ Well No. 26-1
⁷ Proposed Pool 1 Wildcat - Entrada		⁸ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	26	14N	8E	M	660'	South	660'	West	Santa Fe

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

⁹ Work Type Code N	¹⁰ Well Type Code O	¹¹ Cable/Rotary R	¹² Lease Type Code S	¹³ Ground Level Elevation 5855'
¹⁴ Multiple No	¹⁵ Proposed Depth 8000'	¹⁶ Formation Entrada	¹⁷ Contractor TBD	¹⁸ Spud Date May 2008
Depth to Groundwater Est 25' to 1000'		Distance from nearest fresh water well 2175'		Distance from nearest surface water 2100'
Pit: Liner: Synthetic ☐ _____mils thick Clay ☐ Pit Volume: _____bbls Drilling Method: Rotary				
Closed-Loop System X Fresh Water X Brine ☐ Diesel/Oil-based ☐ Gas/Air X				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5"	13.375"	54.5# J-55	1500'	1850	Surface
12.25"	9.625"	36# J-55	4500'	2500	Surface
8.75"	7.0"	26# L-80	8000'	1400	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

This well is designed to test the Entrada which is the primary target at an anticipated TD of 8000'. Other potential shallower oil pays which might be encountered include the Point Lookout, Niobrara, Dakota, and Morrison. The surface casing interval will be drilled using a large water well rig and a fresh water mud system to provide maximum protection of the ground waters in the area. The intermediate and production casing intervals will be drilled using a conventional rotary drilling rig employing a closed loop system and Clean Faze mud system (an environmentally friendly food grade starch based system). Tecton reserves the right to drill the production casing interval with an air mist system. This will depend upon equipment availability and noise abatement issues. The formations to be encountered are anticipated to be normally pressured based on other wells previously drilled in the area. This is a standard oil well location. Closest water well #RG 61028.

BOP will be a double ram rated at 5000#.

This well should be considered a title hole.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐ , a general permit ☐ , or an (attached) alternative OCD-approved plan ☐ .		OIL CONSERVATION DIVISION	
Printed name: G. L. Christensen		Approved by:	
Title: VP - Operations & Engineering		Title:	
E-mail Address: gchristensen@tectonenergy.com		Approval Date:	
Date: December 12, 2007		Expiration Date:	
Phone: (281) 668-8065		Conditions of Approval Attached ☐	

Before the OCC
Case 14255
OCD Exhibit 10

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Avenue, Artesia, NM 88210

District III

1000 Rio Brazos, Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

Form C-102

Revised October 12, 2005

Submit to Appropriate District Office

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Fee Lease - 3 Copies

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-049-20046		² Pool Code	³ Pool Name Wildcat - Entrada
⁴ Property Code	⁵ Property Name TECTON ORTIZ		⁶ Well Number 26-1
⁷ OGRID No. 240497	⁸ Operator Name Tecton Energy, LLC		⁹ Elevation 5855.0'

¹⁰ Surface Location

UL or Lot no.	Section PROJ. 26	Township 14 N.	Range 8 E.	Lot Idn M	Feet from the 660'	North/South line South	Feet from the 660'	East/West line West	County Santa Fe
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¹¹ Bottom Hole Location If Different From Surface

UL or Lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 40.0		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

No allowable will be assigned to this completion until all interests have been consolidated or a non standard unit has been approved by the division

¹⁶ 	ORTIZ MINE GRANT	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division. Signature Date 12/12/07 G.L. CHRISTENSEN, VP Operations and Engineering Printed Name Tecton Energy, LLC christensen@tectonenergy.com (281)668-8065
	PROJECTED SECTION 26 UNSURVEYED SECTION WITHIN GRANT	
	WELL SITE 26-1 ELEV = 5855.00' NAD 83 CENTRAL ZONE GRID N: 1602869.072 GRID E: 1694029.194 LATITUDE: 35°24'19.248" LONGITUDE: -106°04'12.304"	
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. Date of Survey 12-12-07 Signature and Seal of Professional Surveyor NMPS 10988 Certificate Number	

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy Minerals and Natural Resources

Form C-101
May 27, 2004

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, NM 87505

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Submit to appropriate District Office

☐ AMENDED REPORT

2007 DEC 13 AM 8 28

APPLICATION FOR PERMIT TO DRILL, RE-ENTER, DEEPEN, PLUGBACK, OR ADD A ZONE

¹ Operator Name and Address Tecton Energy, LLC 3000 Wilcrest, Suite 300 Houston, TX 77042		² OGRID Number 240497
		³ API Number 30-049-20047
⁴ Property Code	⁵ Property Name Tecton State 16	⁶ Well No. 1
⁷ Proposed Pool 1 Wildcat - Entrada		⁸ Proposed Pool 2

⁷ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	16	14N	9E	M	597.63'	South	656.77'	West	Santa Fe

⁸ Proposed Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Additional Well Information

¹¹ Work Type Code N	¹² Well Type Code O	¹³ Cable/Rotary R	¹⁴ Lease Type Code S	¹⁵ Ground Level Elevation 6273.88
¹⁶ Multiple No	¹⁷ Proposed Depth 7500'	¹⁸ Formation Entrada	¹⁹ Contractor TBD	²⁰ Spud Date May 2008
Depth to Groundwater 100 to 600'		Distance from nearest fresh water well 900'		Distance from nearest surface water 890'
Pit: Liner: Synthetic ☐ _____ mils thick Clay ☐ Pit Volume: _____ bbls Drilling Method: Rotary				
Closed-Loop System X Fresh Water X Brine ☐ Diesel/Oil-based ☐ Gas/Air X				

²¹ Proposed Casing and Cement Program

Hole Size	Casing Size	Casing weight/foot	Setting Depth	Sacks of Cement	Estimated TOC
17.5"	13.375"	54.5# J-55	1500'	1850	Surface
12.25"	9.625"	36# J-55	4000'	2200	Surface
8.75"	7.0"	26# L-80	7500'	1330	Surface

²² Describe the proposed program. If this application is to DEEPEN or PLUG BACK, give the data on the present productive zone and proposed new productive zone. Describe the blowout prevention program, if any. Use additional sheets if necessary.

This well is designed to test the Entrada which is the primary target at an anticipated TD of 7500'. Other potential shallower oil pays which might be encountered include the Point Lookout, Niobrara, Dakota, and Morrison. The surface casing interval will be drilled using a large water well rig and a fresh water mud system to provide maximum protection of the ground waters in the area. The intermediate and production casing intervals will be drilled using a conventional rotary drilling rig employing a closed loop system and Clean Faze mud system (an environmentally friendly food grade starch based system). Tecton reserves the right to drill the production casing interval with an air mist system. This will depend upon equipment availability and noise abatement issues. The formations to be encountered are anticipated to be normally pressured based on other wells previously drilled in the area. This is a standard oil well location. Closest water well is RG 58674.

BOP will be a double ram rated at 5000#.

This well should be considered a title hole.

²³ I hereby certify that the information given above is true and complete to the best of my knowledge and belief. I further certify that the drilling pit will be constructed according to NMOCD guidelines ☐ , a general permit ☐ , or an (attached) alternative OCD-approved plan ☐ .	OIL CONSERVATION DIVISION	
Printed name: G. L. Christensen	Approved by:	
Title: VP - Operations & Engineering	Title:	
E-mail Address: gchristensen@tectonenergy.com	Approval Date:	Expiration Date:
Date: December 5, 2007	Phone: (281) 668-8065	Conditions of Approval Attached ☐

Before the OCC
Case 14255
OCD Exhibit 11

District I
1625 N. French Dr., Hobbs, NM 88240
District II
1301 W. Grand Avenue, Artesia, NM 88210
District III
1000 Rio Brazos, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102
Revised October 12, 2005
Submit to Appropriate District Office
State Lease - 4 Copies
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-049-20047	² Pool Code	³ Pool Name Wildcat - Entrada
⁴ Property Code	⁵ Property Name Tecton State #16	⁶ Well Number 1
⁷ OGRID No. 240497	⁸ Operator Name Tecton Energy, LLC	⁹ Elevation 6273.88

¹⁰ Surface Location

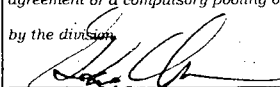
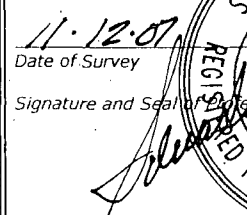
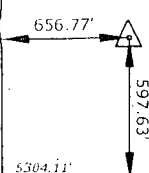
UL or Lot no.	Section 16	Township 14 N.	Range 9 E.	Lot Idn M	Feet from the 597.63'	North/South line South	Feet from the 656.77'	East/West line West	County Santa Fe
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¹¹ Bottom Hole Location If Different From Surface

UL or Lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
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¹² Dedicated Acres 40.0	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.
---------------------------------------	-------------------------------	----------------------------------	-------------------------

No allowable will be assigned to this completion until all interests have been consolidated or a non standard unit has been approved by the division

16				¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.  Signature 12/5/07 Date G.L. CHRISTENSEN, VP Operations and Engineering Printed Name Tecton Energy, LLC (281)668-8065
Found Rebar @ stone for 1/2 Corner Section 16	SECTION 16			¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief. 11-12-07 Date of Survey  Signature and Seal of Professional Surveyor NMP5 10988 Certificate Number
	WELL 16-1 ELEV=6273.88' NAD 83 CENTRAL ZONE GRID N: 1614434.912 GRID E: 1715310.152 LATITUDE: 35°26'13.186" LONGITUDE: -105°59'54.854"		Found Rebar with 7014 cap at Southeast Section Corner Section 16 N 89°19'29" W	

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Form C-145
Permit 36372

2006 AUG 32 PM 1 25
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Change of Operator

Previous Operator Information

OGRID: 2455
Name: BLACK OIL INC
Address: PO BOX 537
Address:
City, State, Zip: FARMINGTON, NM 87499

New Operator Information

Effective Date: 9/1/2006
OGRID: 240497
Name: TECTON ENERGY, LLC
Address: 3000 WILCREST
Address: SUITE 300
City, State, Zip: HOUSTON, TX 77042

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

Signature: Bruce A. Black
Printed: CBO BLACK OIL INC.
Name: BRUCE A. BLACK
Title: President
Date: 8/28/06 Phone: 505 325 1855

New Operator

Signature: G. L. Christensen
Printed: G. L. Christensen
Name: G. L. Christensen
Title: VP - Operations + Engineering
Date: 8/28/06 Phone: (281) 668-8065

NMOCD Approval

Electronic Signature: Ed Martin, District 4

Date: September 05, 2006

Before the OCC
Case 14255
OCD Exhibit 12

C104AReport

(505) 476-3462

8/28/08

Page Lot 1

Dorothy Phillips

District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone: (505) 496-5470 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural Resources

Form C-145
Permit 80968

Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

Change of Operator

Previous Operator Information

OGRID: 240497
Name: TECTON ENERGY, LLC
Address: 3000 WILCREST
Address: SUITE 300
City, State, Zip: HOUSTON, TX 77042

New Operator Information

Effective Date: 8/26/2008

OGRID: 261973
Name: TECTON ENERGY OPERATING, LLC
Address: 3000 WILCREST, SUITE 300
Address:
City, State, Zip: HOUSTON, TX 77042

I hereby certify that the rules of the Oil Conservation Division have been complied with and that the information on this form and the certified list of wells is true to the best of my knowledge and belief.

Previous Operator

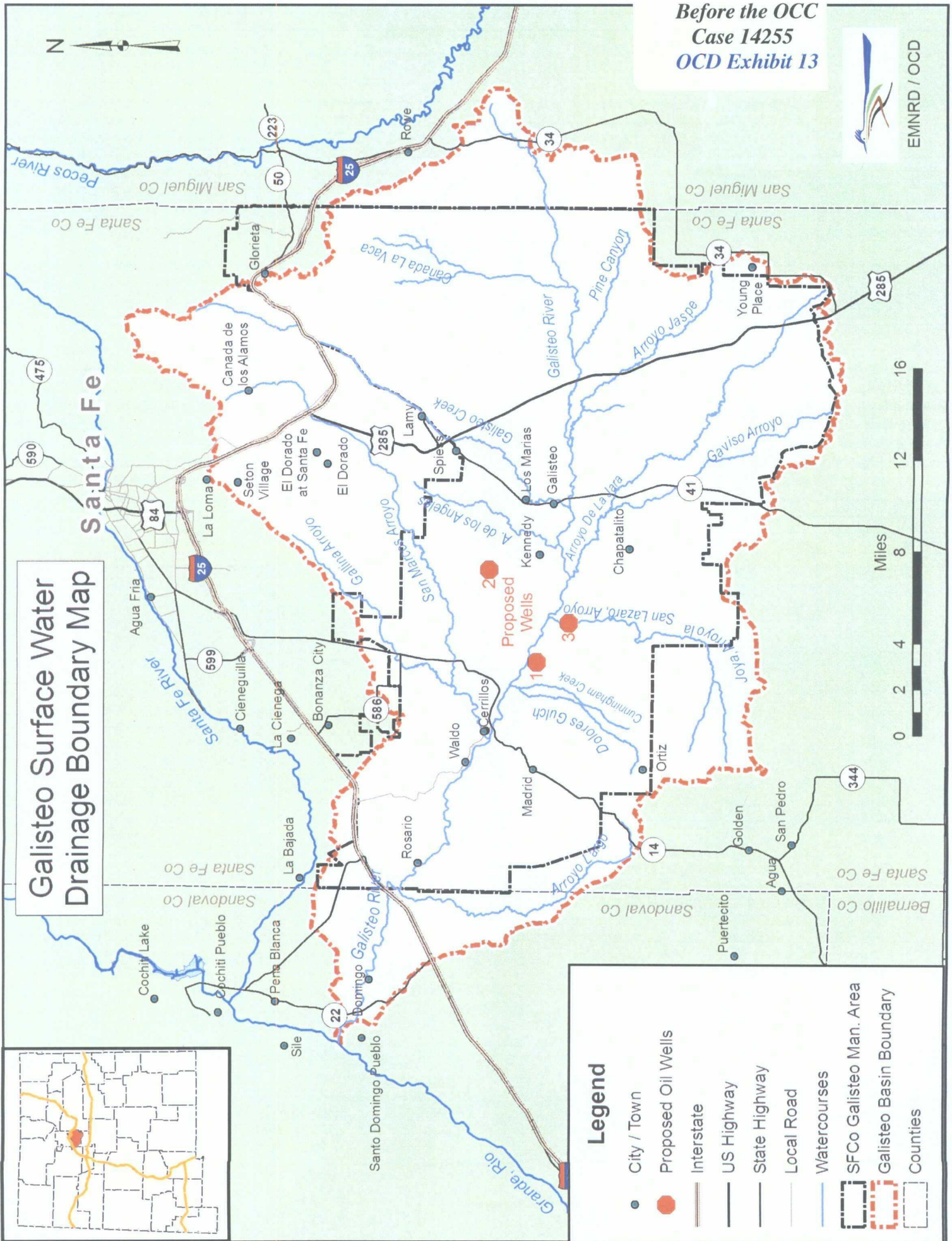
Signature: David C. Daniel
Printed Name: David C. Daniel
Title: VP, Operations
Date: 8/26/08 Phone: 281-668-8075

Now Operator

Signature: David C. Daniel
Printed Name: David C. Daniel
Title: VP, Operations
Date: 8/26/08 Phone: 281-668-8075

NMOCD Approval

Electronic Signature: Ed Martin, District 4Date: August 26, 2008



RECORDED SF CLERK (12/04/2007)

**THE BOARD OF COUNTY COMMISSIONERS OF
SANTA FE COUNTY**

ORDINANCE NO. 2007- 14

**AN ORDINANCE DECLARING A THREE MONTH MORATORIUM ON
APPLICATIONS TO DRILL AN OIL OR NATURAL GAS WELL,
DECLARING AN EMERGENCY**

WHEREAS, exploration for crude oil and natural gas occurred in the 1980s in the Galisteo Basin in Santa Fe County, where sixteen oil wells were drilled;

WHEREAS, although most of the sixteen wells were plugged and abandoned many years ago, one still active well was reworked in February 2007 by an oil and gas operator who has plans to drill at least eight additional wells;

WHEREAS, the only source of County regulation of oil and gas exploration and production is found in Article III Section 5 of the Land Development Code, a section that governs mining in general but does not contain specific provisions that address oil and natural gas exploration and production;

WHEREAS, it is imperative that applications to drill wells, explore and produce crude oil and natural gas be addressed under a modern, complete, specific and effective zoning and development ordinance;

WHEREAS, County staff has prepared such an ordinance that draws on ordinances in place in numerous counties and cities throughout the United States;

WHEREAS, the draft ordinance has had only limited public input thus far and will require an extensive public process before it is ready for public hearings and adoption, and a schedule for that public process has been promulgated that includes two public meetings, a period for written comments from the public, a full day public hearing, and a second public hearing and possible adoption of the ordinance in late January;

WHEREAS, an oil and gas operator has publicly stated that it will file eight applications to drill new oil and gas wells within the Galisteo Basin;

WHEREAS, if such applications were filed prior to enactment of a specific oil and gas ordinance, confusion would result over whether the pending applications should be processed under the existing ordinance or the new ordinance;

WHEREAS, it is critical to the health, safety and welfare of citizens of the Galisteo Basin who are about to be impacted by oil and natural gas drilling that the process for adopting a new ordinance be allowed to run its course, without being affected by concerns over the effect of eight applications on the County's current or future regulatory authority;

*Before the OCC
Case 14255
OCD Exhibit 14*

WHEREAS, allowing an application to be processed under the circumstances could result in significant irreparable damage to the human and natural environment; and

WHEREAS, new applications for oil and gas should not be accepted until the County's regulatory authority over oil and natural gas exploration, drilling and production has been clarified in a new ordinance.

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF SANTA FE COUNTY:

1. A three-month moratorium on applications to drill an oil or natural gas well is hereby imposed. No application to drill an oil or natural gas well will be accepted or processed until the three month waiting period has passed.

2. An ordinance governing oil and natural gas exploration, drilling and production shall be presented to the Board of County Commissioners for consideration and adoption prior to the expiration of this moratorium.

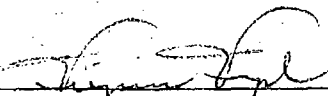
3. An emergency is hereby declared because of the stated intent of an oil and gas operator to file eight applications to drill new oil and gas wells within the Galisteo Basin and the need for the County to enact an ordinance that directly governs oil and natural gas production.

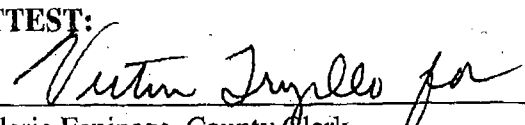
4. It is necessary for the protection of the public health, safety and welfare that this ordinance take effect immediately upon recordation.

5. This ordinance will cease to be of effect three months from the date of recordation.

PASSED AND ENACTED THIS 27th DAY OF NOVEMBER, 2007.

**THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY, NEW MEXICO**

By 
Virginia Vigil, Chair

ATTEST:

Valerie Espinoza, County Clerk



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BCC ORDINANCE
PAGES: 3

3

THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY

ORDINANCE NO. 2008 - 03

AN EMERGENCY INTERIM DEVELOPMENT ORDINANCE FOR A TWELVE MONTH PERIOD PROHIBITING DEVELOPMENT APPROVALS OR ISSUANCE OF PERMITS FOR ZONING AND SUBDIVISION MAPS, NON-CONFORMING USES, SPECIAL AND CONDITIONAL USES AND EXCEPTIONS, USE AND AREA VARIANCES FOR OIL, GAS, AND GEOTHERMAL DRILLING AND EXTRACTION WITHIN THE GALISTEO BASIN COMMENCING ON FEBRUARY 28, 2008, AND TERMINATING ON FEBRUARY 27, 2009, AND PROVIDING FOR AN EXTENSION TO AUGUST 27, 2009 IF REQUIRED IN THE LEGISLATIVE DISCRETION OF THE BOARD OF COUNTY COMMISSIONERS, UNTIL THE ADOPTION OF A GENERAL PLAN AMENDMENT, A GALISTEO BASIN AREA PLAN, A CAPITAL IMPROVEMENT AND PUBLIC SERVICES PROGRAM, CREATION OF A SPECIAL IMPROVEMENT DISTRICT FOR THE GALISTEO BASIN, AND AMENDMENTS TO THE LAND DEVELOPMENT CODE, ADDRESSING AND RESOLVING CONSIDERATIONS OF PUBLIC HEALTH, SAFETY, CULTURAL-HISTORICAL, ARCHAEOLOGICAL, FISCAL, ECONOMIC, PLANNING, INFRASTRUCTURE AND SERVICES, GROUNDWATER AQUIFERS, ENVIRONMENTAL AND THE PUBLIC NUISANCE IMPACTS OF SUCH GRADING DRILLING AND EXTRACTION.

WHEREAS, the State of New Mexico, Office of the Governor, Bill Richardson, has issued an Executive Order 2008-004, dated the 24th day of January, 2008, imposing a five month moratorium on the processing and approval of applications for permits for oil and gas drilling in Santa Fe County and the Galisteo Basin within the County until a fair and thorough evaluation and assessment by all state executive agencies with relevant knowledge and expertise ("Executive Agencies") of state laws, regulations, policies and planning documents is conducted concerning the water, environmental, economic, historic-cultural and archaeological impact of drilling and extraction of oil and gas that would be contrary to the interests of the State of New Mexico and its citizens;

WHEREAS, Executive Order 2008-004 directs that the Executive Agencies work collaboratively with other governmental agencies, including affected tribal governments and Santa Fe County ("County"), and to provide an opportunity for government entities, including Santa Fe County, to receive and evaluate input from the public in order to formulate public policy and government planning and report back to the Governor by June 24, 2008;

*Before the OCC
Case 14255
OCD Exhibit 15*

WHEREAS, Santa Fe County has previously adopted Ordinance No. 2007-14, dated November 27, 2007, placing a moratorium on the acceptance and processing of applications to drill an oil or gas well for a period of three months or until the 28th day of February, 2008;

WHEREAS, Ordinance No. 2007-14 declared an emergency affecting the public health, safety and welfare by reason of applications for drilling new oil and gas wells within the Galisteo Basin without adequate planning, health and safety standards for the location, operation and mitigation of the effects of oil and gas drilling and without appropriate provisions in the County's General Plan and Land Development Code to assure that significant irreparable damage to the human and natural environment does not occur;

WHEREAS, the County's General Plan and Article III, Section 5 of the Land Development Code, have inadequate provisions and standards relating to oil, gas, and geo-thermal drilling and/or extraction necessary to prevent a catastrophic impact upon the public health, safety, fiscal and economic, environmental, historic-cultural and archaeological, infrastructure and public service provision and protection of property rights emanating from such grading, drilling and extraction activity;

WHEREAS, the County is proposing to prepare and adopt amendments to the General Plan: a new Galisteo Basin Area Plan; a Capital Improvement and Public Services Program (CIP); creation of a special improvement district for the Galisteo Basin; and amendments to the County's Land Development Code necessary to implement such General Plan Amendment, Area Plan, Special District and CIP to guide the location and availability of adequate fire, emergency, police and health services, roads, water and storm water management, water pressure and storm water infrastructure and services, and to establish appropriate sustainable design, location, use, and construction conditions and standards to protect the public from environmental, water aquifer pollution, fiscal, economic, health, safety, historic-cultural and archaeological damage from oil, gas, geo-thermal, rock and mineral grading, drilling and extraction activities;

WHEREAS, the Executive Agencies' reports will not be available until June 24, 2008, and the findings, standards and remedial measure promulgated by such reports will require an additional five months of analysis by the County staff consultants and officials, including preparation and adoption of appropriate provisions into the County's General Plan, Land Development Code and new Galisteo Basin Area Plan, and to establish a new Special Improvement District, Capital Improvement and Public Service Program collectively to implement State and County recommendations;

WHEREAS, the County will require the engagement of planning, fiscal, economic, water, environmental and engineering consultants and attorneys, to analyze and recommend appropriate planning, fiscal, economic, capital infrastructure and public service availability, environmental, water, health and safety goals, objectives, policies, strategies, standards and conditions related to the adoption and implementation of the

General Plan amendments, a new Galisteo Basin Area Plan, Special Improvement District and Capital Improvement and Public Services Program;

WHEREAS, the County will require extensive hearings and workshops to solicit public input, evaluation and recommendations after the County staff consultants and the Executive Agency recommendations are received on or after June 24, 2008, and the adoption of this Interim Development Ordinance is necessary to ensure the benefits of permitting complete discussion and participation by citizens, concerned groups, developers, operators and property owners who will be affected by consideration of amendments to the General Plan and Land Development Code, adoption of a new Galisteo Basin Area Plan, Special Improvement District and Capital Improvements and Public Services Program, without having a race of diligence with owners filing and submitting applications to grade drill and extract oil, gas, and geo-thermal energy during the formulation and public discussion of the new plans, CIP, Special District and Land Development Code regulations;

WHEREAS, the County requires additional time to identify and/or secure additional dedicated funding for administrative, planning, departmental and special district expenses, attorney's fees, consultant studies, extension of capital improvements and public services, including obtaining financial commitments from the State and other sources;

WHEREAS, given the scope of the issues and areas to be addressed by amendments to the general plan, a new area plan, a capital improvement and public service program creating a special improvement district and implementing amendments to the Land Development Code, twelve additional months, in addition to the initial three month moratorium period, is necessary, essential and reasonable in order to complete a fair and comprehensive planning and public participation process that results in legally and scientifically sound plans, policies and regulations;

WHEREAS, the County may extend the period of time of this Ordinance for a further six months from February 27, 2009, if required to complete and adopt the plans and regulations, after public workshops and hearings;

WHEREAS, County preparation of amendments to the General Plan, the creation of a Galisteo Basin Area Plan, a Capital Improvement and Public Service Program, creation of a special improvement district and amendments to the Land Development Regulations, together with the recommended changes in state statutes, programs and regulations guiding the Executive Agencies pursuant to the Governor's Executive Order, require special protection to eliminate the need for hasty adoption of permanent controls in order to avoid the establishment of non conforming uses or to respond in an ad hoc fashion to specific problems. Instead this Ordinance assures that the planning and implementation process may be permitted to run its full and natural course with widespread citizen input and involvement, public debate and full consideration of all issues and points of view;

WHEREAS, the County has committed necessary staff and outside consultant and legal resources to the development of permanent goals, objectives, policies, strategies and regulations to plan for and protect the Galisteo Basin in order to facilitate its diligent and good faith effort to establish: (1) permanent General Plan Amendments; (2) a Galisteo Area Plan; (3) a Capital Improvement and Public Service Program; (4) creation of a special improvement district and (5) Land Development Code amendments to implement this Ordinance within a reasonable period of time;

WHEREAS, this Interim Development Ordinance constitutes a valid exercise of the County's Zoning and/or police power, consistent with NMSA 1978, § 3-21-1 ("Zoning; Authority of County") and NMSA 1978, § 4-37-1 *et seq.* ("County Ordinances"), and the Smart Growth Environmental and Natural Resource Policies of the General Plan, so that the County may regulate and restrict within its jurisdiction the location and use of buildings, structures and land for trade, industry, residence or other purposes and may prohibit the use of property for purposes declared to be injurious to the health and safety of the community; and

WHEREAS, the Board of County Commissioners has reviewed the Smart Growth, Planning, Water, Environmental, Land Use, Fiscal, Economic, Cultural, Historical, Archaeological and Natural Resource goals, objectives, policies of the existing General Plan and the Land Development Code regulations; the Governor's Executive Order and the findings delineated in this Interim Development Ordinance and further finds that the adoption of this Ordinance will serve compelling county, regional, tribal, state, and federal governmental interests to further protect the health, safety, water aquifers, environment, infrastructure and public services, economic, fiscal, historic, cultural and archaeological resources of the County and the Galisteo Basin and constitutes a comprehensive, rational and appropriate exercise of the County's emergency powers and authority.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF SANTA FE COUNTY, NEW MEXICO:

Section 1. The area of regulation being enforced by this Ordinance constitutes the area within the red and blue lines shown on the Map of the Galisteo Basin, attached hereto and made a part of this Ordinance as Exhibit "A".

Section 2. During the effective period of this Interim Development Ordinance, the boundaries of the Galisteo Basin Map (Exhibit "A") may be amended by the County by ordinance of the Board of County Commissioners to extend the effective territorial boundaries beyond the Galisteo Basin up to and including the County's full territorial jurisdiction, through the adoption of a new Map replacing Exhibit "A".

Section 3. During the effective period of this Ordinance no new application, nor processing of any existing and filed application, nor issuance of any applicable permit, for zoning and subdivision approval, special use permit, development permit, exploration permit, extraction permit, conditional use permit, special exception, non-conforming use,

RECORDER'S OFFICE
CLERK
RECORDED
02/27/2008

area or use variance, grading, or building permit related to drilling or extraction of oil, natural gas, or geo-thermal energy, within the boundaries of the Exhibit "A" Map shall be accepted or processed by the County, its staff, departments, commissions, and/or the Board of County Commissioners until the adoption of permanent plans, a capital improvement and public services program, creation of a special improvement district and amendments to the Land Development Code regulations.

Section 4. The County Manager and County Attorney are directed to have the County's Growth Management Department begin immediately to engage county staff and expert consultants and attorneys to develop and focus the Growth Management Department's efforts to develop studies, reports and recommendations relating to the following matters:

A. Consideration of the creation of a legislative overlay zoning district for the territorial area contained within the boundaries of Exhibit "A" for oil, gas, geo-thermal grading, drilling, and/or extraction taking into account comprehensive planning, performance and sustainable environmental standards required to apply the overlay zoning district to a property within the territorial boundaries of Exhibit "A";

B. Amendment of the General Plan and preparation of a Galisteo Basin Area Plan to incorporate goals, objectives, policies and strategies relating to consideration of the location, timing and sequencing of oil, natural gas, or geo-thermal drilling or extraction use, including but not limited to, consideration of potential impacts to water aquifers, environment, health, safety, fiscal, economic, historical-cultural-archaeological resources, and the adequate provision of public facilities and services necessary to support the operation of any such oil, gas, geo-thermal energy grading, drilling and excavation use;

C. Adoption of a Capital Improvement and Services Program implementing the long term goals, objectives, policies and strategies of the General Plan Amendment and Galisteo Basin Area Plan with respect to provision of adequate public facilities and public services over the life of the Plans necessary to service any oil, gas, or geo-thermal, grading, extraction or drilling use;

D. Adoption of amendments to the Land Development Code with respect to establishing sustainable environmental standards and conditions for building, construction, grading, excavation and drilling of oil, gas, or geo-thermal uses; including implementation of the goals, objectives, policies and strategies of the General Plan amendment, the Galisteo Basin Area Plan, the state Executive Agency and Governor's recommendations and the findings and purposes of this Ordinance relating to health, safety, protection of private property, water aquifers environmental, historical-cultural and archaeological resources; and to assure the adequate provision of public facilities and public services to support the needs generated by oil, gas, or geo-thermal grading, excavation and drilling use.

E. Creation of a special improvement district within the territorial limits of Exhibit "A" for the assessment to oil, gas, or geo-thermal grading, excavation and drilling uses, the cost of providing for the reasonable and proportionate legal, administrative expenses and expert studies; and for the costs of public facilities and services the need for which is generated by such uses; and

F. Any other and further actions necessary to carry out the purposes of this Ordinance.

Section 5. If any section, subsection, sentence, clause, item, change or provision of this Ordinance is held invalid, the remainder shall not be affected by such invalidity.

Section 6. All ordinances or parts of any ordinances in conflict with this Ordinance are hereby repealed to the extent of said conflict.

Section 7. An emergency is hereby declared because of the imminent danger to adjoining property owners, water aquifers, environmental, health, safety, fiscal, economic, cultural-historic-archaeological resources; to remedy deficient public facility and services of the County within the Galisteo Basin by virtue of applications to grade, drill and excavate for oil, gas, or geo-thermal uses within the Galisteo Basin.

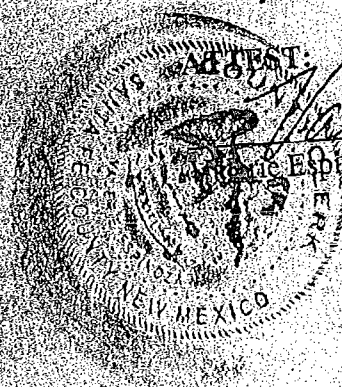
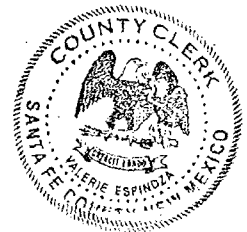
Section 8. It is necessary for the protection of the public health and safety of the County that this Ordinance take effect immediately upon recordation.

Section 9. This Ordinance will cease to be of effect by February 27, 2009; or for any period of extension for six months thereafter no later than August 27, 2009.

PASSED AND ENACTED THIS 26th Day of February, 2008.

**THE BOARD OF COUNTY COMMISSIONERS
OF SANTA FE COUNTY, NEW MEXICO**

By: Jack Sullivan
Jack Sullivan, Chair



Valerie Espinoza - Feb. 27, 08
Valerie Espinoza, County Clerk

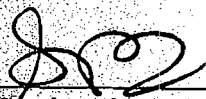
COUNTY OF SANTA FE
STATE OF NEW MEXICO

I Hereby Certify That This Instrument Was Filed for Record On The 27TH Day Of February, A.D. 2008 at 14:25 and Was Duly Recorded as Instrument # 1516752 of The Records Of Santa Fe County

Deputy Carla J. Ramirez Witness My Hand And Seal Of Office Valerie Espinoza County Clerk, Santa Fe, N

BCC ORDINANCE
PAGES: 8

Approved as to form:

A handwritten signature in black ink, appearing to be 'S. Ross', written over a horizontal line.

Stephen C. Ross

Map of the Galisteo Basin Exhibit A

Legend

Parcels

Components of the
Galisteo Basin:

 Galisteo Growth
Management Area

 Ortiz Land Grant

1:220,000

1 inch equals 3.5 miles



February 26, 2008



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Oil and Natural Gas Drilling Ordinance

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LISTEN TO: KSFR Interview - Overview of SF County Oil & Gas Ordinance and Growth Management Planning Process, PlanningWorks - 7/17/08

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Documents and Information

County Oil & Gas Ordinance Planning Website

Documents referenced at 09/30/2008 Meeting:

- 1 First Draft of Plan Ordinance powerPoint presentation » [PDF 2.4MB]
- 1 Oil and Gas Plan » [PDF 11.6MB]
- 1 Santa Fe County Ordinance » [PDF 2.9MB]
- 1 Next steps » [PDF 84kb]

Download the Report on the Galisteo Basin - 07/22/08 » [PDF 3.83MB]

Download the Emergency Interim Development Ordinance - 2/27/08 » [PDF 1MB]

Download the Interim Ordinance - 2/13/08 » [PDF 260kb]

Download the Updated Oil & Gas Ordinance - 1/4/08 » [PDF 2MB]

Download Updated Oil & Gas Ordinance - 1/4/08 searchable text version » [PDF 170kb]

View Galisteo Basin map »

Galisteo Basin Growth Management Plan » [PDF 1.35MB]

A Presentation to the Board of County Commissioners Community Development Review Committee June 10, 2008 by Bruce Peshoff

Download the Outreach Meeting List » [PDF 28kb]

Meetings and Meeting Minutes/Videos

October 16, 2008

Board of County Commissioners Community Development Review Committee Meeting.

WATCH VIDEO FROM MEETING »

August 12, 2008 Board of County Commissioners Meeting

Briefing On The Progress Since Adoption Of The Interim Development Ordinance Relating To Oil and Gas
(Dr. Robert H. Freilich/Penny Elise Green)

WATCH VIDEO FROM PRESENTATION »

Download the Growth Management Zoning Strategy Presentation [PDF] »

June 9, 2008

Santa Fe Not Oil and Other Concerned Citizens Groups Focus Group Meeting

Download the Meeting Minutes [PDF] »

County Cancels Public Hearing for Oil & Gas Ordinance January 22, 2008

Santa Fe County has cancelled the first public hearing on the proposed new oil and gas ordinance. The hearing was slated for January 22nd at Santa Fe Community College. The public hearing schedule has been pushed back and is currently being revised.

December 6, 2007 Meeting (Santa Fe High)

**Before the OCC
Case 14255
OCD Exhibit 16**

[WATCH VIDEO FROM FORUM »](#)

Download the [Transcript from the 12/06/07 Forum »](#) [PDF 434kb]

Santa Fe County hosted a forum on December 6th at the Santa Fe High School Gymnasium to discuss proposed oil and gas drilling in the Galisteo Basin. County Commissioners, members of the state legislative delegation, County staff, and representatives from the state Oil Conservation Division were in attendance to hear from the community on this important issue. The meeting was simulcast live online and on the radio. At a date and time to be determined, the meeting will also air on SFC-TV 28.

November 27, 2007 Board of County Commissioners Meeting

Explanation of draft oil and gas ordinance by County Attorney Steve Ross (BCC Meeting, 11/27/07)

[WATCH VIDEO FROM MEETING »](#)**November 15, 2007 (Eldorado Elementary School)**[WATCH VIDEO FROM MEETING »](#)*Press Releases*

[County Temporarily Suspends New Drilling](#)

[2PM: Board Will Address Interim Drilling Ordinance on Feb. 26th](#)

['Not for a Year': County Proposes Temporary Suspension of New Drilling](#)

[No Oil & Gas Drilling Permits Considered for 6 Months](#)

[County Ordinance to Prohibit Drilling in Culturally Significant Areas](#)

[County Adds 2nd Written Comment Period for Oil & Gas Ordinance](#)

[Oil and Gas Drilling Public Input Schedule](#)

[Oil and Natural Gas Ordinance Meeting To Air on TV and Online](#)

[County Places Moratorium On Drilling](#)

[Santa Fe County Oil and Natural Gas Ordinance](#)

[FAQ About the Proposed Oil and Natural Gas Ordinance](#)

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**THE OIL AND GAS PROJECT
THE GROWTH MANAGEMENT PROJECT
THE CODE REWRITE PROJECT**

NEXT STEPS, SCHEDULE

The Oil and Gas Project is moving in tandem with the Growth Management Project and the Code Rewrite Project. Significant progress is being made on all three projects, and this memorandum is designed to give the reader a clear picture of what is happening, and when.

1. Oil and Gas Specific Items

Because the Interim Ordinance, Santa Fe County Ordinance No. 2008-02, terminates on its terms on or about February 27, 2009 and a new ordinance will need to be enacted no later than thirty days prior to that date, the Oil and Gas Project is moving more quickly than the other projects.

a. Initial Presentation, Ordinance and Plan Amendments

The consultant team will begin providing deliverables on the Oil and Gas Project beginning **September 30, 2008** during the regular meeting of the Board of County Commissioners. The consultant team will present two key components of the oil and gas project: (1) a draft **Oil and Gas Regulatory Ordinance**, and (2) the **Goals, Objectives, Policies and Strategies of the Oil and Gas Element of the General Plan Amendment**. At the September 30 meeting, the Board is also expected to authorize publication of the title and general summary of the draft Oil and Gas Regulatory Ordinance; this authorization will permit undertaking a public hearing process and is a necessary legal predicate to enacting a County ordinance.

b. Oil and Gas Regulatory Ordinance - Overview

The proposed oil and gas regulatory ordinance will prohibit exploration and production of oil and natural gas unless an oil and gas overlay zoning district classification is applied for and approved by the Board. An application to classify land into the overlay zone will trigger a comprehensive review process that will include the following: (1) an **Environmental Impact Report** that will address air quality, water quality, toxic and chemical pollution and related diseases and health threats, wildlife and vegetation habitats, steep slopes, floodways and floodplains, stream corridors, historic, cultural, and archaeological artifacts and sites; (2) a water availability assessment; (3) a hydrologic and geologic assessment; (4) an assessment of the adequacy of existing public facilities (police, fire and emergency services) to serve the proposed development; (5) a fiscal impact assessment; (6) a traffic impact report; and (7) an emergency preparedness report. The ordinance will also include provisions that describe how applications are processed,

provides for development agreements, and requires mandatory co-location of oil and gas production facilities. A secondary approval of a special use and development permit will be required after the applicant obtains a permit to drill from the Oil Conservation Division of the State of New Mexico

c. Oil and Gas Specific Amendments to the County General Plan

Amendments to the County General Plan, adopted in 1999, are needed to support the oil and gas regulations, and to support text amendments and maps that will amend the Land Development Code (discussed later). These amendments are necessary because of the development pressures created by proposed oil and gas drilling and production. Two or three additional Plan Elements or chapters will be included in the County General Plan, including an Oil and Gas Element, Growth Management Element, and possibly a Community Planning Element (including area plans for growth management areas, community plan updates, district plan updates and updates for traditional and historic communities).

The General Plan, like the County's 1999 Plan, is a statement of a community's vision for the future and a guide to achieve that vision. The view of the future expressed in a plan is shaped by local community values, ideals and aspirations about the best management and use of the community's resources. Such a plan uses text, maps and diagrams to establish goals, objectives, policies and strategies, which a government uses to address physical, economic and social issues. Goals, objectives, policies and strategies (GOPS)¹ describe how a community meets the challenge of future development. The County's update of the 1999 General Plan will be a tool for managing change to achieve the desired quality of life; it will build on the efforts of several recent and concurrent planning processes, and will be a strategic document that defines an action. It will prioritize tasks in order to achieve the vision of the combined planning efforts. It will set the stage for the County's Oil and Gas regulatory ordinance and for revisions to the County's Land Development Code.

The Santa Fe County General Plan and its Amendments will, for the first time, focus on

¹ **Goal:** Description of a desired state of affairs for the community in the future. Goals are the broad, public purposes toward which policies and programs are directed. Goals can be phrased to express the desired results of the Plan; they complete the sentence "Our goal is to...."

Objective: A measurable stepping stone. Objectives identify a quantifiable target to achieve a goal.

Policy: Statements of government intent against which individual actions and decisions are evaluated. Policies indicate the direction the community should take if regulatory provisions are absent or not clear.

Strategy: Individual tasks or accomplishments such as zoning, environmental regulations, major street plans and capital improvement and services programs which, taken together, will enable the community to achieve goals, objectives and policies. Strategies are the basis for implementation of the Plan by identifying and recommending specific courses of action.

achieving the benefits of Smart Growth and efficient and cost-effective provision of facilities and services. "Smart Growth" is the management of growth through fiscally sound, environmentally sustainable and responsible means. Smart Growth requires that infrastructure be available at established plan levels of service before development can be approved, and has a greater emphasis on the mix of uses, transportation options and environmental sensitivity. Smart growth is not achieved through the use of a single tool that accomplishes all of a community's objectives; it is achieved through the use of an integrated approach that uses carefully chosen tools calibrated to the County's needs and ability to implement specific programs. Smart Growth through a <> tiered group system of geographically functional areas directs growth into compact and sustainable development patterns within areas already served with infrastructure, or in areas where infrastructure provision is planned and included in a Capital Improvement Program (CIP). Smart growth protects environmental and cultural resources and community lifestyles. Smart growth does not seek to change the character of the community, but instead builds on the community's existing character and supports amenities that improve the quality of life for residents. It is a framework for achieving Santa Fe County's vision for the future. Thus, the proposed amendments to the General Plan will include such Smart Growth elements as: (1) establishing a proper relationship between future growth, public facilities, and economic development; (2) establishing baseline standards with which the impact of future development proposals may be evaluated; (3) establishing standards and guidelines that regulate mineral extraction, specifically including oil and gas drilling, to protect environmental, historical, cultural and archeological resources; (4) maintaining adequate public facilities and services, to serve existing and new development, including facility extension and fiscal and revenue-raising policies; (5) protecting taxpayers by using capital planning and financing tools that ensure that the costs of new development costs are placed on new development, including but not limited to oil and gas development; and (6) making recommendations to develop, adopt and implement growth management techniques, to amend and revise County regulations, plans, and programs, and to develop a prioritized capital facilities program that addresses existing and future needs based on growth projections, maintaining or improving levels of service and preferred growth patterns.

d. Process

i. County Development Review Committee/Planning Commission

The Goals, Objectives, Policies and Strategies of the Oil and Gas Element of the General Plan Amendment will be presented to the County Development Review Committee/County Planning Commission in its meetings of **October 16, 2008** and **November 13, 2008**. These public meetings will feature presentations by the consultant team, and will provide an opportunity for members of the public to address the proposed Oil and Gas Element of the General Plan Amendment. The County Development Review Committee/County Planning Commission will formulate a recommendation to the Board of County Commissioners during its meeting of **November 13**.

ii. The Board of County Commissioners

The Board of County Commissioners will subsequently consider the Oil and Gas Element of the General Plan Amendment. The Board will also consider the enactment of the proposed Oil and Gas Regulatory Ordinance. The consultant team will present a proposed Capital Improvement Program and creation of a Galisteo Basin an Improvement District to support the Oil and Gas Element. The Board must enact the Oil and Gas Regulatory Ordinance **prior to January 27** for the ordinance to become effective prior to the expiration of the Interim Ordinance. The specific date when the Board of County Commissioners will consider the plan and ordinance has not been established.

2. Growth Management Project

a. Growth Management Amendments to the General Plan

During the process relating to the oil and gas specific element of the general plan and oil and gas ordinance, the consultant team and County staff will begin presenting work related to the Growth Management Project. During the **November 18** meeting of the Board of County Commissioners, the consultant team will present the proposed Goals, Objectives, Policies and Strategies for the Growth Management Element. The Board may take this matter up again during its meeting of December 9, 2008. Once approved, this material will amend the County's General Plan. Subsequently, area plans will be developed for the four designated growth management areas which will also amend the General Plan.

b. Area Plans for the Four Designated Tiered Growth Areas

i. Presentation of Area Plans

After approval of the Policies, Goals, Objective and Strategies of the Growth Management Element, County staff will present its work to establish tiered growth areas for the Galisteo Basin Area Plan. Once this work is completed for the Galisteo Basin (and for each County designated growth area) County staff will bring this work to the Board of County Commissioners for review and to the County Development Review Committee/County Planning Commission for a recommendation and to the Board of County Commissioners for adoption. This work will be repeated four times, once for each growth management area.

ii. Area Plans, Content.

A General Plan is a comprehensive, long-range guide to manage growth and development in a single county-wide, unified and coherent plan. It provides a general policy framework that applies broad goals, objectives, policies and strategies countywide. The General Plan cannot fully address the specific needs of individual communities or sub-areas. An Area Plan, in comparison, is a focused, planning guide that identifies goals,

objectives, policies and strategies that refine the General Plan vision and policy framework. It is applied to a defined area, focusing on specific uses or development types and infrastructure and service provision and timing. While countywide policies still apply within this area, the Area Plan GOPS are more specific. The Area Plan must be consistent with the General Plan, but in cases where there is a conflict, the more specific directives of the Area Plan control. Santa Fe County is familiar with Area Plans --- the community planning process undertaken by the County pursuant to Ordinance No. 2002-03 is a similar process.

As with the General Plan, an Area Plan is developed through participation of the residents, businesses, service providers and other stakeholders in the planning area. Area Plans contain information about the natural features, resources, and physical constraints that affect development of the planning area. Area Plans define a community's vision for the future and provide elected officials with a proactive framework from which to make decisions about the general plan's land use, housing, economic development, capital improvements, service provision, community design and environmental, cultural and archeological protections. Area Plans are implemented through a variety of area-specific tools and funding mechanisms (for example, the development regulations may include modified standards for development that apply within the planning area to achieve the goals of the Area Plan, such as unique design guidelines or incentives to encourage mixed-use development or protect natural features). Funding mechanisms can also be used to achieve the goals of the Area Plan, such as a special improvement district that assesses property in the Area in order to provide a public benefit, such as infrastructure improvements and public services within that Area.

iii. Galisteo Basin Area Plan

The Galisteo Basin Growth Management Area will be developed first, in part building on the foundation that has been provided in the oil and gas project. Staff is working on this plan; the draft is anticipated to be ready for community input and staff already intends to conduct meetings in the Eldorado area, the San Marcos area and the Galisteo area in the next few months. The Galisteo Basin is an example of an area that is appropriate for such additional in-depth planning analysis due to its (1) significant and critical environmental features and natural resources; (2) significant archeological, historical and cultural resources; (3) unique community character, including historic and contemporary communities and related rural quality of life; (4) infrastructure based on a rural lifestyle, not generally available or planned to be available for more intensive development; (5) public facility and service improvements capital improvement plans that allocate to development the proportional costs the need for which is generated by the development; (6) there has been, and until recently was projected to be, very low growth in this area; and (7) new development that has been proposed may not be consistent with existing conditions and uses and the BOPS for the rural tiered area.

iv. Other Area Plans

The other Area Plans to be developed include El Centro, which includes the area surrounding the City of Santa Fe and includes the County's only designated growth area --- the Community College District --- and other potential growth areas. El Norte, includes the Pojoaque Valley, the greater Espanola area, several traditional communities, El Valle de Arroyo Seco and several Native American Pueblos. The fourth area is the Estancia, which includes the Estancia Basin, Edgewood, and the areas to the south of the Galisteo Basin.

3. Code Rewrite Project

a. Initial Presentation, Draft Amendments

After the oil and gas specific plan and ordinance is enacted, the consultant team will turn its attention to comprehensive **amendments to the Land Use Code**. It is expected that the team will present the proposed text amendments to the Board of County Commissioners at the end of **March 2009**. At that meeting, the Board will also authorize the publication of title and general summary of the land development code amendments; this authorization will permit the public hearing process to begin. Around the same time (**March 2009**), it is expected that the Board will receive for consideration a proposed **zoning map of the Galisteo Basin**, to accompany the General Plan Amendment and land development code amendments.

b. Process

The **proposed text amendments** will be presented to the County Development Review Committee/County Planning Commission in **April and May, 2009**. These meetings will feature presentations by the consultant team and County staff, and will provide an opportunity for members of the public to comment on the proposed text amendments and the Galisteo Basin zoning map. The County Development Review Committee/County Planning Commission is expected to formulate a recommendation to the Board of County Commissioners during its **May, 2009** meeting. It is expected that the Board of County Commissioners will receive the text amendments for adoption in **June 2009**.² Subsequently, in **August 2009**, the Board is expected to begin the public hearing process on a **consolidated zoning map**, culminating in adoption of that map in **December 2009**. It is expected that **all four area plans** will have been presented to the Board and adopted no later than **December 2009**, at which point the three projects will have been successfully integrated and concluded.

² There is less confidence in the exact dates of action on more remote work such as the text amendments to the Land Development Code.



State of New Mexico

Office of the Governor

Bill Richardson
Governor

EXECUTIVE ORDER 2008-004

IMPOSING A SIX MONTH MORATORIUM ON NEW OIL AND GAS DRILLING IN SANTA FE COUNTY AND THE GALISTEO BASIN

WHEREAS, the Galisteo Basin is a culturally rich and ecologically fragile ecosystem located in northern New Mexico, the preservation of which is of significant value to citizens of this State;

WHEREAS, the Richardson Administration is committed to ensuring the health, safety, and welfare of all New Mexicans and strives to protect the natural and ecological riches of the State while still supporting much needed economic development;

WHEREAS, the State of New Mexico has the obligation and the authority to balance the interests of private property and business owners while still protecting the assets of the State;

WHEREAS, the Galisteo Basin has been recognized by the United States Congress as a nationally significant archaeological resource and contains within it a number of areas protected under the auspices of the Galisteo Archaeological Sites Protection Act, Public Law 108-208 (2004). A comprehensive study of the archaeological assets of the Galisteo Basin has yet to be funded and a management plan for the area has yet to be developed by the Bush Administration;

WHEREAS, significant issues have arisen related to the impact that oil and gas drilling in the Galisteo Basin may have on archaeological and environmental assets. Moreover, concerns have been raised whether oil and gas drilling in the Basin may negatively affect local water supplies and sources of groundwater;

WHEREAS, the State of New Mexico and the public benefit from protecting and preserving significant archaeological and historic/cultural sites;

WHEREAS, pursuant to NMSA 1978 § 9-5A-2, the New Mexico Department of Energy, Minerals and Natural Resources is charged with administering laws related to energy, minerals, and natural resources in the State. Moreover, the Oil Conservation Division of that Department is statutorily charged with administering the laws and regulations relating to oil, gas, and geothermal resources pursuant to NMSA 1978, § 9-5A-4(E) and is given jurisdiction, authority, and control over all matters necessary to enforce effectively the provisions of the Oil and Gas Act, NMSA 1978, §§ 70-2-1 *et seq.*

WHEREAS, the New Mexico Department of Cultural Affairs is tasked with protecting New Mexico's cultural treasures. The Department is further charged with administering the New Mexico Cultural Property Act, codified at NMSA 1978, §§ 18-6-8, *et seq.*;

WHEREAS, the Office of the State Engineer, pursuant to NMSA 1978, § 72-2-1, is charged with the general supervision of waters in the state and of the measurement, appropriation, and distribution thereof;

WHEREAS, the New Mexico Indian Affairs Department is the coordinating agency for intergovernmental and interagency programs concerning tribal governments and the State. Moreover, per NMSA 1978, § 9-21-7, the Department "shall investigate, study, consider and act upon the entire subject of Indian conditions and relations within New Mexico, including problems of health, economy and education and the effect of local, state and federal legislative, executive and judicial actions. The department shall collaborate with other state departments or agencies that have an interest or stake in the subject being investigated, studied or considered;"

WHEREAS, pursuant to NMSA 1978, § 17-1-1, the Director of the New Mexico Department of Game and Fish is authorized "to provide an adequate and flexible system for the protection of the game and fish of New Mexico and for their use and development for public recreation and food supply, and to provide for their propagation, planting, protection, regulation and conservation to the extent necessary to provide and maintain an adequate supply of game and fish within the State of New Mexico;"

WHEREAS, the Secretary of the New Mexico Environment Department is charged with administering and enforcing laws relating to protecting the environment pursuant to NMSA 1978, §§ 9-7A-1 *et seq.*;

WHEREAS, on January 11, 2008, I announced my intention to impose a temporary moratorium on new oil and gas drilling and exploration activities in Santa Fe County and the Galisteo Basin;

WHEREAS, a temporary moratorium will provide an opportunity for government entities to receive and evaluate input from the public on State activity in this ecologically fragile area, a necessary and valuable part of the process of formulating public policy and government planning;

NOW THEREFORE, I, Bill Richardson, Governor of the State of New Mexico, by virtue of the authority vested in me by the Constitution and the Laws of the State of New Mexico, do hereby order a six month moratorium on activities related to new oil and gas drilling in Santa Fe County and the Galisteo Basin, commencing immediately.

I FURTHER DIRECT that in order to give effect to this moratorium and to provide the necessary time for a fair and thorough evaluation of laws, regulations, and policies concerning the environmental, economic, cultural, and archaeological impact of drilling within Santa Fe County and the Galisteo Basin, the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department shall temporarily suspend the processing and

granting of applications for permits to drill for oil and gas in Santa Fe County and Galisteo Basin.

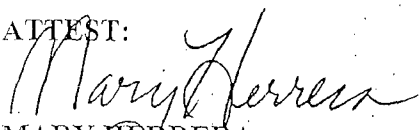
I FURTHER DIRECT the New Mexico Energy, Minerals and Natural Resources Department, the New Mexico Department of Indian Affairs, the New Mexico Environment Department, the Office of the State Engineer, the New Mexico Department of Cultural Affairs, the New Mexico Department of Game and Fish, and all other executive agencies with relevant knowledge and expertise related to this issue to conduct a careful assessment of all existing laws, regulations, policies, and planning documents to ensure that the State of New Mexico has fully and appropriately exercised its police powers to ensure that no oil and gas drilling activity occurs in Santa Fe County and the Galisteo Basin that would be contrary to the interests of the State of New Mexico and its citizens.

I FURTHER DIRECT that all such executive agencies work collaboratively with other governmental entities, including affected tribal governments if necessary, pursuant to Executive Order 2005-003, Adoption of Statewide Tribal Consultation Policy on the Protection of Sacred Places and Repatriation, to ensure that any concerns regarding activities in the Galisteo Basin are addressed.

I FURTHER DIRECT that all executive agencies affected by this Executive Order report to my office and to the Secretary of the New Mexico Energy, Minerals, and Natural Resources Department no later than June 24, 2008. The review period here established for the executive agencies shall allow for a thoughtful and fair analysis of all applicable laws and regulations that may affect this fragile and culturally valuable area.

THIS ORDER supersedes any other previous orders, proclamations, or directives in conflict. This Executive Order shall take effect immediately and shall remain in effect until such time as it is rescinded by the Governor.

ATTEST:

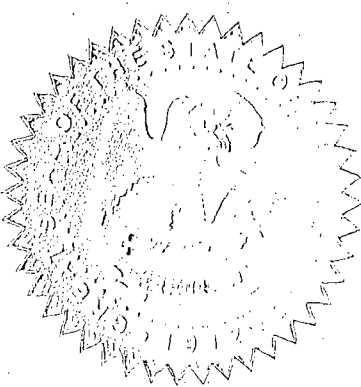

MARY HERRERA
SECRETARY OF STATE

DONE AT THE EXECUTIVE OFFICE THIS
24TH DAY OF JANUARY, 2008.

WITNESS MY HAND AND THE GREAT
SEAL OF THE STATE OF NEW MEXICO



BILL RICHARDSON
GOVERNOR



*Before the OCC
Case 14255
OCD Exhibit 19*

GALISTEO BASIN
2008 PUBLIC COMMENTS
SUBMITTED TO THE ENERGY, MINERALS, AND NATURAL RESOURCES DEPARTMENT

NAME	COMMENT
Johnny Micou	We must ensure that the Galisteo Basin is protected from the potential adverse impacts of oil and gas activity. The Galisteo Basin is culturally rich, has many archaeology sites, has a fragile ecosystem, and has a highly-interconnected and permeable hydrology network. Our water supplies need to be fully protected. In addition, there must be protections for the health, safety and welfare of the citizenry. There also could be adverse impacts to wildlife that would require protections. Oil and gas activities place a huge burden on the infrastructure, create air pollution and can have adverse economic impacts. Tourism in the City of and the County of Santa Fe could suffer. Before considering sacrificing the Galisteo Basin for oil & gas drilling, there must be relevant, comprehensive baseline studies conducted at the State and County levels to discern the viability and compatibility of oil and gas activities in such a sensitive area. Thank you for your attention to this matter.
David Treeson	I request that the moratorium on new oil and gas drilling in Santa Fe County be extended so that the agencies will not only take public comment on the fragile nature of our land and water resources but that research can be conducted to analyze how oil and gas extraction has negatively impacted human, animal, and biological populations in New Mexico and other States and that strict regulations can be developed to ensure that future negative effects from oil and gas extraction are prevented. Thank you
Clint Towle	I find it deeply disturbing that the state of New Mexico is even considering drilling in the Galisteo Basin. The Basin itself is a tremendous natural resource and it's wide open, beautiful spaces like this that New Mexico is known for. Defacing such a pristine wilderness area in the desperate gamble to extract oil and gas is very short-sighted, it's thinking about the now and not generations from now. I'd much prefer to see the state pursue more environmentally friendly means of extracting energy-at least wind farms and solar panels have can guarantee that they'll produce energy. While the rest of the civilized world has started to accept that global warming is an immediate threat, especially to already hot, dry states like New Mexico, permitting drilling in the Galisteo Basin would show that New Mexico is still behind the times. What state are we, the one that's focused on the future and building Space Ports and railroads, or the one that's focused on the past and selling mineral, water, and gas rights? It's decisions like these that make me consider leaving Santa Fe and New Mexico entirely for states that do a better job of conserving their natural resources.
Billie Frank	I applaud the moratorium on gas and oil drilling. It is important to make sure the aquifer is protected, also historically important land. These two things should be sacred as they cannot be replaced. Please think long and hard if and how you will allow drilling in the Galisteo Basin. Thank you.
Ellie Sernet	March 10th 2008 My name is Ellie Sernet, I am a resident of Santa Fe County and I am extremely concerned about any drilling in the Galisteo Basin commencing because... I have little faith in.... The oil and gas industry's ability to comply

COMMENT	NAME
with environmental standards and regulations that we have seen previously violated. (see: Tweetii Blancett's Sierra Club documentary) i.e. Pit Linings. I have little faith in... the oil and gas industry to prioritize environmental concerns over profits when it comes to "GREEN DRILLING" I have little faith in... the O&G industry using green fracking substances...(International Herald Tribune Feb.'08...see oil drilling environmental disaster in Indonesia recently when oil and gas engineers while fracking, fractured a strata of volcanic mud. Over a few days the slow flowing volcanic mud destroyed a village of 16,000 people. When engineers could not stop the mud flow, it required the Govt. of Indonesia to bring in oil and gas engineers and geologists from Durham England. Their response was "IT's a bloody mess that we do not have the ability to solve" Not what Santa Fean's or New Mexicans will want to hear if we fracture any of the delicate aquifers in the Otero Mesa, or Galisteo Basin. I have little faith in... the BLM or any state agency in the moment having any ability to monitor, fine, or sue (if necessary) the oil and gas industry as they've been a rubber stamp of the OGC. I have little faith in... the Oil and gas industry NOT hiding behind dummy corporations when things go bad. Or not resorting to self serving measures like buying small parcels of private land to put the pit liners on, so when they go to illegally pull them out and churn these toxic chemicals into land 200 Ft. from the Animas River only to hear BLM spokespeople reply w things like... "Well there's nothing we can do because it's on private land"WE are not STUPID! These are cheap devices the BLM and O&G hope go unnoticed (see Tweetii Blancett's Sierra Clubfilm, Also: see environmental disaster sites of deserted silver mines all over Colorado in the 70's and 80's when the foreign and domestic mining companies conveniently declared bankruptcy and left town once extraction was finished and it was time to clean the site up. I do not have faith in the O&G Co.'s prioritizing the health of people, flora, fauna, livestock or land...over their obscene profit industry (see WSJ on record breaking profits in last quarter of '07) So if I have concerns about the integrity of the oil and gas industry, you can see why. Finally, I realize that the state of New Mexico has benefited from the oil and gas industry (50 % of revenues I believe is the number) and NOW THINGS ARE CHANGING! IT IS TIME NOW, when we as citizens will decide where gas, oil or minerals are extracted and how it impacts our environment, our quality of life and most importantly our HEALTH! IT IS TIME NOW to initiate a green energy industry, with new careers in Solar and wind power. Thank you, Sincerely.	Melanie A. Morais
I have been a land owner in the Lone Butte/Rancho Alegre area off Hwy 14 in southern Santa Fe, for the past eight (8) years. Over the past year, I've become appalled at the audacity of Techton to purchase mineral rights right from under all of the homeowners in the Santa Fe county area where I live. I know for a fact home sales have plummeted in our region due to the current fight that wages with Tecton. Homes are neither selling or being put on the market, due to uncertainties of oil and gas drilling in the near future. Needless to say, home prices will be dramatically influenced by the decisions made by the state of New Mexico's agencies affecting the common homeowner who innocently purchased property here; the same people who not only invested the majority of their income, assets, and lifetime earnings to live in the land of enchantment, but entrusted their state and local government to protect from such adversity. If the permits are granted for Techton, it will surely cause such negative economic development - slowing to possible extinction. Not only the economic drain on your citizens who are homeowners and consumers in this great state, but real exposures exist in the possible contamination of our soils and water sources. Oil and gas developers are well known for drilling in residential areas, then leaving their	

COMMENT	NAME
pollution without cleanup. Water source for this speculative drilling is also a big question: where will Tecton and its partners obtain the water necessary for their drilling processes? As the majority of all land/ homeowners in the effected areas have their own wells and only water source from the aquifers in the region, what will happen if the drilling ultimately contaminates our water supply? How will our water be replaced? I presume Tecton is not providing an assumption of liability for the exposures that are real, nor the funding to replace water, land, etc. We do not want to move from our dear Santa Fe; however, if Tecton is allowed to proceed with their intended substantial drilling, alternatives in our lives and living will become necessary. I pray such stark outcomes will not come to fruition for all of us in NM. How many times have we in New Mexico been in a crisis situation in regards to our water supply? How can we possibly consider risking our own health and environmental safety for the sake of oil and gas profit? Don't our citizens' rights come first? Who is responsible for selling Tecton the water they used to re-enter Black Ferrill #1? I am a physician practicing in Santa Fe County. I do not believe that drilling can be safely done in the Galisteo Basin in a fashion that will not affect adversely the lives of the people in the County. I have worked in both Hobbs, NM and San Juan and seen the cancers, lung disease, etc. that their inevitable pollution of water and air will cause. In spite of repeated promises, this is inevitable. Once it happens it is too late. Aquifers cannot be cleaned and the environment will take decades to heal. Please act to stop all drilling for gas and oil.	Janet Pfeiffer Jerry M. Held, MD
Based on what I have read about the dangers to the Galisteo Basin from oil and/or gas drilling/production, and taking into account the very weak ordinance offered a month ago, we would be inviting Tecton or any other company what is close to a free ride. If there is to be any drilling, and I don't think we should allow it in the fragile environment of the Galisteo Basin, it should be with provisos that Tecton put up bonds (guaranteeing their responsibility for damages) far in excess of the measly \$50,000 proposed in the latest ordinance, and that Tecton pay expenses for road work etc. After all, Tecton receives federal subsidy and they pay no real estate tax as do the owners of the surface rights. Since the exploration for minerals, gas and oil are all being carried out under a law which was enacted in 1872; the entire process has been slanted in favor of the industries in question. I would submit that new legislation needs to be enacted which takes into consideration the preservation of historic sites, the environment impacted by said sites and the possibility of doing irreversible harm to the aquifer system in the area. We are coming to the end of the Age of Oil and people in this business are looking at every place that they may believe opportunity exists. It is our fresh water we should be protecting not the greed and profit motivation of the industry responsible for the destruction of thousands of pristine environments and the endless war we are currently engaged in.	Mary Gilman Clark Simon Teolis
I am opposed to the oil drilling for reasons of possible water contamination...water being our most valuable natural resource. I feel that if any energy development of the basin occur, that it should be renewable and clean for the environment...ie. wind or solar energy development. Am sure this 'hold' the gov has put on exploration is disappointing to your agency but the time has come for this state, country and planet to read the writing on the wall which says that these finite resources are done. Your time and effort and research needs to go to renewable resources such as goethermal, wind and solar. Retrain your people, rework your agency and focus on the future...yes, while you wind down extracting these old, easy energy sources. You all are smart enough to	Jo Whaley Cynthia Lux

COMMENT	NAME
do this and have the moral responsibility to do so. Thank you. I am quite concerned about the seeming state of denial that New Mexico is in regarding changing the course of access to energy by anything other than traditional means. As you have read, California, Arizona, Texas and many other states are looking and exercising the use of alternative energy: wind, sun, and even Los Alamos has come up with a means of turning CO2 into fuel and having it recycle. I believe it is time to put our financial resources to work for the future. All reports seem to indicate that fossil fuels have a limited lifetime (10 years is the figure mentioned the most). It is akin to the cost of being at war, and not only losing the lives of thousands of soldiers, but spending trillions of dollars to no positive end. Please consider getting real about our future and that of our children. Next I must talk about the possible destruction of some of the most valuable archeology in the US- that of the multitude of ancient pueblos in the Galisteo basin. So much of our history has been obliterated by the greed of man. And as we go outside the perimeter of the GB, so many other historical sites could be impaired. Last, but first, our most necessary element, water, must be regarded as sacred in this arid climate. Without water we don't live. Can you picture a mass exodus from the southwest-and the search for water? It is not too unrealistic a thought. Please consider seriously the actions which you take in the near future--we feel our very lives are at stake.	Barbara R. Pfeiffer
Hooray for the moratorium. A lot of hard work by many people, both in the government and concerned citizens. I can only urge you to help keep Tecton from drilling in the fragile and complex ecosystem that is the Galisteo basin. I thank the Governor for this opportunity to comment on our future. Since it is generally acknowledged that Oil will be less of a energy source in the future, perhaps we could further encourage alternative energy be mandating that a percentage of gross revenues from oil and gas wells be set aside for research and development into alternatives. The percentage could be based on the average price of a barrel of oil for the year in which it was produced and go to a state fund for research and low interest loans for startup companies. The prime directive of the Energy Minerals and Natural Resources should be looked at to be sure that it has the ability to operate in new forms of energy as they come into being. I would appreciate a ban on nuclear alternatives as they are not proven safe. SHOW ME THE 10,000 YEAR SIGN WARNING (WHO?) OF THE REDIOACTIVE WASTE before you dig our any more of this dangerous stuff. Thank you for your time and past efforts to ensure that there may be a safe living place for us if the oil and gas raiders come to town.	Judy Tuwaletsiwa Lynn Allen
Oil price increases have not shrunk the human food supply, but biofuel production has! The more biofuels we produce, the less food we have to eat, because we grow biofuel crops, even switch grass, using the same land, water, fertilizer, farm equipment, and labor we use to grow food. The world is running out of wheat because too many wheat farmers have switched to growing corn for ethanol production. The USDA states that by May US wheat supplies will be lower than any time since 1948. Pilgrim's Pride Corp. is closing a chicken processing plant and six distribution centers at a loss of 1,100 American jobs, blaming ethanol biofuel production for pushing the poultry industry into "crisis." According to the United Nation's Food and Agriculture Organization, global food prices rose 40% in 2007 alone. When American politicians foolishly turn our food into fuel, they raise food prices globally which gives other countries a financial incentive to burn down rainforests in order to grow more food. Biofuel production aggravates water shortages, and it takes 9,000 gallons of water to create just 1 gallon of biodiesel. Poor people in Haiti are now resorting to eating mud because our biofuel	Christopher Calder

COMMENT	NAME
mandates have made grains unaffordable. As we heartlessly starve the world's poor, pressure for illegal immigration to the USA continues to rise. The twisted logic of biofuel advocates has been that we should gladly starve the world today by turning our food into fuel, but in a few years the world can eat again because we will soon make biofuels out of easy to grow inedible cellulose crops instead of corn, soybeans, and rapeseed. Unfortunately, three agricultural economists with insider knowledge from Iowa State University have published a study which states that even with the latest technology ethanol made from cellulose will likely never be affordable. Federal tax credits would have to be raised from the current \$.51 per gallon for corn ethanol to \$1.55 per gallon for cellulosic ethanol, which will be unacceptable to Congress and the American people. That means no ethanol from switch grass, wood chips, and "crop waste" will ever be sellable! http://www.card.iastate.edu/publications/DBS/PDFFiles/08wp460.pdf This comes on top of the recent Princeton University study published in the journal SCIENCE that concludes that all current and proposed future biofuels, even switch grass, are far worse for the environment and global warming than using ordinary gasoline. http://www.sciencemag.org/cgi/content/abstract/1151861 Nitrogen fertilizers used to grow anything unleash nitrous oxide, a greenhouse gas 296 times more powerful than carbon dioxide, and that is just part of the reason that farming contributes more to global warming each year than all land, sea, and air transportation combined. Farming should only be used for essential food production, not for fuel production. The global destruction caused by biofuels makes no sense strategically because by 2015 it is estimated that oil from American shale will cost only \$30 a barrel to manufacture, and there is more oil potential in Colorado shale alone than in the entire Middle East before drilling began in 1908. Using new methods, we can now make synthetic gasoline from carbon dioxide sucked right out of the atmosphere with the help of electricity provided by affordable, inherently meltdown proof PEBBLE BED nuclear reactors. It would also obviously be better to drill in ANWR for energy than in our own food! The "energy independence" argument for biofuels is a hoax because American biodiesel made out of soybeans costs the equivalent of making regular diesel out of oil at \$232 a barrel. Making ethanol from corn costs the equivalent of oil at \$81. a barrel and uses 28% more fossil fuels than gasoline. Only massive government subsidies makes biofuels affordable at the pump. Biofuel manufacturers have become a malignant force in America like the tobacco companies, not caring who they harm as long as they make their fortune, so beware of their misleading spin-doctoring of facts. Most countries had large food surpluses before the onset of the biofuel hoax, and the world will return to food surpluses once we put an end to government biofuel mandates. SEE ALL THE BIOFUEL FACTS - http://home.att.net/~meditation/bio-fuel-hoax.html Sincerely, - concerned citizen with no connection to any special interest group. As a REALTOR with 25+ years experience working in the real estate market in Santa Fe, I can attest that allowing full-scale drilling and the development that goes with it will have a devastating effect on all of Santa Fe County and Northern New Mexico. We have already seen property sales in the Galisteo Basin plummet as a result of the activities of Tecton and the realization of what drilling will entail. While I recognize that mineral rights holders do own a real property right and must be dealt with fairly, the Galisteo Basin is an area that warrants a very high level of protection. The trade-off between a mineral owner's need for access and a surface owner's need for protection of water and air quality, the county's need for protection of its cultural, scenic, and archaeological zones, and the perhaps intangible value of its uniqueness with the state,	Evalyn Bemis

COMMENT	NAME
and wildlife's need for undisturbed riparian and open space areas, will require an enormous effort on the part of New Mexico's best minds. The citizens of Santa Fe County call on you to do all that is possible within the law to put protections in place that serve the majority of New Mexicans, not a minority of mineral rights holders and outside corporate interests. Please think and act for the generations to come. Hello, These comments were written in response to the draft county regs; the substantive suggestions I made herein are relevant to any consideration of noise impacts that your department may be undertaking. Jim Cummings Acoustic Ecology Institute 45 Cougar Canyon, Santa Fe, NM http://www.AcousticEcology.org Comments regarding Oil and Gas Regulation and Permitting, with focus on acoustic impacts and noise mitigation December 19, 2007 Thank you for the opportunity to share with you some experience and resources regarding the acoustic impacts of oil and gas development. I understand that the state has addressed such issues in the San Juan Basin and elsewhere; the purpose of this letter is to provide information that might inform permitting and regulations governing the exploration and development of potential oil, natural gas, and CBM resources in the Galisteo Basin of Santa Fe and Bernalillo Counties. The Acoustic Ecology Institute offers comprehensive resources on sound-related environmental issues, with an emphasis on making complex issues comprehensible to lay readers. AEI is not an advocacy organization; we try to present balanced information, with links to organizations on all sides of key issues. Our website serves an international audience of media, agency staffers, individuals, and environmental advocates, and we regularly submit comments to government agencies worldwide. Last spring I was a plenary speaker at the Alberta Energy Utility Board's biannual noise reduction conference; my presentation focused on the challenges presented by noise issues during expanding energy development. With that as context, I'd like to share a few thoughts about regulation and permitting of noise impacts. I will also provide links to documents written by other noise experts, which may be of assistance. Draft Santa Fe County Ordinance Article VI, Section 12 Noise The proposed standard, that noise shall not be increased more than 1dB at the closest residence, is a strong and well-considered standard. How it is put into practice, however, depends greatly on the way it is both measured and calculated. Since 1dB is effectively an inaudible difference (it is generally considered to take a 2-3dB increase to cause a perceptible change in our experience of a sound), many residents, and perhaps even County Commissioners, may imagine this will protect residents from any new noise. The County needs to be more explicit about how existing background ambient noise is measured, and how and when received sound levels will be measured in comparison. Most crucially, it is often considered sufficient to calculate an average ambient noise level; sometimes these averages are calculated hour-by-hour (thus showing how the average noise changes over the course of the day or night), but often they are day-long averages. Thus, periods of traffic noise, wind noise, etc. are included, along with calm night-time conditions, to create an average ambient noise baseline. Obviously, this average will be higher—and often much higher—than the actual background ambient noise during quiet times. At minimum, separate ambient noise averages should be made during the deep night time hours (perhaps 1am to 4 am), to assure that oil and gas installations are not more clearly audible at night than residents or Commissioners may expect. In any case, it is important to clarify the timeframe over which ambient noise measurements will be calculated/averaged. It could be hourly, or broken into two to four periods of the day and night. Then, the oil and gas installations should be required to be no more than 1dB louder than the QUIETEST of the ambient noise periods.	Jim Cummings, Acoustic Ecology Institute

COMMENT	NAME
Likewise, the way that measurements are made of the operating oil or gas installation can affect its ability to meet the accepted standard. It is important to clarify that measurements made at residences should be made in locations where there is no building or landform screening the sound from the installation. There is no reason that noise AT the residence is the only point of interest: it is quite possible that in some locations, places outside in the yard may be more impacted than the house site. And, as with establishing the baseline ambient noise, so too, the ordinance should similarly clarify whether received sound levels at residences are to be measured at a single point in time, or averaged over an hour, several hours, or a day. (presumably, engine, motor, or compressor noise will be more consistent than the daily cycles of ambient noise; still, the ordinance should assure that the way the numbers are calculated, or "spun", are clearly understood by all.) Since the intent of the noise standard is to minimize acoustic disturbance to residents, it seems reasonable to consider the way that sound is actually perceived, moment to moment, rather than over long periods of time. My recommendation is that noise at a residence be averaged over small time increments: five minutes is a typical cycle, though up to an hour could be reasonable. I realize that the code specifies the closer of the setback distance or the nearest residence; these comments regarding choice of monitoring location and calculation of existing ambient also apply to measurements made at the setback distance. Generally, if the installation meets the 1dB-over-ambient standard at the setback distance, then any more distant houses should be protected. Note, however, that rolling terrain could place the setback distance in a dip in the land, so that more distant houses might experience higher sound levels than the setback distance. Therefore, the ordinance should be amended to clarify that the 1dB standard apply to ANY residence, whether closer or farther than the setback distance. Low Frequency Noise: Some industrial installations produce low frequency noise at levels that cause disturbance. Simple averaged noise level measurements are not always effective at identifying possible low-frequency impacts. In some jurisdictions (notably Alberta, as regulated by the Alberta Energy Utilities Board), measurements are taken using two different acoustic weighting standards, dB(A) and dB(C). dB(A) is designed to more closely reflect the ways that humans hear sound (i.e., it accentuates the frequencies that we hear most easily and discounts the frequencies we do not perceive as well; I assume that the ordinance is using this weighting); dB(C) is weighted more toward low-frequency sounds. A common approach is that when dB(C) exceeds dB(A) by 20dB or more, then added attention and mitigation is directed toward low-frequency noise emissions. The proposed ordinance should be amended to allow for special treatment of low-frequency noise when dB(C) exceeds 60dB or when dB(C) exceeds dB(A) by 20dB or more. For more details, see footnote 1. Article II, Section 6, Paragraph B. Variances to setbacks. As condition to the granting of any variances, special attention should be given to acoustic impacts. Especially if the noise standards do not contain explicit protocols regarding existing ambient noise averaging periods (such as those recommended above), any variances granted to allow well placement closer to residences should be contingent on the installations of the most effective noise abatement technologies. In no case should a variance be granted if the sound of the oil or gas installation would exceed the 1dB rule. A note on "dB above ambient": In some jurisdictions, noise standards are set to absolute levels, often lower at night (e.g., 55dB daytime, 45dB nighttime, measured either at a given distance, such as 350 feet, or at the closest residence). In some places, the regulatory standard is 5dB or 10dB above existing ambient. I urge you to resist any temptation to lower your 1dB standard in favor one of these alternative approaches. In many rural areas, night time ambient noise is as low as 35dB; a	

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	pump or motor at 45dB will sound twice as loud as the background, and is sure to be an annoyance. A note on sound propagation: Predicting the distance at which sound will be audible or annoying is not a straightforward undertaking. It is common to use a "spherical spreading" model in calculating expected noise levels at a distance (this approach uses the simple logical assumption that as sound spreads out, it does so in a great sphere, with total "acoustic energy" spreading out and dissipating along the outer edge of the sphere). However, atmospheric conditions can cause actual sound propagation patterns to be quite different than a simple spherical model would suggest. In studies of wind turbine noise, it is becoming clear that, especially at nighttime when the atmosphere becomes very stable (with little wind, and/or clearly stratified layers of air—which we see quite often in the Galisteo Basin and Rio Grande Valley, made visible by trapped air pollution or dust), sound can "bounce" between the ground and a layer of air above, and be heard at much greater distances that models might suggest. This is yet another reason that the ordinance should be amended to assure that the 1dB standard applies at any residence, no matter the distance. It could be reasonable to consider a slightly less stringent standard to cover such occasional (but likely not rare) long-distance sound intrusions. I would suggest 3-5dB above ambient, at the most. A sound that may be acceptable when steady tends to be more annoying when it varies a bit; very distant propagation at night is likely to vary in a few-decibel range, so it is important to keep the upper threshold low. (That is, a sound varying between 3 and 5dB above ambient will likely be noticeable and perhaps a bit bothersome, while a sound varying between 6 and 8dB or 8 and 10dB above ambient is far more likely to be bothersome, even more bothersome than an absolutely steady sound at 8dB or 10db above ambient). A note on acoustic monitoring by residents: In order to clarify and expedite administrative handling of resident complaints, it could be useful for the ordinance (or associated technical documents) to specify protocols to be used by residents recording sound at their homes. Ideally, a few qualified acoustic measurement contractors would be identified by county staff, and these all trained to make measurements in consistent manner that will be accepted by county, industry, and residents. Certainly, every effort should be made to avoid contentious "dueling decibel" hearing and the like, which would be a setup for endless appeals that allow problems to go unresolved. Having a clear, consistent protocol in place, along with a commitment to address complaints in a very timely manner, is essential. A note on noise abatement: It is not cost-prohibitive to use state of the art noise abatement technologies, given the revenue being generated by any given well. I urge regulators to be aggressive in requiring the best noise abatement that can be obtained for any given installation. While the increase in cost may be resisted by some permittees, it is in their interest, and the interest of the regulatory community, to aim for the least impact possible on residents, rather than to do the least they can. This will smooth the way for good relations, which, as is already apparent, is a rare and valuable commodity. Certainly, if the early installations do not meet with resident acceptance, any future expansion will be a long and difficult road. More to the point, the County and State are responsible for protecting the investment, commitment, and peace of mind of residents; oil and gas development has no inherent right to disturb residents, and the cost of assuring that it does not needs to be factored into their decisions about which wells are financially viable. Thanks again for the opportunity to contribute to your thinking. Sincerely, Jim Cummings, AEI Executive Director cummings@acousticecology.org Resources for staff consideration: The Oil and Gas Accountability Project, a Colorado-based advocacy organization, has put together a few useful resources on noise impacts, which could offer valuable insights for county staff or state regulators: OGAP Noise Resources Page:

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includes brief primer on how sound is measured, effects of noise on health and wildlife, and comparisons of sound levels from several oil and gas development activities and a summary of state, provincial, and international noise standards. http://www.earthworksaction.org:80/noiseresources.cfm OGAP Submission to Colorado Oil and Gas Conservation Commission regarding changes to COGCC's proposed noise rule, August 2005: includes detailed discussion of the feasibility of applying a 45dB standard, as well as information on low frequency noise and acoustic muffling of non-electric motors and engines. OGAP overview of approaches to regulating noise, 2005: includes extensive discussion and rationale/practicality of Farmington's 1dB over ambient standard. Please start drilling for oil in the Galisteo basin. I hope you hit oil and the price goes down thanks Harold Woods If the people in the Galisteo basin want to heat homes, drive to Santa Fe, or on vacation's or be held hostage by a dictator in South America, Or Arab state. Then stop the drilling. I am sure the county could use the tax money. The oil company will not drill irresponsibly because they will be under a micro- scope. This country need's to be energy independent. We are so fortunate in NM to have the cultural history, beautiful unspoiled areas, concerned citizens, archeological sites, etc. Drilling in the sensitive Galisteo Basin seems so short sighted to me, not worth the potential damage for what would be achieved by drilling. We need to spend our research and monies on alternate fuel sources. Thank you. What resources are they Looking for and are they the same as what the company is buying mineral leases for up in Mora county (OCATE)	Harold Woods Steve Turner Joy Mandelbaum Daniel Harbour
- Tecton is exercising its property rights, the same property rights that make us all a free people. As policy, we want our government to protect property rights, not destroy them through a ban on drilling. - Depriving Tecton of its subsurface rights exposes the county and state to a huge lawsuit for taking Tecton's property without compensation. - There is no risk to the aquifer. Modern drilling technology prevents water contamination. - There will be no surface pollution because Tecton will use a closed loop system. - There is no risk to the archeological treasures. They will be protected by fences. - The U.S. needs oil and gas. - Surface owners in the Galisteo Basin knew the subsurface rights could be leased or sold separately from the surface rights. They could have leased or purchased the subsurface rights, but they chose not to. As a natural resource the Galisteo Basin warrants preservation as an archeological and environmental asset to the State and all who live and visit here. New Mexico tourism and movie industries as well as its residents depend on this region's unique, culturally heritage rich and geographically pristine status for their well being. We have the opportunity to not go down the path of industrially degrading our surroundings like so many other communities across the country have regrettably done. Please take it. Prevent oil and gas excavation here.	Josh Smith Lynne Cabral
There are many other places in New Mexico where oil and gas reserves can be exploited. It is not appropriate to allow this in the Galisteo Basin, a pristine area with archeological and significant real estate value as well as tourism value. I believe that Tecton should be allowed to drill for oil in the Galisteo Basin south of Santa Fe, New Mexico because: 1) Tecton is exercising its property rights and no one has right to prevent this exercise. 2) There is no risk to any water aquifer due to current drilling technology which prevents contamination. 3) Tecton has proposed using closed loop drilling system which allows NO surface contamination. 4) Drilling time will be minimal due to current technology & the depth to which they will have to drill. 5) There are no archeological sites in or near the drilling sites. 6) Continuing a course of	Darien Cabral Ken Ahler

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Marilyn Hager	delay will subject Santa Fe County and the State of New Mexico to huge monetary compensations for placing unconstitutional barriers solely for the purpose of delay and expense to Tecton. Lawsuits of this ilk have been heard before. 7) The proposed oil delivery system will have very little impact on resident's quiet enjoyment of their property. I am a homeowner in Eldorado. Drilling for oil in the Galisteo Basin threatens the purity and already taxed quantity of water in the aquifer we use. I am astonished that there has been even one moment of consideration for the possibility of allowing a possible infraction in the water table that so many residents of Eldorado and surrounding subdivisions share with the Galisteo Basin. Please don't allow big business to rape and pollute our resources for private financial gain!
Susan H. Bell	I am a concerned citizen of Santa Fe County. I am pleased that the State EMNRD wants to hear from the public and has given us the opportunity to make our voices heard regarding the issue of oil and gas drilling in the Galisteo Basin and Santa Fe County. I first became aware of the issue last November 1st when I attended Tecton's public relations presentation at the Chavez Center. I have attended every subsequent public meeting. I have followed the issue closely and written many letters to my elected officials & the local press. I am particularly concerned that the public clearly understand that focus of the debate is not simply Galisteo Basin, but all of Santa Fe County. I am very grateful for all the work that your division has been doing on the State level to protect the citizens of New Mexico and to regulate the industry. I am also grateful to the governor by his moratorium has given you and all the citizens of Santa Fe County the time to examine how we are all to be affected by this incursion of this industry into our world. I watched with horror as the budget for your division was threatened in the legislature in response to the special interests of this industry. As my public comment I wish to submit the following questions (see attachment). I am telling you of my involvement, because I think that I am a member of the public with a level of understanding that exceeds the average person. These are questions that I still have in spite of the informational meetings, coverage in the local press and personal research via the internet. I believe that it would benefit your agency, our elected officials who must answer to their constituencies, and all citizens of New Mexico if these questions were clearly and publicly stated in a report or "white paper". Thank you for holding your "Open House".
Lynne Cabral	Déar Joanna Prukop and Staff, Thank you for your very apropos response to the outcry over accelerated and expanded oil and gas excavation in New Mexico by the way of this form and the public outreach you are doing. This beloved state is uniquely endowed environmentally, as well as culturally, with an abundance of beauty that could not survive any further impingement upon it by the extractive industries of oil and gas (and minerals). Over a million dollars annually is earned by the tourist industry here and now combined with the movie industry, as well as the established fine arts industry, which all make New Mexico and Santa Fe especially their home, an ever growing source of revenue for the state relies on the preservation of its historic aesthetic value. The comparatively small amount of oil or gas that could be reaped here for an exceedingly short term gain, considering global warming and the need to convert to renewable energy, would with oil selling at \$110.00 a barrel only serve the oil companies' greed at a sacrifice to all of our well being. New Mexico is naturally suited to be one of the most productive providers of clean renewable wind, solar, and biomass energy in the country and alternative energy development is our only hope for a both fiscally and physically healthy future. Please apply your department's sovereignty to the task of overseeing a conversion to renewable energy in this state and regulating and limiting new potentially further polluting oil and gas excavation in order to protect the limited, fragile water tables and

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exceptionally significant environment of New Mexico. Sincerely: To whom it may concern; It is my opinion that we can no longer ignore the resources beneath our land surfaces and access them through drilling or whatever means necessary to use them so to not depend on foreign oil. While the state is a "beautiful, pristine" setting, a drilling operation lasts only a short while and the land can be left almost as beautiful as it was originally. It would be different if the land was totally destroyed and left unusable, but this is not the case. Drilling causes very little disturbance; I live in San Juan County and have seen large and small land impact drilling, and I know it's possible to require drilling companies to "hide all evidence" of drilling through fencing, earth berms, eco-painting etc. We have to realize that we will eventually HAVE to drill to access the reserves of oil and gas we have, why not start now and economically help this current generation. Does gas need to reach \$5 or \$6 per gallon at the pump before this is considered further? Go ahead; move to remove moratoriums and drill, drill, drill. Seriously, we need it now! Those environmentalists pushing for moratoriums would also appreciate cheaper gas if it were made available from our own state. Our state has more than enough wide open space and the gas and oil industry can be held responsible for SAFE drilling, that won't totally destroy the land. There are many ways to "meet in the middle", but we need to keep on growing and providing for our state and personally economy's.	Herman P. Gurule
Wyoming has suffered great ecological damage because of oil drilling. Hopefully, the Santa Fe community will become aware of how much damage can be done in the Galisteo Basin and surrounding areas. I live in Galisteo and my well, as well as those of my neighbors, rely on the small arroyos leading to the Arroyo Los Angeles, as well as the Arroyo Los Angeles itself. All of these arroyos flow into the Galisteo creek. Tecton has acquired mineral leases on two pieces of State property at the head of these arroyos. In addition, Tecton has purchased mineral leases on the Kirk property just north of the Arroyo Los Angeles. We believe this property also drains into said arroyo. If there were any ground water contamination in the drilling process on these properties, we believe our wells and the creek would be compromised. This contamination could affect the Galisteo Village's water supply and would affect the properties to the west. The Galisteo Basin has a known history for approximately 900 years, relying on the Galisteo creek as a water source. Contamination of this water source would certainly affect the continued history of the basin. Given the porous and fractured nature of the area, I urge you to carefully consider the zoning in the basin. We would of course, prefer a policy of no extraction of any kind for the basin in order to protect its fragile aquifers and its enormous archeological resources.	Helen Molanphy
Hello folks, I'm Jay Dillon- life long resident of Tesuque. I lucky was able to express myself 2/26 in the County chambers when they were reviewing the oil/gas ordinance and the 12 months extension period. My point is simple: We the citizens should work with our elected officials on all levels to determine how to effectively Tax oil/gas exploration and drilling to Fund Renewable energy production. We the people and our official should be Informing the oil/gas companies, that we will not accept the status quo of minimum taxation. Oil/gas companies should be encouraged to invest in Renewable energy production, now, not 10 years from now. We, the public, are familiar with the dragging ones feet behavior and techniques used by the oil/gas industries to Not Welcome in CHANGE, in reference to supporting, developing, and operating Renewable energy concerns. Those days have got to be numbered, and we need to publically and privately accept as an opportunity NOT a punishment, that we can successfully operate Renewable energy projects here in New Mexico. Human	Jay Dillon

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nature is often based upon making the easiest choice. We need to make that choice, the Best one for our Long terms wellbeing not our immediate future. We, the public and you the policy makers need to make Supporting Renewable energy in New Mexico the Easy choice, the Best choice for our State, not just a few companies. We need more of an overview frame of reference to our energy future here in New Mexico. Sincerely. First of all, congratulations on winning the appeal of implementing revised rules governing waste pit standards. I believe the ruling reflected the public's changing perception of the weighting of the health and safety of our environment and water resources, and the need for extractive drilling and their resultant products. I would also suggest that there are areas of this country that must be totally exempt from mineral extraction or from further extraction. The Galisteo Basin is one of these as is the San Luis Valley in Colorado, currently fighting their own battle against oil drilling, areas northwest of Denver opposing hard rock mining, and in our San Juan Basin where oil and gas drilling has been given far too much latitude at the expense of ranchers and residents. The issue of the dominance of the mineral estate over the rights of tax paying surface owners will be changing. I believe the New Mexico Department of Energy would be within its rights to charge tax to leaseholders of mineral rights. This would ensure public knowledge of ownership and leases, and give the department more resources for code enforcement and court costs. The leases seem to be obtained for very little cost and minimizes financial risk to exploration costs. Surface owners are required to pay tax and gives the property owner some rights of enjoyment but also rules regarding development, and in some cases very stringent rules. There are, of course, cases where the surface owner is not permitted to develop the property in the way they see fit. There is usually no compensation paid to the property owner, and the issue of condemnation or taking has been broadly interpreted by the courts. We look forward to the assistance of new counsel to the County of Santa Fe to help with this issue. The Galisteo Basin has some 250 drilled water wells of record and the remainder of the Ortiz Mine Land Grant has 365 permitted water wells. When an application is received by the Dept of Energy, I believe reference must be made to the Office of the State Engineer, and the NM Dept of the Environment, and in some cases it will be clear that no drilling or further drilling will be permitted because of issues overseen by those agencies. Also, in the case of the Galisteo Basin, permission for hardrock mining has already been denied. Tecton Energy Inc. chose to proceed with their lease with area mineral rights owners of lessees for their own corporate reasons knowing full well that the Ortiz Mines Corp lease was of questionable value. I believe that the above named Agencies are within their right to caution applicants about possible issues which may interfere with their right to proceed to extraction. We the public will be more and more active in our opposition to mineral leases granted on public lands and to extraction through private land. We also require more notice of applications in highly visible ways (newspaper ads, public and private radio PSAs) which should also extend to all levels of the application process including the county level. Please know that we fully support any efforts applied in your departments that will protect our quality of life in New Mexico and that as concerned citizens many of us will be fully available to represent the public on issues opposed by the mining industry. I am writing to express my concerns against Oil and Gas Drilling in New Mexico - not just Galisteo Basin. It is worldwide knowledge that oil is no longer a reliable source of energy due to a diminished supply. It is also worldwide knowledge that alternative sources of energy (the Hydrogen Car & Solar Energy) have been blocked in the US by Oil & Gas Lobbyists. So	Barbara J. Briggs
Galisteo Basin - 2008 Public Comments Submitted to the Energy, Minerals and Natural Resources Department	Colleen McCann

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why is that US gov't continues to support corporations, rather than, the concerns & future well being of the people of the US? One needs to discern the difference between self-serving antiquated government officials and political systems that have impeded the progress of science, the creation of jobs, polluted the environment and spent billions of tax payer's dollars to obtain resources from another country in the guise of "freedom." Until we change the method of obtaining energy sources & it's source we will never be free. I've also sat in on O&G meetings between NMO&G lawyers & the OCD where the NMO&G Lawyers were trying to lax environmental laws to unhealthy levels which were unsafe for humans and wildlife. The NMO&G Lawyers showed "no concern" for the regard for the quality of human life in their business plans (ie open waste pits located 10 feet above groundwater, hydraulic fracking methods know to cause cancer etc). During the time for public opinion the NMO&G lawyers demonstrated their lack of concern by reading text messages on their blackberries and the email on their lap tops. In my opinion, NM can be a forerunner in the world for alternative energy sources through recycling, solar energy, and hydrogen cars. Pursuing these alternative sources of energy would create "more" jobs, maintain a healthy environment and be a "respectable" source of income for New Mexico's economic base. Below is an article from NPR which includes examples of how recycling could be an enterprising business for New Mexico. It would do NM good to take note of and use Boulder's recycling efforts. (Boulder's Center for Hard-to-Recycle Materials (CHaRM). Beyond Recycling: Getting to 'Zero Waste': NPR Christopher Furlong Scrap cars on docks in Liverpool, England, will be exported to foundries and metal merchants abroad. The global price of scrap and recycled metal has soared due to the scarcity of raw materials and demand from China and other developing countries. Recycling Facts • Recycling a ton of paper saves 17 trees, two barrels of oil (enough to run the average car for 1,260 miles), 4,100 kilowatts of energy (enough power for the average home for six months), 3.2 cubic yards of landfill space and 60 pounds of air pollution. • Americans throw away enough aluminum to rebuild our entire commercial fleet of airplanes every three months. • Recycling creates six times as many jobs as land filling. • Recycling glass instead of making it from silica sand reduces mining waste by 70 percent, water use by 50 percent and air pollution by 20 percent. • Recycling just one aluminum can saves enough energy to operate a TV for three hours. • The energy saved each year by steel recycling is equal to the electrical power used by 18 million homes each year — or enough energy to last Los Angeles residents for eight years. • If every U.S. household replaced just one roll of 1,000-sheet virgin fiber bathroom tissues with 100 percent recycled ones, it could save 373,000 trees, 1.48 million cubic feet of landfill space and 155 million gallons of water. Sources: Eco-Cycle, Environmental Defense Fund, Colorado Recycles, Steel Recycling Institute, Seventh Generation Co. Morning Edition, March 28, 2008. Recycling newspaper and plastic can only go so far toward achieving a "zero-waste" world, recycling activist Eric Lombardi says. The next step, he says, is getting industry and government to work together to make going greener more profitable. Lombardi has been into recycling ever since his first job — at his father's computer card company in the 1960s. "We used to go to the local paper recycler with the old punch cards and he used to pay my dad for the old cards," he says. "I looked at that and went, 'I thought that was trash.' And my dad's like, 'Oh no, they make paper out of paper.'" Lombardi, who now directs the nonprofit, Eco-Cycle, in Boulder, Colo., says the community has a comprehensive approach to creating "zero waste or what we call darn-near." That is, "to try and recover darn-near everything in your trash can because it's all made out of some basic materials: metals, plastic, glass, paper," he tells Steve	

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Inskeep. "The next revolution," Lombardi says, is organic material to make compost for soil. Boulder's Center for Hard-to-Recycle Materials (CHaRM) opens its doors to one new material each year. The center takes in a variety of items, including porcelain sinks and toilets, home audio equipment and cooking oil. "We collect a lot of strange things at the CHaRM," Lombardi says. The 1987 story of the Long Island barge that floated for thousands of miles because no city would accept its garbage led to the perception that there is a landfill crisis, Lombardi says. "We never had a landfill crisis," he says. "What we have is a resource-efficiency crisis. There are resource wars going around the planet right now to get the raw materials that are being destroyed in our landfills and our incinerators." The resources include trees in Indonesia, minerals in Africa and oil in the Middle East, he says. "It is not easy to get resources anymore." "Getting us close to zero waste means that we need to work with industry to start designing their products and packaging for recovery rather than for the dump," Lombardi says. In Europe, for example, automakers have been nudged by law to increase the materials that can be recycled in their cars, he says. "Actually, big business understands this better than big government does," Lombardi says. "We're waiting for big government to get the concept here that waste is expensive — it is inefficient. So I look very much forward to the captains of industry getting together with the leaders in government and creating a system so that greener becomes more profitable."	Lois Lockwood
I commend the department for making drilling for oil and gas safer for the environment. However I am still concerned that the precious and finite water supply could be contaminated. No fine or bond is large enough to remedy such an occurrence. I recommend that no drilling for oil and gas be allowed in Santa Fe County. March 29, 2008 Remarks on the proposed oil and gas drilling in the Galisteo Basin of Santa Fe County. By William Manns If New Mexico, and particularly the Galisteo Basin, had an unlimited water resources such as Minnesota or Michigan we would not be here today. The fact is, this is all about water, or rather the lack of it. In the first public meeting last summer Tecton's president Bill Dirks said, "If we inadvertently damaged or destroyed the aquifer, we will replace it". My question is, how would you go about replacing or providing, in perpetuity a water source for an entire area such as the Galisteo Basin that contains thousands of households and agricultural uses? Any of us that have lived in New Mexico any length of time know it is impossible to find vast quantities of water at any price. The oil industry has probably the worst reputation, and well deserved, for failing to follow through on any promise. The Exxon Valdez oil spill of 1989 resulted in the largest financial penalty in US history ... over 5 billion dollars, which to this day Exxon has not paid. The oil & gas industry is all about profits regardless of any damage done to people, property or the environment. The industry typically will never do the right thing unless they see there is no other option. None of us are naive here. We all know that the most powerful influence in the New Mexico State Legislature has been the oil & gas industry for many years. We also are well aware that many of the members of the legislature have been bought and paid for and regularly do the bidding of this group. In the last legislative session they went to great lengths to reduce the budget and legal personnel in the Oil Conservation Division. It was only with intense public pressure was most of the money and jobs were restored to the very important state division. We also know that should any of you defy the will of the oil and gas industry in New Mexico your jobs and department budgets will be on the line. If it was not for Bill Richardson and his personal stand on the Galisteo Basin and desire to see more environmentally responsible drilling regulations including the recent closed loop rules; the industry	William Manns

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	would in a heartbeat set out to remove any individual that got in their way. We all know the oil & gas industry believes it has the right to drill wherever it wants and virtually anywhere in the West, including the Galisteo Basin. It does not see the Galisteo Basin as being any different than any other community they've destroyed elsewhere in the Rockies. Personally, I have traveled to very state in our Union and virtually every worthwhile community. I have also worked in over two dozen countries in Asia and Europe. Based on a lifetime of experience I can unequivocally state that the Galisteo Basin and Santa Fe are unique. Their is not another county in the country that has the impressive history that stretches back to antiquity, coupled with the incredible cultural oasis that Santa Fe has evolved into. The cultural evolution took over 400 years to achieve. That is why this is the richest, most cultured, best educated community in New Mexico. The pittance in oil revenues that the State or County could possibly receive is insignificant when compared to the 1.3 billion dollar annual tourist industry that Santa Fe County enjoys. This does not include the several billion more dollars that many of these tourists spend on the second or third homes they have established here. It s a simple fact that there is not a single tourist based community such as Santa Fe that co-exists with oil and gas production. These are two incompatible industries. We all know times are changing. The oil & gas industry is on is last legs in the US. The only product they can hope to extract will be in small quantities and in difficult if not impossible areas to extract. The oil & gas industry today is proceeding in the West with the blessing of the Bush administration and utilizing the split estate situation the Federal Government established in the west during the 1870's. When the concept of the split estate first became law the population of New Mexico was 91,874 people, or about 1/2 person per square mile. The only extractable minerals at that time were copper, silver, gold and lead. Oil or gas were not even marketable commodities. Though other Federal laws have been updated with the passage of time, the 1874 Mining act and split estate laws remain the same. Our society has moved past these antiquated regulations in favor of more environmentally responsible behavior by the Government, industry and the citizens. Laws that were deemed necessary and reasonable 130 years ago are no longer are relevant in today's society. U.S. Senator Jeff Bingaman said to a friend in a personal conversation he felt, "Santa Fe is perhaps the only county in America that had a chance at standing up against the oil & gas industry and telling them their presence would not be tolerated". What is going on in Santa Fe County now is dangerous. It is dangerous to the oil industry. Corporate boards at Mobil, Exxon and every other major producer are watching intensely the publics outrage, the County's response and the State government's reaction. The industry wants no regulation at all. They want to see the Oil Conservation Division reduced to nothing more than a rubber stamp for permitting. They do not care at all about any environmental damage or personal health damage short or long term. What I am most worried about is what can you do to make sure the ordinance that Santa Fe County will pass towards the end of this year will not be struck down in the state legislature. What can you do to insure that the rights of counties in New Mexico to regulate, through zoning laws oil and gas exploration are not eliminated by the state legislature? We know the industry will be doing everything it can including TV, radio, print ads, lobbyists, campaign contributions and other means to see that counties loose the right to protect itself from and regulate the industry. We are all aware the oil & gas industry including New Mexico Oil & Gas Association and the Independent Petroleum Producers Association are terrified other counties will begin adopting similar ordinances as Santa Fe is proposing. I trust you will pass your findings, conclusions and summaries along, not only to the Governor, but also to the Santa Fe County Commissioners, Planning

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Debra Link	Division, press and citizens. In closing, I request that you stick your necks out and you actually take a stand. Protect the citizens, their health, the land, the economic and cultural community and preserve for future generations. The oil/gas industry is down to the messy, hard to extract, marginal remnants of "the product" left in this country, requiring the "fracturing of rock". The industry has admitted this process will take millions of gallons of water. Have we now arrived at a point in our history that will be known as the "water vs. oil wars"? There are alternatives for oil. There are NO ALTERNATIVES for water. This state, more so than the other western states, is in a very fragile position regarding diminishing water supplies. It is clear New Mexico needs to start building its clean energy infrastructure...now. We have more wind and sun than water.
Lucy R. Lippard	I live in the Galisteo Basin, but my real concern is with those who lived here long ago. This is an extraordinary and unique archaeological site/sites, already recognized by the federal government. I cannot imagine that the state of New Mexico would sacrifice the depth of knowledge to be found here for a few days of oil, when all of our (human) energy should be going into discovering renewable resources. Sincerely.
John Blaylock	I strongly support drilling in Galisteo Basin for oil and gas. The U.S. imports only about 12% of its oil from middle east countries. Thus, we can easily drill our way to independence from this currently unstable region by exploiting domestic resources. Exploration, drilling, and production should be encouraged anywhere the oil and gas industry deems potentially profitable - off shore, in ANWR, on Otero Mesa, in so-called wilderness areas, etc.. Oil and gas extraction can be, and most often is, accomplished in a safe and environmentally friendly manner, so lets quit throwing up artificial barriers, like onerous and endless bureaucratic regulations, to the companies that can provide sufficient energy for our future use. Thank you.
Gary Miller	Gary Miller. Santa Fe, NM Tuesday, April 01, 2008 RE: Tecton Oil Exploration in the Galisteo Basin. The public outcry and subsequent reaction from municipal leaders in Santa Fe is nothing more than a classic case of "NIMBY". Every party purchasing real estate in the modern era has the opportunity (if purchasing with cash) or, the requirement (if financing) to obtain a preliminary title commitment prior to consummating the transaction which communicates the disposition of subsurface estates. If Tecton could go about leasing and acquiring subsurface estates, then any other party could have done the same. I find it horribly ironic the same general group that asserts the government should stay out of their beds and wombs is now insisting the government intervene to restrict the rights of others. The government's obligation is to uphold the Constitutional property rights of all citizens. Depriving Tecton of its right to develop its legally-acquired subsurface estate exposes ordinary taxpayers to unprecedented legal liability which is not mitigated by the statistically insignificant risks that are so exaggerated by those opposed. Nearly two thirds of all energy consumed in the US occurs in private residences or by private individuals in their daily lives. I wonder how many NIMBY's would exist if we actually could flip a switch and turn off the oil? I wonder how they would keep their babies warm and feed them hot food. I wonder how an ambulance would transport their baby to an emergency room after a head-on by a drunk driver. I wonder how life-saving nutrients would enter the body without an IV tube made from plastics. The risks are overstated by the opposition and we can't simply flip a switch and convert. It will take a lifetime or, longer, to convert from hydrocarbons to alternatives. In the meantime, we need responsible energy development in the US. Tecton is not in the business of raping the

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David Alyassin	environment as suggested by some. They're in the business of developing resources efficiently to supply a market demand and they're being unfairly and unconstitutionally restricted from doing so. I wonder how many of you reading this would support the government rescinding your right to build your house, eat vegetables or ride your bicycle on your own property after the government acknowledged your right to do so. New Mexico has the promise and potential to be our country's leader in the advancement of renewable energy technology. We are the real sunshine state. It sure is tempting to give in to greed, lobbyists and "good ol' boy mentality" because otherwise we will have to be visionaries who change the direction of our country and actually forge the path by which America can rise like a Phoenix from the ashes to be great again.
Kim Sorvig	I wish to commend Mr. Fesmire and his staff for attempting genuine regulation of the oil and gas industry in the public interest. Please be very conscientious in summarizing the department-by-department comments, so that the public's input is not diluted. Specific comments follow: I believe that testimony from the 'Pit Hearings' by Avi shama, myself, and other members of the public should be made part of this input. Prof. Shama's statements that the oil and gas industry must be held accountable for all "externality" costs of doing business are central to the problem facing us today. The OCD's ability to impose meaningful fines for violations has not been updated since the early 1900s. This means that no matter what regulations the agency imposes, enforcement is nearly without teeth. OCD must create a statewide requirement that all oil and gas operators post bonds that fully cover the worst-case costs of irreplaceable aquifer damage, and adequately cover remediation other environmental damages. OCD must create state-wide requirements that the best commercially available equipment, techniques, materials and practices be used for pollution and accident prevention. In addition to water and air pollution, light pollution and noise must be strictly regulated. Several oil and gas industry studies have shown that such technologies and practices are available, cost-effective, and in most cases actually increase profitability. OCD's administrative rules and formulas for well spacing allow and even require the industry to cause excessive and unnecessary damage to surface owner rights. These regulations, which are not a matter of statute, must be revised. The assumption of a grid pattern has no geographic relationship either to subsurface resources or to surface development. A pilot project, referenced in a Jan 11 2008 letter to ConocoPhillips and signed by Lt Gov. Denish, Minerals Director Prukop, and Environment Director Curry, has demonstrated the many advantages of clustering all new wells on existing pads, and of consolidating access roads. This should immediately be made statewide policy, because the arbitrary location of wells on individual pads with separate roads results in massive and totally unnecessary damage to surface ecosystems and surface waters. OCS should further set up a statewide requirement for clustered directional drilling to minimize surface damage and to decrease drilling through aquifers and other vulnerable formations. Operators must be required to plan cluster locations based on whole geological formation and whole oilfield data, rather than well by well. This offers an advantage to industry in that clustered wells could be permitted as a group. More importantly, such a regulation should be used to minimize surface impacts on homes and on the environment. State laws should apply equally to everyone, but the oil and gas industry currently enjoys separate status. Each agency whose mandate involves the environment, public health, safety, and welfare, cultural and historic preservation, or the unique economic engines of this unusual state should have mandatory input into oil and gas decisions affecting that agency's normal responsibilities. Each agency should have an MOU or JPA

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Tom McCalmont	with the Oil Conservation Division to ensure communication and enforcement of the strongest standards to protect this state and its citizens. Even the strictest interpretation of Split Estate only gives the mineral owner reasonable access to extract the resource. Current practice allows oil and gas operations nearly carte blanche to locate wells, roads, shantytown housing, and other facilities without regard to the damage done to the surface owners' rights. Each state agency must contribute to a comprehensive evaluation of the true life-cycle costs of oil and gas development, including costs of damage to infrastructure, tax revenue losses to County and municipal governments, increased health-care costs, decreased entrepreneurship and investment in local business, decreased attractiveness to real-estate buyers, costs of environmental remediation (and risks of damage to irreplaceable resources like aquifers), costs of lost environmental services such as air and water purification by plants, soils, and wetlands, and any other category of costs. Each agency must contribute to a comprehensive, publicly-accessible GIS mapping of all areas, resources, and landmarks that are potentially vulnerable to oil and gas operations. This information base also would have great value for rational and fair planning of other types of development. In addition to mapped information, each agency must contribute to a compilation of existing regulations potentially impacted by oil and gas development.
M. Martin	If I am not mistaken, much of the Galisteo Basin is privately owned, and much of that by a very few large and possibly absentee landowners. There are some archaeological and historic resources, but for the most part, there is a whole lot of nothing, much like Otero Mesa. I, unlike so many of the rabid "conservationists" have been to both places, and I can tell you that Al Queida could set up training camps there, and we wouldn't know for years - there is NOTHING but grass, bushes, cactus and bugs. Since some of the same people who are opposed to drilling for domestic oil also think we should eat weeds, twigs and bushes rather than flatulent cattle, we might as well try to get something out of this land. I would prefer to kill one acre of scrappy rangeland to get domestic oil, than continue to import it oil from abroad. Based upon recent experiences, my guess is that someone in the Round House is waiting for an appropriate "campaign contribution" before switching sides on this issue.
Michael and Anne MacKenzie	It is far past the time to put environmental do-gooders on the back of the shelf and tell them to shut up. In the day of \$4.00/gal. diesel we need all the oil we can get in our own country. If there is some in the Galisteo Basin then go after it. There are enough regulations in place to protect the scenery. Besides it is on private land. It is not the tree huggers business what someone else does on there private property!
Lynn K Allen	When pollution and habitat destruction occurs (both human and other), I don't understand why the long term effect is ignored. Would they do these practices and procedures in their own back yards - literally within sight of their houses and with their water well close by. Why do they think that it won't harm their children and family too? Traditionally we have all seen the negative impact from oil and gas drilling which affects not only the immediate above ground area, but the aquifer below ground to a larger extent. It is in our best interest to protect ourselves for the long-term and carefully weigh all the impacts of our actions. At this time, when we are looking to replace oil and gas with alternative energies, it does not make sense to continue allowing production in new areas. It is more important for our survival to protect out water, air and surroundings than it is to allow our environment to be endangered. It is the primary mandate of government to protect the people it represents. Today that protection is interpreted to mean the protection other species of

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	plants and animals that are interdependent in our environment because we also depend upon them for our survival. We have to make major efforts to restore our environment. We can not afford mistakes or negative impacts which affect us all. We have synthetic oils, fuels and lubricants, and there are more products coming on the market every week. Placing a hold on gas and oil exploration will help to naturally turn the free market to support alternatives without government assistance. This approach saves the government the expense of cleaning up the oil and gas pollution above and below ground many decades after they leave, as well as helping to promote alternative energies without government funding. Win! Win! The Oil and Gas Industry should already be investing in alternatives, and it is not the place of government to protect oil and gas especially to the detriment of all life. Exercising mineral rights or mineral leases should not be the right to destroy others resources. Nor should it give an entity the right to endanger health, increase costs for infrastructure (i.e., roads), pollute or damage water sources, to ruin archaeology sites, to harm local economies, to pollute the environment, to damage private and public property, and to harm wildlife. To drill in the Galisteo Basin is asking for great sacrifices for a highly speculative play that will not recuperate the current or future expenses incurred. We are now demanding that you, our government act in accord with the best interests and safety of the people you represent. We are calling for protection and adherence to safety.
Dianne Airey	Please consider stopping any and all drilling in the Galisteo Basin. The quality of life, the ecological system the quiet peaceful landscape, will only be harmed. Thank You
Kris Thacher	First, I would like to have all the listed agencies receive my email but your program only allows for one check box. But I will copy and paste this email ten times if that's what it takes. I have been a resident of New Mexico for almost 30 years. My home overlooks the Galisteo Basin. I am very concerned that exploration for and development of possible oil and gas resources will be the proverbial straw that breaks the camel's back in this beautiful, fragile environment. The pressures on this land from drought, mining, cattle ranching and residential development are more than the land can sustain. Roads are being ruined. The land and the trees are dying. Wild animals are being crowded out of their traditional lands. Water resources are being depleted. Even the clear New Mexico skies are disappearing. What I would like to see for the entire Galisteo Basin area is a long-range conservation program coupled with the possible development of a tourist recreational trail to see the state and national parks, Pa-ako golf course, ghost towns, arts and crafts galleries and studios, restaurants, spas, bed and breakfasts, and include ancient pueblos and petroglyphs in this area. I realize that some of the pueblos are on private land and may not be available; others are on public land. But I can imagine a drive up the Turquoise Trail from historic Tijeras, thru Golden, Madrid, Cerrillos, into Santa Fe with its museums, galleries, fine dining, and then back down thru Lamy, Galisteo, and Moriarty with its Soaring Museum and possible racino. It is not too late to save this area. There are things to see and do here that show the cultural and environmental essence of New Mexico. Why ruin it? Show case it. Preserve it. Thank you. Why don't you guys in NM State and local government get off your ass and come to terms with the Lost Revenue the State of NM is giving up by allowing the Native Americans and these Environmental groups stop progress in the state. Not only is it happening in the Oil and Gas arena, but the State is losing out on the Uranium market as we speak. All the other Uranium producing States i.e., Arizona, Utah, Colorado, Wyoming, etc. are moving forward with Uranium exploration

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while New Mexico has their head up the back side, allowing the Native American community to STOP progress when it is not even their land that the Uranium companies want to explore on. What about the hydrology of the Galisteo Basin? Aquifers and groundwater must be protected absolutely. What about the adverse impacts of hydraulic fracturing? http://www.earthworksaction.org/hydrfracking.cfm Why was any water sold to Tecton for testing when we don't have any extra. In Galisteo it self there is a perpetual shortage of potable water as it is. To Whom It May Concern: I feel that oil and gas drilling in the Galisteo Basin and throughout Santa Fe County is inappropriate, for the following reasons. Santa Fe is one of the most popular tourist destinations in the country, and a huge percentage of its economy is based on tourism. The possible gain to the City and County from drilling is insignificant compared to the risk to the economy from loss of tourism. The risk of damage to the aquifers and groundwater would put Santa Fe's high property values and quality of life at risk. For these reasons and others, I agree with Governor Richardson that the Galisteo Basin is a fragile and important area that must be preserved. I feel that this is true of Santa Fe County as a whole, and oppose any oil and gas exploration here. Respectfully yours. The potential for great and long term harm to the Galisteo basin and the greater Santa Fe region from oil and gas development is too great and the companies that do this business have nothing but despicable histories of destruction and leaving a place destroyed. Our water is too precious and limited to use for the wasteful drilling methods and more importantly the great potential for permanent pollution of our ground supplies should not be risked. New Mexico has the great potential and should become the leader in renewable energy and not promote the soon to be outdated and archaic fossil fuels. It is time to stop this destructive practice that helps only a few greedy companies and their overpaid CEO's. I would like to see all fossil fuel exploration stopped in New Mexico. This industry has caused tremendous pollution in the Four Corners area and we don't need in spreading its ugly tentacles into Galisteo, Mora, or the Tierra Amarilla area. While I think the Sites Preservation Act is meaningful for the Galisteo Basin, I am hoping that we will be able to enlarge the picture rather than targeting specific sites. It is my understanding that, as of this moment, only a small percentage of the Galisteo basin has been studied. How then are we able to specify only a collection of sites for preservation when we know so little of the whole basin?? If this basin is one of the most significant archeological areas in the nation, does it not merit a comprehensive study to include all archeological, colonial and historic sites?? It is my understanding that the Galisteo basin is one of the most significant archeological areas in the nation, but to date, only a small percentage of the area has been studied. With this in mind, what of a comprehensive study in order to identify all archeological, colonial and historic sites. I believe we should address the basin as whole-a cultural landscape'- to include studies of view shed patterns, water courses, etc. It is my understanding that the Galisteo basin is one of the most significant archeological areas in the nation, but to date, only a small percentage of the area has been studied. With this in mind, what of a comprehensive study in order to identify all archeological, colonial and historic sites. I believe we should address the basin as whole-a cultural landscape'- to include studies of view shed patterns, water courses, etc. I live in Galisteo and my well, as well as those of my neighbors, rely on the small arroyos leading to the Arroyo Los Angelitos, as well as the Arroyo Los Angelitos itself. All these arroyos flow into the Galisteo Creek/River. Tecton has acquired leases on two pieces of state property at the head of these arroyos. In	Janet Pfeiffer John Serkin
Jon Spar, MD	Jon Spar, MD
Cynthia Lux	Cynthia Lux
Cynthia Lux	Cynthia Lux
Frank Lux	Frank Lux

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addition Tecton has purchased leases on the Kirk property, just north of the Arroyo Los Angelitos. We believe this property also drains into the said arroyo. If there were any ground water contamination in the drilling process on these properties, we believe our wells and the creek would be compromised. This contamination could affect the Galisteo village's water supply and would affect the properties to the west. The Galisteo basin has a known history for approximately 900 years relying on the Gal. creek as a water source, Contamination of the water source would certainly affect the history of this beautiful basin. Given the porous and fractured nature of the area, I urge you to consider carefully zoning the basin. We would of course prefer a policy of NO extraction for the basin in order to protect its fragile aquifers and its enormous archeological resources. It is my understanding that the Galisteo basin is one of the most significant archeological areas in the nation, but to date, only a small percentage of the area has been studied. With this in mind, what of a comprehensive study in order to identify all archeological, colonial and historic sites. i believe we should address the basin as whole-a cultural landscape"- to include studies of view shed patterns, water courses, etc. I live in Galisteo and my well, as well as those of my neighbors, rely on the small arroyos leading to the Arroyo Los Angelitos, as well as the Arroyo Los Angelitos itself. All these arroyos flow into the Galisteo Creek/River. Tecton has acquired leases on two pieces of state property at the head of these arroyos. In addition Tecton has purchased leases on the Kirk property, just north of the Arroyo Los Angelitos. We believe this property also drains into the said arroyo. If there were any ground water contamination in the drilling process on these properties, we believe our wells and the creek would be compromised. This contamination could affect the Galisteo village's water supply and would affect the properties to the west. The Galisteo basin has a known history for approximately 900 years relying on the Gal. creek as a water source, Contamination of the water source would certainly affect the history of this beautiful basin. Given the porous and fractured nature of the area, I urge you to consider carefully zoning the basin. We would of course prefer a policy of NO extraction for the basin in order to protect its fragile aquifers and its enormous archeological resources.	Marilyn Forbes
Today, poor old Senator Domenici was again broadcasting his tired old policy of backing further depredations by the mining interests to which he has always been beholden. For the sake of the future of our Land of Enchantment, please deny any further permits for drilling in our State We need to get away from the excesses of the extractive industries and make them pay dearly for all the damage they have done. Thank you.	john molanphy
What is available to the individual homeowner to have peace of mind that the sub-surface rights that the State, The Federal Govt. or another party may own on his property will not be exercised? Can the individual surface owner purchase these rights in perpetuity ...so that title to these subsurface rights can be passed only to future surface owners? How can an individual ascertain a fair price for sub-surface rights??? How can an individual discover that there is interest by the owner of the sub-surface rights on his property to exercise those rights? What guarantee does the surface owner have with respect to 1) Complete restoration of the surface to its appearance before any work is done? 2) Complete and frequent monitoring of the well water that the surface owner (as well as his neighbors) is drinking? 3) An agreement to the time period of disruptions not only for daily operating hours but also for the total length of time the site can be operating? Are the owners of subsurface rights taxed for holding those rights?... Not just when they extract something from below the	Carol Clark

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surface but simply for owning those rights? I have been told that the schools get funding from the State Land Office. How does this work? Thank you. Please do not drill in Galisteo and Santa Fe County New Mexico. We have livestock and they need good water from wells. This has been devastating real estate values. People do not want to buy here anymore. Hydrological, public health, conservation, and archaeological resources must be prioritized and protected well above and beyond any extractive techniques. Drilling technology must be proved safe for this particular geology/hydrology. Non-industry research on the hazards of fracturing technology (chemicals used, threats to water resources) should be made available to citizens by Santa Fe County and the State of New Mexico (precedent: as per other health notifications). Proximity of drilling sites to homes must be re-reviewed in light of recent public health research (Colorado is revising their statutes regarding such). The current standard of 300 feet is woefully arbitrary. Conservation protections (such as Conservation Easements which are subsidized by federal and state tax dollars) should be off limits to drilling. Archaeological sites throughout the Galisteo Basin should be given wide berth of roads and drill sites. What will the impact on the local wild life and habitat be if the drilling were to commence? Has a site wide environmental impact study be conducted and will the amount of oil and natural gas produced from the venture be worth the investment. Will the proceeds from the oil and natural gas be split between local companies or will it go toward companies like Exxon thus defeat the purpose of keeping New Mexico money and profit in New Mexico? Oil and gas exploration is certainly not going to have any significant environmental effect on the Galisteo Basin. And if per chance that exploration is successful, development of any resources found will not either. Regarding oil and gas activity on wildlife, it is certainly not detrimental to its viability and in most cases wildlife appears to thrive in oil and gas development areas. It is strange that in days of \$3-4/gallon gasoline prices which beg for as much domestic oil production as possible, and high oil and natural gas commodity prices, which greatly enhance the state's revenues through the taxation process, that our politicians are willing to ignore and in fact dismiss this opportunity to enhance the state's coffers simply for the sake of non-development based on irrational fear of perceived long term damage of some sort to the environment. The oil and gas industry as a whole has proven beyond any real doubt that they can and will do responsible, safe and efficient exploration and development of our state's resources without any significant medium or long term damage to the environment. Drilling for oil and gas in the culturally rich and ecologically fragile ecosystem of the Galisteo Basin is totally inappropriate. The people, the residents of a community, deserve the right to choose what kinds of industry they want in their community. I'm sick and tired of corporations feeling they are entitled to do anything they want, anywhere they want. NO MORE! New Mexico is blessed with an abundance of wind and sunshine. It's time we took the reins to become the leading state in sustainable energy. Tell those polluting oil and gas companies to go drill in their own damn backyards. Dear Sirs, If oil and gas drilling proceed in Santa Fe county, it will be to the detriment of the entire city and county. If the views are spoiled, the water fouled, and the air smells like rotten eggs, those of us who can afford to leave will do so, taking our tax dollars with us. In our case, we will also be taking a cultural resource, which is the Sculpture Ranch, which is a major player in the Santa Fe sculpture scene. I only say this, because a great many artists and art-minded people will do like wise. Santa Fe is the 3rd (some say the second) largest art market in the country. Do you wish to kill the goose that	Aki Woods Daniel Claussen
Donna Hendricks	Steve Speer
Alice van Buren	

COMMENT	NAME
lays the golden eggs? Furthermore, the oil and gas industry is poison, in every way, politically as well as materially. We need a new energy system and a new regime. If the state of New Mexico could take its 'green' governor at his word and invest in renewable, we could be a leader in the country, and not a poor backwater state, so often compared to the third world. Thank you for reading. Sincerely.	Bryan Bird
WildEarth Guardians believes a formal MOU or JPA requiring OCD to consult with NMGF on potential effects of O&G development through individual Applications for Permits to Drill (APDs) would be very helpful. Thank you. I am writing this letter to formally comment as a property owner in Santa Fe County. I am the owner of minerals and mineral rights on the former Cash Ranch. Do not confuse my actual ownership of this property with those who lease the rights from the owners of mineral property in the County. I am an individual citizen who owns property, and not an oil company who is leasing the minerals. This is an important distinction, since as a property owner my mineral property rights are protected under the 14th Amendment to the United States Constitution. These rights are as valid as any one else's rights, surface or mineral. This principle has been upheld over and over by the courts of our nation up to and including the Supreme Court. This principle is inviolate. I recognize that property can be taken from property owners in Santa Fe County, including mine, but only through due process, and then only by just compensation for that taking. With this thought in mind I am asking the State of New Mexico, the Governor of New Mexico, the Oil and Gas Commission, and the County Commissioners of Santa Fe County to bear in mind that their job is to not only listen to and be cognizant of the desires of the majority and/or the "political correct", but to be sure that they also protect the rights of the individual citizen and property owners with equal vigor. Protection of our individual rights is the foundation of our freedoms. Without protection of individual rights you cannot protect the majority. As you deliberate your rules and regulations I hope that you keep in mind that you have a sacred duty to protect my rights as a property owner through reasonable and workable regulations that will allow me to access my property in a reasonable and timely manner. If you do not then you are de-facto taking my property without just compensation. In this regard please bear in mind that as early as 1986 I discovered, produced and sold oil in Santa Fe County. The drop in oil prices in 1986 minimized our operations but we continued to operate the field. Santa Fe County at the time of our discovery made a mining zone of the entire 1,030 acre Cash Ranch in which we were authorized to operate. Now, as oil prices have increased we are trying to produce and develop our resource. However, the County and State have now put a moratorium on operations. In my opinion this is not only illegal, since the acreage has already been cleared for oil and gas operations, but is not in the best financial interest of the County and the State and may already be an illegal de-facto taking of my property. At the present time, I have a proven economic resource that I believe is potentially being jeopardized by the County and State actions. This resource is in excess of several million barrels of recoverable oil and may be considerably larger on our acreage alone. Like myself, I am sure that most or all of the other mineral property owners in Santa Fe County will oppose any attempt to confiscate our property without just compensation. If however, the County and/or State is willing to confiscate my property and pay me for my oil resources at the market price (presently \$ 110.00 per barrel) they are quite welcome to do so. Otherwise they must make any future regulations both reasonable and timely. Please understand that time is of the essence as I am being kept from my legal property. I have spent over 41 years of my life in the service of my country protecting the constitutional rights of all the	Bruce A. Black

COMMENT	NAME
citizens of this country, including those of New Mexico and Santa Fe County, and I do not intend to let unreasonable and untimely beauracratc regulations now deprive me of mine. Trusting you will do what is right I am attaching for your further information an open letter that I had earlier written to the citizens of Santa Fe County. Thank you for your consideration and help. Sincerely. An open letter to the residents and property owners of Santa Fe County. Over the past year, I have watched with growing concern the reaction of some individuals and groups (as well as officials of Santa Fe County), to the attempts of Tecton Energy to development and explore their lawful oil and gas leases in Santa Fe County. I say concern because I see what appears to me to be a deliberate attempt to not only stop Tecton from drilling, but to stop future oil and gas production and probably other future mineral exploration in Santa Fe County. Since as always, there are two sides to every story, I think you need to hear another side. I don't question the motives of those who oppose what they see as unwanted development - as long as they respect the basic rights of each of us. They have their reasons. Probably no amount of rational argument will persuade many of them that others, such as myself, also have equal rights to the protection and access to our property. However, I want them to know that as they pursue their self - interests there are important considerations that they and Santa Fe County regulators need to consider. First let me explain who I am so you can understand why I feel as I do. I'm a native New Mexican. I was born here in 1936 and raised in New Mexico. I love this state and its people as much as any one of you. My dad came to New Mexico when it was a Territory. He grew up in Dawson, and was a coal miner at Hagan (now a Ghost Town south of Santa Fe) as a young man. My mom won the 1925 beauty contest that was the forerunner to the Miss New Mexico contests. Mom and Dad met and married in Albuquerque and that's where my brother and I were born and raised. As I grew up, the Sandias, the Ortiz, the Cerrillos Hills, the Ladrons and the Jemez Mountains were my playgrounds. I loved to roam these unspoiled and lonely places. They were much more beautiful without the subdivisions and development that surround and permanently scars them now. They were the birthplace of my love for the outdoors and they sparked my interest in geology. After active duty in the Navy, I returned to New Mexico and eventually received a Master of Science and Doctor's degrees in geology from the University of New Mexico. I began my career as a petroleum geologist with Shell Oil in California in 1964. I left Shell to start my own consulting firm in Farmington in 1971. I'm not some megalithic international oil company. I'm a one-man operation, although my son, who is also a geologist when he is not on active duty in the National Guard, works with me. I give you this background so that you don't think of me as an outsider who has come in to exploit this state economically (or politically). I belong here as much as any of you and my property rights in Santa Fe County are just as sacred to me as yours are to you. Those rights are also as protected from bureaucracy and illegal confiscation as yours are. As a consultant I began to explore for oil and gas in the Galisteo basin area over 36 years ago. I didn't do that because I wanted to rape and pillage the Santa Fe County countryside, as some might infer. I did it because more than 65 million years ago God and Mother Nature put oil and gas prone Cretaceous rocks under what later would become New Mexico. Around 15 million years ago parts of those Cretaceous rocks were dropped and folded down into what would eventually become Santa Fe County. This happened as the Rio Grande Rift developed from south to north through New Mexico. This tectonic activity would help these organic rich rocks generate and hold oil and gas. Whether the citizens know it or not, Santa Fe County has already made oil and gas history as the first County to produce out of a newly emerging oil and gas province - The Rio	

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Grande Rift. The high gravity oil production now established on the Cash Ranch has proven that all the parameters for oil and gas production exist in the rift and in Santa Fe County. (Rift basins around the world constitute only 5% of the world's basin areas, and only half of these produce oil and gas. But these 2-1/2% producing rift basins hold 12% of the world's oil reserves and 4% of all the world's gas.) For you native New Mexicans like myself, I don't need to tell you what a beautiful and unique state we have. For you who have moved here from other areas, you have also come to appreciate the natural beauty and our wonderful atmosphere. However, for many of us who were born and raised here, or who moved here years ago as permanent residents, we see the continued influx of new people and a consequential flood of new subdivisions and housing as part of a larger problem. We have seen the increased strain on the environment and our water resources by this growth, and this is by far the most destructive influence on our states environment. You, like me, are exploiting and using the natural resources of our state. I understand this, but I appreciate and respect your property and your love of our state. I only ask in return that you respect my property rights just as I respect yours. Unfortunately, however, not everyone understands that property rights don't belong just to those who own the surface of the land. Those of us who own the mineral right to the land have an equal and just as valid and constitutionally protected a right as do surface owners. Those rights are as sacred as are the rights to the surface. May I quote part of the fourteenth amendment to our Constitution for those who do not know it - or remember it - "...nor shall any State deprive any person of life, liberty, or property, without due process of law: nor deny to any person within its jurisdiction the equal protection of the laws." If, through due process of law, a person is legally deprived of their property the State (or County) must justly compensate them for that loss. I don't claim to be a constitutional attorney, but I am a citizen of the United States and of New Mexico. After spending over 41 years in the United States Navy on active and reserve duty in defense of our Country, our State and its citizens (which includes each one of you) I will, in my retirement years, continue to insist on and defend all of our rights under our Constitution. I believe that every one of you, veterans and civilians alike, who read this letter will stand with me in defense of these right and will not let an arbitrary and/or unreasonable regulation be placed in the Santa Fe County Regulations that will "de facto" try to deprive me or any other Santa Fe County mineral owners from reasonable access to their property or otherwise enjoy the rights to their property. If the pending County regulations for oil and gas drilling operations are drawn up in such a way as to make it unreasonable or "de facto" prohibitive for using our property then our rights will be violated, unless of course, the County pays us full value for this confiscation. If regulations, such as unreasonable or excessive distances from structures are put on drilling locations, or unreasonable restrictions are placed on drilling rig heights or equipment use in drilling in the few days or weeks that it takes to drill, then these regulations may be confiscatory - without just compensation to all of the mineral owners. This would be confiscatory not just to the mineral owners such as myself, who want access to their ever more valuable minerals rights now, but also to all the hundreds (and perhaps thousands) of other mineral owners in all of Santa Fe County both now and in the future. I'm sure they don't want their property rights "de facto" taken away without compensation any more than I do, and I think they also will have something to say about this in the near future. Don't get me wrong. I don't wish to drill if I don't have to. If there was some other way less objectionable to get to my property I would be glad to consider it. Oil companies don't drill wells unless they have to, and they only drill as many wells as are absolutely necessary. Wells cost money, and new wells are not drilled or new

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locations made unless absolutely necessary. Fortunately, with the new technologies which have been developed in the past few decades such as horizontal drilling and new fracturing techniques, far fewer wells are often needed, and one surface location can often be used to drill multiple wells from one location. Consequently the "footprint" of new fields can be smaller and usually take much less space than in the past. It's ironic to me that the oil and gas exploration we did in years past in Santa Fe County has given the County and the State Engineer so much of the data needed for both the water resources potential and the actual geology of the County. They would not have had this deep and important data otherwise. It's also ironic that the citizens are giving Tecton a hard time when it is the most environmentally conscious company I have ever dealt with, and they have a track record to show for it. I consider it an honor to consult for Tecton. More than any other company I've worked with, they do care about the job they do. I believe they have, and will do everything they can to reasonably work with the County and the surface owners in the County. In my opinion, I think the County would be wise to work with Tecton so they can set a standard for performance and environmental sensitivity that all other companies will have to live up to in the future. A friend in Santa Fe County recently asked me if the County "...is so special and its elite so sophisticated that they believe that they are beyond the activities of basic mineral extraction that feeds our States economy? Are the rest of the counties and communities to bow down and serve Santa Fe County while it consumes our resources but believes itself so superior that it won't contribute its share of its mineral wealth to the economy, or contribute its resources to the benefit and the education of its children?" I couldn't answer that for him. But I don't think that the mineral property owners in the County (including the Native Indian tribes who own their own minerals), want Santa Fe County and/or its special interest and/or liberal elite, or radical environmentalists to tell them how to use their property. I don't think those who came to New Mexico to enjoy only the benefits of the scenery (while driving the property values and the tax base so high that some of the original native New Mexicans can't afford to live there) should deny the rights of those of us who are also legal property owners, and in many cases were here first and owned our property longer. To read most of the recent newspaper articles (but not all) out of Santa Fe County it would appear that the majority want, and would be willing to let the County make regulations that will attempt to block individuals property (mineral) rights. As this conflict of interest goes forward I trust the press will be as adamant in protecting the fourteenth amendment as it is in protecting the first. It will also be interesting to see if the County officials (and State as well) are intent on only pandering to the majority. Personally, I don't think that they will forget that this County was not founded to protect only the noisy or politically correct majority. I believe that in their final analysis they will remember that it is every bit as important to protect the rights of the individual, whether it is politically correct or not. I hope that when each of you look in the mirror tonight you will resolve to continue to look after the rights of each individual as well as your collective concerns. If, in the final analysis, the County is prepared to take my property, and other mineral owners property through due process, I hope the County and the taxpayers of Santa Fe County are equally prepared to justly compensate us - they will have to. Respectfully submitted:	Lynda Larsen

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personal	dependent upon our limited water resources. In restaurants, we must request a glass of water! But you intend to permit drilling that will use billions of gallons of water and (likely) contaminate the aquifers. I believe you should also consider the air pollution potential of such drilling. Santa Fe is famous for its landscapes, sunsets, and clear air. When we moved here two years ago, Santa Fe was ranked third in the nation for clean air and environment. Oil drilling will change that, and the air pollution could even affect our dramatic skies - factor that into the tourism effect. You should not be simply a "rubber stamp" for the extractive industries, but comply with your mandate to protect our natural resources. Balancing such interests may mean denying permits. Thank you for considering my views. 1] I think this should be allowed....but under these conditions 1] the companies that will be drilling...hauling oil, checking wells etc. should when a well is abandoned reclaim all used equipment, including....lines, plastic piping, tubing, reclaim any surface areas back to their natural state and roads leading into the well area...not necessarily a main road leading to the wells 2] recalim any contaminated land, oil spills, trash metal, junk...just take a look sometime at some southeast New Mexico roads leading to wells and abandoned well areas, spilled brine, pop cans, beer bottles and beverage containers, trash up and down every road leading into these wells and pump jacks 3] while making these roads and well pads or storage facilities, all wildlife should be checked to make sure nothing rare or endangered is in harm, including plants 3] any wildlife disturbed while making these wells, should not be harmed [ex: prairie dogs foxes, bats reptiles....etc] and a wildlife officer or representative should be there while the companies are performing these tasks to make sure wildlife isn't harmed or killed or nesting sites of birds or dens of reptiles destroyed or tarantula dens 4] the state should also enforce this in all areas of the state this way our state doesn't become a claustrophobia of oil abandoned oil wells, buildings, trash and debris and old roads and well pads as well as controlling the possibility of decimating all wildlife from these areas I am greatly concerned about the prospects of oil drilling and environmental disaster. I have not been convinced at all that the proper preliminary studies have been done, and worry, as do my New Mexico friends and citizens, of ground water contamination, environmental catastrophe, and overall diminution of the quality of life for all New Mexicans. An additional concern is that this would be a highly shortsighted policy: New Mexico's economy relies on tourism and tourist dollars. The negative impact of unsightly, contaminating, and ecologically disruptive power plants will be enormous. Please stop this frightening and ill-advised pursuit of energy without contemplating consequences and alternatives. Thank you. Please extend moratorium to permanent cessation of drilling and mineral extraction from the Galisteo basin. I would like to see us (as a culture) making judgment calls in favor of environmental protection and moving away from fossil fuels. Extending oil drilling simply flies in the face of the vast majority of credible science that ties these fuels to global warming. Additionally, I think that mineral rights should revert to the land owners. Having mineral rights disconnected from surface rights creates a disincentive to purchase and build homes. This is counter to the "American dream" of home ownership. also, it is difficult to understand the underlying logic. I like to keep things simple. If you own the land, you own what is underneath the surface. That seems pretty easy to understand. If the government ultimately decides to permit drilling and extraction from the Galisteo basin, then the companies should compensate the owners of the land for the entire lost market value of their property. It is irrational for the state to license mineral rights for nominal fees and ask the land owners to bear

Dr. Jane Phillips-
Conroy

matt brown

COMMENT	NAME
the burden of economic loss attributable to the extraction activities of profit making companies. The companies should bear the full economic burden of the extraction, if they are also getting the benefit of the profits. Furthermore, the licensing fees should be much higher. The state should be making as much or more than the companies on the assets buried under the surface. I am writing this letter to formally comment as a property owner in Santa Fe County. I am the owner of minerals and mineral rights on 1,030 acres of the former Cash Ranch. I do not want you to confuse my actual ownership of this property with oil companies or individuals who lease the rights from the owners of mineral property in the County. I am an individual citizen, not an oil company who has these minerals. This is an important distinction, since as a property owner my mineral property rights, under the 14th Amendment to the United States Constitution, are as valid as any one else's rights, surface or mineral. This principle has been upheld over and over by the courts of our nation up to and including the Supreme Court. This principle is inviolate. Property can be taken from property owners in our Country and in Santa Fe County, including mine, but only through due process, and then only by just compensation for that taking. With this thought in mind I am asking the State on New Mexico, the Governor of New Mexico, the Oil and Gas Commission, and the County Commissioners of Santa Fe County to bear in mind that their job is to not only listen to, and be cognizant of the desires of the majority and/or the "political correct", but at the same time to be sure that they protect the rights of the individual citizen and property owners. Protection of individual's rights is the very foundation of our freedoms. Without protection of the individual you cannot protect the vocal majority. As you deliberate your rules and regulations I hope that you keep in mind that you have a sacred duty to protect my rights as a property owner through reasonable and workable regulations that will allow me to access my property in a reasonable and timely manner. If you do not, then you are de facto taking my property without just compensation. In this regard please bear in mind that we discovered an oil field in Santa Fe County in 1985. At the price of oil in 1986 the field was marginal, but we continued to operate the field. Santa Fe County at that time made a mining zone of the entire 1,030 acre Cash Ranch to cover our oil and gas operations and we were free to operate under that designation. Now that we are trying to develop this resource the County has declared a moratorium on operations in the area and the Governor has further delayed our attempts to get our property developed by an additional Executive Order calling for a moratorium on any State drilling permits in the Galisteo basin and Santa Fe County. In my opinion this is an illegal action by the County since we already had our mining zone approved for our operations. We will address this legally at a later date if necessary. I am writing this letter to formally comment as a property owner in Santa Fe County. I am the owner of minerals and mineral rights on 1,030 acres of the former Cash Ranch. I do not want you to confuse my actual ownership of this property with oil companies or individuals who lease the rights from the owners of mineral property in the County. I am an individual citizen, not an oil company who has these minerals. This is an important distinction, since as a property owner my mineral property rights, under the 14th Amendment to the United States Constitution, are as valid as any one else's rights, surface or mineral. This principle has been upheld over and over by the courts of our nation up to and including the Supreme Court. This principle is inviolate. Property can be taken from property owners in our Country and in Santa Fe County, including mine, but only through due process, and then only by just compensation for that taking. With this	Bruce A. Black Bruce A. Black

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Carolyn Dukeminier	additional Executive Order calling for a moratorium on any State drilling permits in the Galisteo basin and Santa Fe County. In my opinion this is an illegal action by the County since we already had our mining zone approved for our operations. We will address this legally at a later date if necessary. I am a native Santa Fean that deeply loves her hometown and the scenic natural beauty that surrounds it. I spent my life-savings and went into debt in order to buy a small piece of land off of Highway 14 with the hope of someday affording to build a small home there. I am very distressed to have recently learned that not only my land, but the entire area, is being threatened by oil and gas development. I am told that an antiquated law from 1872 gives mineral rights dominance over my surface rights. If this is allowed to go forward, unchecked, it means we are trading our land, peace, tourism, wildlife, archeology, and most importantly our precious clean WATER, AIR, and our HEALTH for few more years of fossil fuels that will only worsen the global warming crisis. The pristine beauty of the Galisteo Basin and its irreplaceable resources are State and National treasures and should be protected as such. We should be doing everything we can to preserve the last few beautiful places that remain and investing in renewable energy so that we HAVE A FUTURE at all! Please for the sake of ourselves, our children and grandchildren and this beautiful area on a beautiful planet we call home, do everything you can to protect our environment and all the lives it supports. The noise, dust, traffic, and irreparable pollution that have followed the oil and gas industry everywhere it has gone before could render the area unusable for all other purposes, including habitate and small business. Please, before it is too late, strictly regulate the impact they will have on the entire area if they are allowed to develop. Our lives and our future are genuinely at stake. Thank you for your courage and your consideration. The risk/reward and cost/benefit for the Galisteo Basin seems out of balance. Does drilling make sense? So far, I can't believe it does. Better look for energy in alternatives and elsewhere. I am an owner of land in the immediate vicinity of the proposed drilling. My husband and I bought this land for our future. We invested in New Mexico and particularly Santa Fe County, because we thought that our fellow residents and county government share our desire to maintain (safeguard) and cherish the treasures which exist here: 1) the historical/archaeological nature of the land 2) a quality of life that is sustainable – that doesn't rob or pollute the very limited resources which are part of its unique and fragile nature For the past 100 years, Santa Fe has been known the world over as a cultural treasure and destination. When we turn the county over to drilling and mining, we are going to lose – not gain – our most valuable resource. Santa Fe is not large enough to hide its industrial zone; yet that is what we will become if we allow oil drilling to begin. If it is allowed in one area, the county we love will be swallowed up by an onslaught of mineral greed which will be unstoppable. Please be diligent and find a way to make drilling in Santa Fe County an undesirable target or better yet, off-limits. Otherwise, we will lose so much more than we will gain. Our future is at stake. Let's work toward setting new standards that establish Santa Fe County at the forefront of clean energy and sustainable living. Thank you. No oil and gas drilling in the Galisteo Basin! Protecting the delicate ecosystem and the many and significant fragile cultural sites in the area is a priority. Many of the proposed drilling site are located on or near the Galisteo Creek, which not only serves wildlife, but is currently the source of drinking water for the Village of Cerrillos. Please do not put these resources at risk. Also, the renewal of gold mining in the Ortiz by Santa Fe Gold LLC will once again be resisted by the local
Connie Fisher	
Stacia Lewandowski	
Janet Persons	

COMMENT	NAME
populace. The devastation of cyanide leaching is still affecting the groundwater. We will support any and all efforts toward the development of renewable energy in the Basin. Do not make this treasure a sacrifice area. Thank you. In January of this year Governor Richardson instructed all executive agencies with relevant knowledge and expertise to conduct a careful "assessment of all existing laws, regulations, policies, and planning documents to ensure that the State of New Mexico has fully and appropriately exercised its police powers to ensure that no oil and gas drilling activity occurs in Santa Fe County and the Galisteo Basin that would be contrary to the interests of the State of New Mexico and its citizens". Now we doubt seriously that when the agency reports are delivered to the Governor by June any agency will report that it has inappropriately "exercised its police power". The real issue is policy, rulemaking and legislation going forward. While we will agree that regulation at the State level of oil and gas activities in many cases may be more efficient and politically expedient, if enforcement of current regulation or the focus of any new legislative agenda or future rule making results in a "one size fits all" approach, it may well seem to be in the interest of the State of New Mexico but be contrary to the specific interest of Santa Fe County Citizens. There are four principles that should guide the State's actions. First, the State should be mindful of the vast differences that exist between individual Counties in the State. Second, the State should not enact laws that preempt any County's power to enact stricter regulation. Third, each agency should take this opportunity to state their needs for new or existing and potentially expanded regulatory authority to address expanded oil and gas activities in the State including additional manpower and funding. It bears emphasizing that agency powers may be appropriately exercised given the present level of activity, but may not be adequate to deal with expanded future activity—and that is the real question of public policy that faces the state. Fourth, the State should seek to regulate only those functions that truly lend themselves to statewide action. For example, it might make more sense to have statewide safe water standards and ongoing quality testing since surface and subsurface water does not begin and end with County boundaries. However, when it comes to regulating issues that affect the infrastructure, natural, cultural and historical attributes and socio-economic aspects of a given area, additional regulatory discretion must be available at the County level. This principle is well established whereby states can enact regulation stricter than EPA regulation. Finally, my attorney, Lindsay A. Lovejoy, Jr., provide OCD with copies of "The Hartman Scenario Implications for WIPP" prepared for the New Mexico Attorney General in March 1997 and "The Hartman Scenario Revisited Implications for WIPP" prepared for the New Mexico Attorney General in August 1997, which points out the critical uncertainties of hydraulic fracturing that could lead to disastrous contamination of our vital water supplies. Water is but one critical issue and we are very tired of hearing the oil and gas industry use the "oil crisis" to justify expanded drilling. Most economists agree that oil supply has little to do with the price of oil. Today it is driven mostly by speculation and other economic factors including the weakness in the US dollar. Supply and demand is a serious near future concern that can only be solved by increased use of sensible alternative energy sources. Just as turning millions of acres to corn production for ethanol, millions of acres of new oil and gas wells will not solve the future supply problem. We respectfully request the opportunity to address the contents of the final report prepared (or assembled) by OCD with our own reply comment such that the final compilation of information before the Governor reflects not only agency position but citizen input as well. Respectfully submitted. To the Oil Conservation Commission: Thank you for your efforts in controlling the environmental effects of oil and gas	David Beddow & Janet Carter

COMMENT	NAME
extraction despite considerable industry and legislative pressure in opposition. I would like to stress the following points regarding oil and gas drilling in Santa Fe County. 1. Testing existing wells for leaks every 1 to 5 years as is currently the practice is totally inadequate for protecting our water supplies. Operators must disclose what they are using in their fracturing mixtures, and these chemicals must be tested for frequently in surrounding water wells. The OCD must have many more well trained inspectors to carry out these tasks. 2. Since it is extremely expensive, if not impossible, to "clean up" an aquifer that has been contaminated by extracting oil and gas, the penalties for such contamination must be very high, and the costs must be born by the operator. This will require the posting of bonds and or insurance in the millions of dollars. 3. Approximately 1/3 of the economy of Santa Fe is based on real estate, and another 1/3 on tourism. Drilling for oil and gas in Santa Fe county will be an economic disaster for both real estate and tourism, to say nothing of the loss of revenue from individuals who have moved here from elsewhere and will certainly move away when it is no longer scenic and environmentally safe. It is impossible to conceive that the short term income to the state from oil and gas operations could possibly make up for the economic losses in Santa Fe county that will result. 4. It is also important to stress that the greatest single long term threat to our economy and health is global climate change. Thus it is imperative that every state agency, and especially the Department of Energy, Minerals and Natural Resources, do everything in its power to abate or reverse the buildup of carbon dioxide in our atmosphere. This can only be done by stopping, not encouraging, oil and gas exploration while encouraging other forms of energy production in Santa Fe county and throughout the state. In January of this year Governor Richardson instructed all executive agencies with relevant knowledge and expertise to conduct a careful "assessment of all existing laws, regulations, policies, and planning documents to ensure that the State of New Mexico has fully and appropriately exercised its police powers to ensure that no oil and gas drilling activity occurs in Santa Fe County and the Galisteo Basin that would be contrary to the interests of the State of New Mexico and its citizens". Now we doubt seriously that when the agency reports are delivered to the Governor by June any agency will report that it has inappropriately "exercised its police power". The real issue is policy, rulemaking and legislation going forward. While we will agree that regulation at the State level of oil and gas activities in many cases may be more efficient and politically expedient, if enforcement of current regulation or the focus of any new legislative agenda or future rule making results in a "one size fits all" approach, it may well seem to be in the interest of the State of New Mexico but be contrary to the specific interest of Santa Fe County Citizens. There are four principles that should guide the State's actions. First, the State should be mindful of the vast differences that exist between individual Counties in the State. Second, the State should not enact laws that preempt any County's power to enact stricter regulation. Third, each agency should take this opportunity to state their needs for new or existing and potentially expanded regulatory authority to address expanded oil and gas activities in the State including additional manpower and funding. It bears emphasizing that agency powers may be appropriately exercised given the present level of activity, but may not be adequate to deal with expanded future activity—and that is the real question of public policy that faces the state. Fourth, the State should seek to regulate only those functions that truly lend themselves to statewide action. For example, it might make more sense to have statewide safe water standards and ongoing quality testing since surface and subsurface water does not begin and end with County boundaries. However, when it comes to regulating issues that affect the infrastructure, natural, cultural and historical attributes and socio-economic	David Beddow & Janet Carter

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Pattie Cavalletto	Pattie Cavalletto

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and gas is a causal factor in global warming; environmental pollution of water and air, and destruction of land values. It is also harmful to the health and habits of wildlife, humans, and traditional farming use of lands. Land is not renewable and the land of NM is precious and should be considered, along with its beauty and vast openness, its inspirational light and great silences, and the reasons that people are drawn to visit and live here. These destructive results must be considered against the drilling industry's potential rape of all these non-renewable values, and seen for its one sided profits and global short sightedness, and re-evaluated according to the current world reality. To gain a little time of fuel usage for the loss of these precious things is not the way of our state's fine people who represent the citizens. That the oil and gas industry has been considered not only beneficial but also to be catered to is an old way of thinking and it is no longer reasonable or right morally that it continue without questioning and compromising its operating and attitudes. It may have made sense in the past to open regulations and allow the industry its way with our lands but now we all know better and the disparity that is traditional between the rights of the two types of ownership should no longer sway our governing minds, no matter the wealth involved; it makes no sense whatsoever any longer and there should be allowed plenty of time to explore what can be done that better reflects the times we live in now. To use only traditional logic and reason without the input and respect due to those who oppose the non renewable destruction and fight for their rights to the sanctity of their homes is a grave mistake and one that needn't be made. There is everything to lose and the only gain is to an industry which assumes its power and wealth will dictate over individual and human rights. To favor this industry over citizens cries would make every agency and person who supports it wrong in their own hearts. It is time for the heart to be heard, the heart of the land, our sky, our earth, and our citizens.	Kerry Armour
My husband and I are relocating to New Mexico in the next two years. My current field of work is in the Renewable Energy marketplace and I am drawn to your state as a leader in this area. New Mexico is also a state blessed with amazing natural beauty and incredible native culture. How then can you even remotely consider oil drilling!? How can your state be a leader in alternative energy, protect its natural resources, and also allow drilling for fossil fuels? Fuels we know to be destructive to our planet and fuels that your state has already vowed to move away from with its forward-thinking energy initiatives. The combination of these activities is irrational to say the least, and New Mexican leadership seems to be far from irrational. Just because the oil may be there below the earth does not mean it should be harvested. We have learned that we must change, as a society, and as a species, to protect the only planet we have. It is every citizen's duty to turn away from an increase in oil production and seek new alternatives for energy use. New Mexico has shown great leadership in this area. Don't turn back now. Make the moratorium permanent. Protect the natural beauty of New Mexico and show the rest of the country how renewable energy can revitalize our economy. How can you morally and ethically do anything less? Do not allow the oil and gas lobby to undermine your efforts to restrict permits in the Galisteo basin. Our water supply is in danger if drilling is allowed.	Marilyn McEvoy
I want to express my STRONG opposition to the possibility of drilling for oil and/or gas in the Galisteo Basin and surrounding areas! As with the majority of Santa Fe County residents, I am deeply concerned with the MANY repercussions that our communities would suffer with the invasion of the oil and gas industry. First and foremost is the issue of protecting our very limited and precious water resources. WE cannot afford to jeopardize our water supply. It is	Shannon F. Kern

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clear that contamination and leaks from oil and gas drilling are not only possible but probable, and that there are no definitive safeguards against it. The effects of oil and gas industries practices would certainly damage the fragile ecology of the Galisteo Basin. The pollution and residual wastes would adversely effect the environment for many years to come, if not permanently. Precious archeological sites must be protected. These treasures, unique to our area, cannot be compromised! The effects on our local economy would be disastrous. We have already seen diminished land values, just with the POSSIBILITY of drilling for oil and gas. Businesses based in the Galisteo area have seen a dramatic decrease in business since Tecton announced their intentions. The quality of our lives would be forever adversely affected. The tourist industry in Santa Fe, which is our main source of revenue, would clearly be compromised if not completely destroyed. Without the pristine beauty of the landscape of the Santa Fe area, the incentive for visitors to visit our beautiful area will disappear. And then there is the issue of noise, immediate pollution, and increased traffic issues with the introduction of oil and gas industry. And the issues of increased crime. I am a single woman, and I bought a home in Eldorado for it's safety and community. It is certain that the influences of the transient workforce associated with this industry would jeopardize the safety of my community, both on the roadways and in my own home. WE MUST PROTECT OUR LAND, OUR RESOURCES, OUR QUALITY OF LIFE, THE BEAUTY OF OUR ENVIRONMENT THAT PEOPLE FROM ALL OVER THE GLOBE COME TO APPRECIATE. PLEASE KEEP THE OIL AND GAS INDUSTRY OUT OF THE GALISTEO BASIN! I'd like to thank the representatives from the department who attended the open house—they were very helpful and gave me a lot to think about. And in what I have learned in the last few months, I appreciate what OCD has been doing to protect residents. One of my main concerns is the possible contamination of the nearby groundwater (along with my home's well water) from oil and gas drilling operations. The factsheet provided at the open house says that one of OCD's responsibilities is to ensure that "the casing program is adequate to protect fresh water aquifers." It further states that OCD conducts routine inspections to ensure that there are no leaks or spills. How often would a drilling site be inspected to check for leaks and spills? Or is it more the driller's responsibility to self-monitor for leaks and spills? This is probably a pie-in-the-sky request, but there should be regular (weekly, semi-monthly) inspection of drilling sites. Also, if drilling were to occur in Santa Fe County, I think OCD should require the following for the drillers regarding possible groundwater contamination: There should be testing of private wells within 3 miles of a gas/oil well site—before drilling begins and then at least twice a year after that. The testing should be paid for by the driller but conducted by an independent body, not someone hired by the driller. Also, if contamination were to occur, the driller should be responsible for remedying the problem. Along the same lines, since part of the responsibility of OCD is to protect fresh water aquifers, OCD should also be involved in ensuring that drillers have put up the proper bonds to clean up any contamination that occurs. As I understand it, OCD is responsible for protecting the water aquifers and the Water Quality Bureau of the Department of Environment does not play a role in water quality as it relates to oil and gas drilling sites. That does not make sense to me—it kind of seems like one of those bureaucratic, turf issues. I think that the Water Quality Bureau should be used, as well, in protecting our groundwater from contamination from oil/gas drilling. Part of the concern about contamination has to do with fracturing and the chemicals used in the process. In Santa Fe County's second draft of a proposed oil and gas ordinance, it stated that "fracturing	Steven Talbot / Jerry Gorham

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operations shall use water and sand only." To a layman like myself, that sounds pretty good since it would ban the use of chemicals. I suggest that OCD consider such a restriction regarding any drilling to occur in the Galisteo Basin. In talking with the officials from the other state agencies at the open house, it seemed that they would like to have more input on any oil or gas-drilling proposal, or at least would like to be able to review the proposals and make recommendations. I think that would be very beneficial and that other departments and agencies—with their own expertise—should be allowed to make recommendations and see that those recommendations are implemented. Since the governor has asked each of these 11 departments for input on drilling in the Galisteo Basin, it makes sense that they should all be consulted on any drilling application. A factsheet provided by the New Mexico Department of Health mentioned several areas of concern, including the storage of "drilling muds" on site and the possible leaching of contaminants from the muds into the soil and the underground and surface water. Other concerns included the use of chemicals in the fracturing process and the potential problems caused by produced water. If a closed-loop system were required for drilling in Santa Fe County, would such a system include the removal of "drilling muds" from the drilling site? Would a closed-loop system include the removal of "produced water" from the site, or would produced water still be allowed to be discharged onto nearby land or injected into underground wells? This is more of an overall comment, not specific to OCD, but since that is the main agency, I'll make it here: Just because a company has mineral rights or mineral leases does not mean that they have the right to destroy the other resources used by so many people. Mineral rights or mineral leases should not give companies the right to endanger my health, pollute my water, ruin archaeological sites, or harm the local economy. I am very concerned about the potential for oil and gas drilling in the basin. I live off of 55 A very close to where the proposed wells - the 'first' ones - are being asked to be permitted. There are about 10 homes in our little area. Most hand built by the original owners who peeled vegas by their own fingers, poured pumice crete by bucket, and promoted a simple rustic life - which still permeates our pocket today. All of our houses are all solar powered - with no tie to the grid. We don't have spotlight on at night, we don't have lawns, we understand the preciousness of these resources. Each of us are on a well - many hauled water for years. We conserve water and because we are keenly aware of its scarcity the thought of an industry with a HORRIBLE reputation of disregard for the fundamentals of life - clean air and water - seems simply ludicrous and terrifying. Water Quality - There is no remedy for damage to the aquifer or its tributaries. What will happen to the many wells that depend on this water if it is contaminated? What happens if wells start going dry? Who is going to take responsibility for a well blow up or a house being contaminated by chemicals? Fracking is a risky venture - not a huge success rate. What happens if the structure of the aquifer itself is compromised? Who is test the water quality - every day and multiple locations in the aquifer and posting it online for all to view? Who will be testing my well water gratis - certainly not the oil industry or any one they hire....no one trusts them because of a very long and shabby track record. Land Stewards - We treat the land with respect and understand it's fragility - the time is takes the desert to heal itself. Allowing mineral rights to have the right to destroy other resources - it shouldn't disregard a surface owner's rights, it shouldn't cause increase costs of infrastructure (burdened by the surface owner might I add!), increase issues with flooding, increase traffic, increase health issues, harm wildlife, and leak toxic chemicals into the air and water. I'm very concerned about the additional infrastructure and culture drilling brings with it - the increased traffic to our area alone - up and down	Renea Roberts

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Air - Who is going to measure the air quality 24 hours a day at multiple sites near and within miles of the proposed drilling and post on a website for all to view? Who is going to cover increased health risks and loss of quality of life? Forget Santa Fe being a clean air city - and forget the treasure that New Mexico is the land of enchantment - I've been in tourism impacted business in the area for 5 plus years and it's not to get a taste of the same old everything sacrificed for profit that draws people out here to New Mexico and makes them want to go home and make their place a better place. Cultural and Archaeological Sites - How will this be measured, protected? It's pristine here now and there aren't people who trump around it. There aren't roads dug through it. No one is looting on their day off. Have there been sufficient studies of this area - there are petroglyphs, pottery shards, tools, throughout the rolling hills.	scenic highway 14 - huge rigs continuously hauling risky substances - flammable fluid and toxic waste. Air - Who is going to measure the air quality 24 hours a day at multiple sites near and within miles of the proposed drilling and post on a website for all to view? Who is going to cover increased health risks and loss of quality of life? Forget Santa Fe being a clean air city - and forget the treasure that New Mexico is the land of enchantment - I've been in tourism impacted business in the area for 5 plus years and it's not to get a taste of the same old everything sacrificed for profit that draws people out here to New Mexico and makes them want to go home and make their place a better place. Cultural and Archaeological Sites - How will this be measured, protected? It's pristine here now and there aren't people who trump around it. There aren't roads dug through it. No one is looting on their day off. Have there been sufficient studies of this area - there are petroglyphs, pottery shards, tools, throughout the rolling hills.
Joseph G Svatos	Is oil & gas drilling in the Galisteo Basin appropriate? Governor Richardson states in his Executive Order, "the Galisteo Basin is a culturally rich and ecologically fragile ecosystem located in northern New Mexico, the preservation of which is of significant value to citizens of this State." What do you think would happen to the Santa Fe area economy, such as the \$1.1 billion per annum Creative Industries, with a dirty industry conducting business in the Galisteo Basin? What about tourism? Real Estate Values? What about the Santa Fe air quality? In 2004, Santa Fe was ranked as the cleanest city for year-round particle pollution. What about the threats to health and safety? What about the threats to wildlife? What about the archaeological sites? What about the hydrology of the Galisteo Basin? Aquifers and groundwater must be protected absolutely. What about the adverse impacts of hydraulic fracturing? Exercising mineral rights or mineral leases should not be the right to destroy others resources. Nor should it give an entity the right to endanger health, increase costs for infrastructure (i.e., roads), pollute or damage water sources, to ruin archaeology sites, to harm local economies, to pollute the environment, to damage private and public property, and to harm wildlife. To drill in the Galisteo Basin is asking for great sacrifices for a highly speculative play that may not reap rewards for Santa Fe County. These and many others issues must be addressed. There needs to be a comprehensive, collaborative approach among the governmental agencies and the citizens to discern the compatibility and viability of oil and gas drilling in the Galisteo Basin.
Jim Janis	I am responding to the Governor's request for recommendations on items that should be included in State's regulations regarding oil and gas drilling in the Galisteo Basin. I live in the Galisteo Basin, in Cerrillos, NM, on Vista del Oro, just off County Road 55, Goldmine Road. I am the President of The Janis Group, Inc., an environmental consulting firm in Cerrillos. I am an environmental engineer. I have a Bachelor's degree in Chemical and Petroleum Engineering and a Master's in Environmental Engineering. I am a former staff member of both the US Environmental Protection Agency and the US Department of Energy. I have been practicing for 35 years, and my practice has focused almost exclusively on the contamination of groundwater by hazardous materials. My 35 years of experience has taught me that there are no foolproof methods of drilling and high pressure fracturing for oil and gas recovery. To continue repeating over and over that there cannot possibly be any groundwater contamination associated with the proposed drilling is simply not true. The potential for contamination of groundwater from oil and gas drilling is real, it is happening here in New Mexico right now, and it will very likely happen here in Santa Fe County if the proposed drilling goes forward. I want to be clear: groundwater and surface water are not two separate systems. They are connected hydrogeologically - what gets into the groundwater gets

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into the surface waters nearby. Therefore, it is not only those of us who live near the proposed wells whose groundwater is threatened. This oil and gas drilling threatens all of us who depend on the groundwater in the Galisteo Basin, and ultimately the Rio Grande. The water table near the Galisteo Creek is only about 15 feet deep. Any surface spill or well leakage of the hazardous chemicals used in the drilling and recovery process would almost immediately contaminate the groundwater, and soon thereafter the Galisteo Creek, and soon thereafter the Rio Grande. One of the Tecton Energy proposed test wells is only about 600 feet from a perennial stretch of Galisteo Creek, and the well bore is about 420 feet from a domestic water well currently used by County residents. You also need to understand that the land along County 42 and County 55 is the heart of the Galisteo watershed. Anything that happens to the surface or groundwater there will affect groundwater and surface water along the Galisteo Creek. The proposed wells along County Road 55 (Goldmine Road) will be drilled into the recharge zone for the whole Galisteo Basin. Contaminating the groundwater in the recharge zone along Goldmine Road would affect a significant fraction of the County's precious and highly limited groundwater resource. Recommendation I recommend that you extend the complete moratorium on the granting of any permits for oil drilling in Santa Fe County, effective immediately, until you have promulgated regulations that control the serious environmental impact and indiscriminate water usage that even one new test well will bring. My detailed technical reasons for this request are included below and in the attached sustainability analysis of oil and gas drilling in Santa Fe County. Business Analysis: Effects of Oil and Gas Drilling on Businesses in the Galisteo Basin Before reviewing the technical reasons, I first want to outline the business reasons why the proposed drilling would be an economic disaster for the County. My wife and I manage The Janis Group, Inc., a small business, from our home office in Cerrillos, Santa Fe County. As environmental specialists and engineers, we work with environmental companies in the United States and Great Britain, helping them develop new business and find new executives. In the past eight years since we moved to Cerrillos from Alexandria, Virginia, our company has contributed about \$155,000 in NM Gross Receipts Taxes (NMGR) to the County. Our employees have contributed approximately \$2.5 million in salary and benefits to Santa Fe County's tax and employment base. Assuming a multiplier of 2.5, that represents about \$6.25 million in positive economic impact to Santa Fe County just from our business. We are a sustainable business – no air or water pollution, noise, or blight on the landscape – exactly the kind of company that you want to attract to Santa Fe County. In fact, our one-mile street in Cerrillos, Vista del Oro (and its extension to Wagon Wheel Road), contains at least five new small businesses that have started or moved here in the past ten years: a high-tech computer programming company, a real estate business, a training consulting firm, and a B&B that is one of Santa Fe County's favorite wedding venues. All of us, and especially the B&B's weddings, provide substantial employment to Santa Fe County residents, and pay a huge amount of property, lodging, and NMGR taxes. The immediate area beyond our street contains more B&B's and many other small businesses that have started in the past ten years. Many of our local business and home owners have invested in off-grid generating capacity and other sustainable technologies to reduce our carbon emissions. At our home office, for example, we collect and store 20,000 gallons of rainwater and heat with solar-powered hot water. Why have these businesses moved to Santa Fe County in the past ten years? We could live anywhere that we choose. But we moved here to enjoy the pristine environment, clean air, uncluttered views, history, and special place that is the Galisteo Basin. From our office windows we can see Mt. Antonio on the Colorado border. We are	

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inspired by that view every day. We do not want to see this beautiful landscape destroyed by unfettered wild cat oil drilling that will surely damage not only our view but the very groundwater and air that we depend upon to live. Our businesses, especially the real estate and B&B services, depend on this neighborhood to remain one of the most beautiful and inspiring places in New Mexico. While we cannot speak for our neighbors, we would move our business elsewhere if the oil drilling permits you granted resulted in any adverse environmental impact. Therefore, we ask you to stand up to the lobbyists, PR firms, lawyers, and oil companies, and tell them that you want our County and State to grow by attracting companies like The Janis Group – not Texas wildcaters. We do not need more pollution in Santa Fe County in order to prosper. We need more sustainable businesses that will protect our environment, and leave it in the same condition that we found it. Technical Analysis: Requirements for Permitting Oil and Gas Wells in the Galisteo Basin In my view, the permitting process that you should consider for oil and gas well exploration in the Galisteo Basin must require the most stringent protection of groundwater that is possible. I recommend that you require: • Setback. At least a 5-mile setback from any dwelling or permitted drinking water well. • Assessment of potential groundwater contamination. A complete groundwater contamination assessment for each proposed well (test wells and re-opened wells included), that maps all groundwater resources in the area of the proposed well, along with hydrogeological modeling that would model and map any potential contamination from each proposed well. • Health and environmental effects of chemicals used in drilling. An analysis of the human health and environmental hazards associated with all chemicals used in the drilling and fracturing process, along with a complete analysis of the potential harmful effects of those chemicals on humans, plants and wildlife. The permit would be based on the proposed use of only those chemicals listed in the application that have been analyzed as described here. • Alternative extraction techniques. An analysis of the alternative methods that could be used for recovery of the oil and gas resource from the wells, the costs and benefits of each, and the comparative potential for groundwater contamination of each alternative. • Analysis of contaminated groundwater cleanup methods. A complete analysis of the methods, benefits, and costs of available processes (if any) for cleaning up the groundwater contaminated by the well for each chemical that is proposed to be used at each well. • Financial assurance. An absolute commitment, backed up with bonds and parent guarantees, that the permittee will restore any contaminated ground or surface waters to US EPA drinking water standards if his activities result in any contamination from drilling or operating each well, or from closure and capping of the well for the next 50 years. The parents, officers, and major investors of any permittee would be required to sign a performance guarantee ensuring their financial and personal responsibility for all activities of the permittee for the next 50 years (see more recommendations on financial responsibility below). • Cost benefit analysis. A complete cost-benefit analysis of the proposed drilling that compares the revenues that the County could obtain from taxes on each well to the potential loss of tax revenues and property values in a 50 mile radius of each proposed well, as well as the costs of restoring the environment and groundwater associated with any potential contamination associated with the drilling of each well. • Carbon neutrality. An analysis of the carbon offsets that would be required for each barrel of crude oil or cubic meter of natural gas that is obtained from each well in order for each well to remain carbon neutral. Permits would be granted only if sufficient carbon offsets were obtained for every pound of carbon extracted from each well as natural gas or oil, and for all activities associated with drilling and operating each well. • Criminal liability. The	

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officers, employees, consultants and other persons responsible for the permit should be subject to criminal liability for any violation of the permit's terms and conditions that result in contamination of the environment or groundwater at any time during the construction or operation of the well. I also want to suggest two other recommendations based on my years of experience with the Environmental Protection Agency and the Department of Energy. The two financial assurance concepts that you can borrow from EPA and DOE are: (1) independent verification of the environmental permitting and enforcement process, and (2) indemnification by the parents of a corporate entity like an LLC that could potentially contaminate the groundwater. Independent Verification of Data and Enforcement First, I suggest that you borrow from EPA the idea of independent verification and enforcement of the permitting process and monitoring of permit compliance. EPA uses this idea because it -- like the State of New Mexico -- does not have enough staff or money to monitor and enforce its own regulations. EPA requires permittees to pay the full costs of hiring independent geologists and engineers to evaluate hazardous waste disposal permit applications, to monitor the permitting process, and to monitor the effects of the permit after it is granted. The funds for these contractors are collected by EPA from the permittees and the contractors report only to EPA, not to the permittee. EPA also requires its permittees to establish a fund before permits are granted that will provide enough money to close the facility being permitted and clean up any contamination that may result from the operation. These funds are deposited with the Government before the permit is granted, and can amount to millions of dollars. I strongly suggest that you adopt this provision in your permitting process for oil and gas drilling permits in New Mexico. Financial Assurance of Applicants The second idea comes from DOE. It may surprise you that Government employees do not manage DOE sites like Los Alamos. They are managed by contractors. Los Alamos, for example, is managed by a company called "Los Alamos National Security LLC," a limited liability corporation created by Bechtel and the University of California to manage the site. Notice that LANS is an LLC. So is Tecton Energy, and it is likely that most of the companies that apply for drilling permits in the Galisteo Basin will also be LLC's. The purpose of setting up an organization as a Limited Liability Corporation is exactly that: to limit its liability to the assets of the actual company that, in the case of Tecton Energy, is applying for the permit and operating the wells. LLC's are designed to protect the assets of the corporate parents and investors in Tecton Energy (and there are many of them) from any liability whatsoever. If Tecton Energy does anything wrong -- like contaminating our groundwater -- then the parents of Tecton Energy are not liable, and Tecton Energy will quickly disappear into bankruptcy or sell itself to another company that has not signed the permit application and will claim no liability for any damages or cleanup required. A recent story in the Santa Fe Reporter suggested that Tecton Energy's founders have already done this at least once before. DOE protects itself (and the US taxpayer) from this kind of corporate slight-of-hand by requiring the parents, shareholders, officers and investors in LLC's to completely indemnify DOE for anything wrong that its contractors do at its sites. Attached is a copy of the language for your use. I strongly suggest that you include indemnification language similar to this in the New Mexico permitting application process. I do believe that Tecton Energy will be liable to pay compensation to surface owners of lands for the lost market value of their homes under either the Surface Owner's Protection Act (in the case of private minerals) or under the state statutory oil and gas lease (in the case of state minerals). The liability for these damages -- which will almost surely run into the millions of dollars -- is not contingent on Tecton's negligence or unreasonableness of use. It is a strict	

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liability that Tecton will have to bear even if it drills carefully and without incident. Accordingly, the \$20,000 blanket bond required by the State is absurdly low -- it bears no rational relationship to the amount of damages that Tecton will have to pay. Again, negligence is NOT an issue under NM law at this time. Thank you all for asking for these comments. I am available to discuss them with you by phone or in person at any time. You can reach me at JimmyJ96@aol.com. My family and I take the proposed drilling very seriously, as you can see, because our property values, our groundwater, and the quality of our lives depend on it. We are counting on you to protect us, and we know that you will. Thanks very much. Performance Guarantee Agreement For value received, and in consideration of, and to induce the United States (the Government) to enter into Contract _____ for the _____ (Contract) dated _____, by and between the Government and _____ (Contractor), the undersigned, _____ (Guarantor), a corporation incorporated in the State of _____ with its principal place of business at _____ hereby unconditionally guarantees to the Government: the full and prompt payment and performance of all obligations, accrued and executory, which Contractor presently or hereafter may have to the Government under the Contract; and the full and prompt payment and performance by Contractor of all obligations and liabilities of Contractor to the Government, fixed or contingent, due or to become due, direct or indirect, now existing or hereafter and howsoever arising or incurred under the Contract. Guarantor further agrees to indemnify the Government against any losses the Government may sustain and expenses it may incur as a result of the enforcement or attempted enforcement by the Government of any of its rights and remedies under the Contract, in the event of a default by Contractor hereunder, and/or as a result of the enforcement or attempted enforcement by the Government of any of its rights against Guarantor hereunder. Guarantor has read and consents to the signing of the Contract. Guarantor further agrees that Contractor shall have the full right, without any notice to or consent from Guarantor, to make any and all modifications or amendments to the Contract without affecting, impairing, or discharging, in whole or in part, the liability of Guarantor hereunder. Guarantor hereby expressly waives all defenses which might constitute a legal or equitable discharge of a surety or guarantor, and agrees that this Performance Guarantee Agreement shall be valid and unconditionally binding upon Guarantor regardless of: (i) the reorganization, merger, or consolidation of Contractor into or with another entity, corporate or otherwise, or the liquidation or dissolution of Contractor, or the sale or other disposition of all or substantially all of the capital stock, business or assets of Contractor to any other person or party; or (ii) the institution of any bankruptcy, reorganization, insolvency, debt agreement, or receivership proceedings by or against Contractor, or adjudication of Contractor as a bankrupt; or (iii) the assertion by the Government against the Contractor of any of the Government's rights and remedies provided for under the Contract, including any modifications or amendments thereto, or under any other document(s) or instrument(s) executed by Contractor, or existing in the Government's favor in law, equity, or bankruptcy. Guarantor further agrees that its liability under this Performance Guarantee Agreement shall be continuing, absolute, primary, and direct, and that the Government shall not be required to pursue any right or remedy it may have against Contractor or other Guarantors under the Contract, or any modifications or amendments thereto, or any other document(s) or instrument(s) executed by Contractor, or otherwise. Guarantor affirms that the Government shall not be required to first commence any action or obtain any judgment against Contractor before enforcing this Performance Guarantee Agreement against Guarantor, and that Guarantor	

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will, upon demand, pay the Government any amount, the payment of which is guaranteed hereunder and the payment of which by Contractor is in default under the Contractor or under any other document(s) or instrument(s) executed by Contractor as aforesaid, and that Guarantor will, upon demand, perform all other obligations of Contractor, the performance of which by Contractor is guaranteed hereunder. Guarantor agrees to ensure that it shall cause this Performance Guarantee Agreement to be unconditionally binding upon any successor(s) to its interests regardless of: (i) the reorganization, merger, or consolidation of Guarantor into or with another entity, corporate or otherwise, or the liquidation or dissolution of Guarantor, or the sale or other disposition of all or substantially all of the capital stock, business, or assets of Guarantor to any other person or party; or (ii) the institution of any bankruptcy, reorganization, insolvency, debt agreement, or receivership proceedings by or against Guarantor, or adjudication of Guarantor as a bankrupt. Guarantor further warrants and represents to the Government that the execution and delivery of this Performance Guarantee Agreement is not in contravention of Guarantor's Articles of Organization, Charter, bylaws, and applicable law; that the execution and delivery of this Performance Guarantee Agreement, and the performance thereof, has been duly authorized by the Guarantor's Board of Directors, Trustees, or any other management board which is required to participate in such decisions; and that the execution, delivery, and performance of this Performance Guarantee Agreement will not result in a breach of, or constitute a default under, any loan agreement, indenture, or contract to which Guarantor is a party or by or under which it is bound. No express or implied provision, warranty, representation or term of this Performance Guarantee Agreement is intended, or is to be construed, to confer upon any third person(s) any rights or remedies whatsoever, except as expressly provided in this Performance Guarantee Agreement. In witness thereof, Guarantor has caused this Performance Guarantee Agreement to be executed by its duly authorized officer, and its corporate seal to be affixed hereto on. Date _____ Name of Corporation _____	
Agreement on Behalf of Guarantor _____ Name and Position of Official Executing Performance Guarantee _____ an Official of Guarantor Authorized to Affix Corporate Seal _____ Attestation Including Application of Seal by _____ Drilling Operations in Galisteo Basin 1. Water Usage. Additional oil well drilling operations would potentially use millions of gallons of water from Santa Fe City and Santa Fe County (or somewhere nearby) – water that New Mexico doesn't have to spare. • The one exploratory test well in operation has already used 78,000 gallons of water purchased from Santa Fe County at \$0.02 per gallon. • This usage represents almost one-quarter acre foot of water, and is equal to the average Santa Fe County homeowner's annual allocation from the aquifer, assuming a 40 acre lot. • Allowing more exploratory test wells and operating permits would add substantially to the usage, and greatly increase the stress on our aquifer that has been caused by the multi-year drought. A newly bored well uses far more water than one that has already been drilled and is re-entered. • Allowing more test wells would use water that both Santa Fe City and County are currently rationing. Water saved by homeowners and businesses would be used to drill oil wells and recover small quantities of oil. 2. Groundwater Degradation. Test wells are planned in the most sensitive recharge zones of the aquifer that serves all of the Galisteo Basin and most of Santa Fe County. • It is nearly impossible to drill for oil in these areas without serious damage to the groundwater. Accidents happen no matter what the plan. • The County may require	

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	oil well drillers to submit only a \$20,000 bond, which would not begin to restore or replace the groundwater damage that could result from test wells and expanded drilling. • The toxic chemicals used in the drilling and fracturing process could poison the groundwater in the Galisteo Basin for generations, and make it essentially unusable; this is a serious environmental and public health concern. 3. Environmental Degradation. Test and operating oil wells can create large amounts of hazardous and toxic waste that is often disposed of onsite. Air and noise pollution from oil wells are largely unregulated. • There are no County regulations that require toxic and hazardous waste from oil well drilling operations to be removed from the drilling site and disposed of properly away from the site – although the new State regulations may apply to wells drilled in Santa Fe County at this time. • These wastes can destroy the vegetation and contaminate the land, air, and groundwater; they are a serious public health concern to the local population, cattle, horses, and wildlife. • Oil wells often have visible flares to burn off methane and other gases removed with the oil. These flares add substantially to air pollution, increase visual pollution, and contribute to global warming. 4. Property Values. The potential effect on property values of significant oil drilling in Santa Fe County is staggering, and is already being felt. • A landowner adjacent to the first test oil well in the Galisteo Basin recently tried to list his property with a prominent Santa Fe realtor. He wanted to sell the land and recoup his substantial investment. The real estate broker told the landowner that it was useless to try to sell the land now – no one would buy it because of the test well next door. The owner's investment in 40 acres of land has already depreciated because of only one test well! Real estate appraisers will not perform appraisals for sellers on the Cash Ranch for the same reasons. • As this example shows, the effect of additional oil drilling on property taxes could deplete the County's tax base substantially, and the effect would be immediate – not long term, but today. 5. Transportation and Infrastructure. Test wells and oil drilling operations would add substantial heavy truck traffic to newly-paved and scenic highways in Santa Fe County. • NM State and SF County have spent more than \$500,000 in the last three years paving SFC 55 (Goldmine Road), where many of the proposed test wells are located. Most of this road is covered with "chipseal," which works fine for residential traffic, but would degrade rapidly if subjected to heavy truck traffic from oil hauling trucks and equipment. • The State has invested several million dollars in the past two years to repave and improve NM 14, a National Scenic Byway. This road would also degrade rapidly if subjected to the substantial additional truck traffic that would result from the proposed test wells and oil drilling operations. The traffic would add substantially to congestion between Santa Fe and Madrid on NM 14. • The NM Department of Transportation has also invested several million dollars in the past two years rebuilding the bridge on NM 14 near the ruins of the San Marco Pueblo, an historic site. The heavy truck traffic from the proposed drilling would have a substantial effect on this new bridge. • The adverse visual effect of oil rigs, increased heavy truck traffic, and associated air and visual pollution along NM 14 would mean that its designation as a "National Scenic Byway" would become at best a bad joke. 6. Archaeological and Historic Sites. Test wells and oil drilling operations could seriously affect, and potentially destroy, important archaeological and historic sites in the Galisteo Basin. • The Galisteo Basin is one of the most archaeologically rich locations in the United States. There are many pueblo ruins, hunting blinds, Native American burial grounds, Franciscan monastery sites, historic towns, petroglyphs, and many other important sites – some of which have not yet been mapped and explored. • All of these sites could be adversely affected by test well and oil drilling operations. Current

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State and County regulations are inadequate to protect these sites that are important to New Mexico's Native American, Hispanic, and Anglo residents. 7. Santa Fe County Parks and Conservation Land. Newly established SF County Parks and Conservation land would be threatened by test well and oil drilling operations. • SF County has recently invested more than \$5 million to create the Cerrillos Hills Historic Park, which includes hiking and riding trails in the Cerrillos Hills, within view of the proposed oil drilling operation. • SF County has also recently taken ownership of the Ortiz Mountain Preserve, 1000 acres of conservation land in the Ortiz Mountains, which is one of the most biodiverse high alpine ecosystems in the United States. • Both of these recent SF County acquisitions are directly threatened by the air, groundwater, noise, visual, and toxic waste pollution that would inevitably result from the proposed drilling. • The County's investment of tax revenues in these important new natural landmarks would be substantially depressed by expanded testing and oil drilling in the Basin. Summary We believe that a full review of all of these and other potential impacts must be conducted by an impartial third party, and regulations promulgated to mitigate these effects, before the State considers issuing any additional oil test well or other drilling permits that would allow oil drilling to take place in the County. April 15, 2008 Dear Mr. Fesmire: Please accept the following comments on behalf of Drilling Santa Fe ("DSF") in response to proposed oil and gas development in the Galisteo Basin and Governor Richardson's Executive Order 2008-004. As a general matter, DSF has grave concerns about the appropriateness of oil and gas development in the Galisteo Basin. The oil and gas industry has a demonstrated inability and unwillingness to conduct its industrial operations in a manner that is protective of public health and the environment. The Oil Conservation Division ("Division") itself has significant documentation of the environmental damage that the oil and gas industry has caused in New Mexico. See, http://www.emnrd.state.nm.us/OCDD/documents/rptGeneralizedGWImpact_000.pdf (last visited April 14, 2008). Further, there are a few studies, and even more anecdotal evidence, demonstrating the adverse human and non-human health effects caused by oil and gas development. See, generally, Mall, Amy, et. al., Drilling Down: Protecting Western Communities from the Health and Environmental Effects of Oil and Gas Production (Oct. 2007). DSF urges the Division to proceed cautiously in evaluating all proposed oil and gas operation in the Galisteo Basin. Moreover, DSF recommends that the Division conduct each review of proposed oil and gas operations in the Galisteo Basin in a manner that maximizes public participation. Specifically, DSF recommends the following: 1. DSF applauds the Division's recent efforts to consider more fully public health and environmental issues in the course of regulating the oil and gas industry. However, while the Division's regulations allow the Division to consider environmental effects in the course of regulating oil and gas operations, it is unclear a) how far this authority extends; b) whether the Division has the authority to consider public health effects when exercising its permitting and enforcement authority; and c) whether the Division has the resources necessary to adequately address public health and environmental issues that arise during the course of regulating oil and gas operations. DSF urges the Division to clarify its understanding of its authority to take into account the public health and environmental aspects of oil and gas operations and whether or not the Division has the resources to adequately address these concerns in the course of exercising its authority. 2. The New Mexico Oil and Gas Act (the "Act") and its implementing regulations clearly give the Division primary regulatory authority over oil and gas operations	Eric Jantz

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in New Mexico 1978, NMSA § 70-2-6. However, the Act's primary mandate is waste prevention and protection of correlative rights. Id. at §§ 70-2-11, 70-2-12. If the Division, in the course of clarifying its authority under the Act and implementing regulations, finds that regulatory or statutory gaps need to be filled, DSF urges the Division to take the necessary steps, either on a statutory or regulatory level, that will insure that public health and environmental concerns are given at least the same consideration as waste prevention and correlative rights in the Division decision making process. 3. If the Division determines that it needs additional resources to adequately regulate the environmental and public health aspects of oil and gas operations in the Galisteo Basin, DSF urges the Division to take the necessary steps to insure that adequate resources are brought to bear in regulating the public health and environmental aspects of oil and gas development, including hiring additional staff or entering into memoranda of understanding with other state regulatory agencies, such as the Department of Health or the New Mexico Environment Department which would outline a process of "co-regulation" of oil and gas operations, understanding that to a certain extent such agreements already exist. See, e.g., http://www.emnrd.state.nm.us/OCDD/Tab2Att2_001.htm (last visited April 14, 2008). However, any efforts to enter into memoranda of understanding or to delegate or be delegated authority with other state regulatory agency should be subject to substantial and meaningful public participation. Thank you for your consideration of the foregoing comments and please do not hesitate to contact me if you have any questions or need additional information. Sincerely, As a licensed NM Realtor for nearly 30 years, I have serious concerns about the lack of information available to property owners regarding who owns the rights to minerals beneath their homes, and how the surface owners' rights may be adversely affected. With the push by Tecton to acquire mineral rights in the Galisteo Basin, it is now clear to many that there is no tracking system a homeowner may rely on to have accurate information as to who owns the subsurface rights under his feet. There is no notification when subsurface rights are being transferred and there is little if any record of such transfers. I earnestly believe that to retain property values and security for homeowners throughout New Mexico, the State must change the way in which subsurface rights are recorded and transferred. Surface owners should be notified when property beneath them is being transferred and should have the opportunity to purchase those subsurface rights ahead of corporations, in order to preserve the security of their homes, families and chosen lifestyles. It is apparent to those of us in the real estate industry that sales of property in and near the Galisteo Basin screeched to a halt the moment news of Oil and Gas Drilling in the region hit the news. There is no doubt that drilling near homes, in an area that lies close to two major cities, will have severe economic repercussions on individuals as well as businesses throughout the region. If one is tempted to allow drilling on property where the surface owners have willingly ceded their subsurface rights that temptation abates the moment one thinks of the repercussions of fracking on a fragile, tenuous underground system of aquifers. As a Realtor, I have seen For Sale signs on myriad properties around the Galisteo Basin during the height of the recent drought. Water is scarce in any case. Shatter the earth, trample the scarce springs and wetlands, and there won't be life for any person or species out there. Finally, the proposed State Park in the Galisteo Basin, to preserve ancient sites and to educate the public about the unequalled wealth of archeological history in the area, will also be negatively impacted by the arrival of oil and gas rigs. We could have a clean, attractive industry that will bring in environmentally conscious, education-based tourism, rather than a damaging, short-lived, invasion of machinery that will benefit already rich corporations more than	Pamela Christie

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anyone else. I understand that we need oil, but the amount of oil (unknown) that might be available in the Galisteo Basin does not warrant the negative impact to everyone in and near the proposed mining area. Thank you very much. We are COUNTING on you to highly limit oil & gas drilling permits, with the proper studies, in Galisteo Basin (GB) & Santa Fe county for these TOP 10 REASONS: 1. We MUST protect our ground water ABOVE ALL: Oil and gas drilling depletes surface & formation water. We have a state recognized endangered aquifer in the Galisteo Basin. In the desert, water is more important than oil. Estimates of 70,000 to 300,000 gallons of water (per fracturing interval) are required to drill each wild cat well. Given the extreme Low porosity/permeability reservoir in the GB, many zones will need fracturing per well. This is demonstrated by the 44 exploration wells already drilled in the GB in the 1970, 80's. In addition, the wells may be re-fractured multiple times after producing. Our state cannot afford this water burden or the chance that our precious ground water could be contaminated under any circumstances. There are documented studies from Colorado, with a very similar kind of reservoir to ours, where oil/gas companies have polluted the ground water through failed fracturing techniques. Tecton's Exploration wells are located in "sweet spots" in GB with high natural fracture densities using seismic & geophysical technologies. Expert hydrologist confirmed (12-19-07 report) that all 8 Tecton exploration wells located along significant surface faults. Principal recharge areas are major arroyos, basinward mnt. slopes, and major fault zones. "Such development severely alters recharge environment, causes shifts in surface runoff directions, or in amount of water available for recharge." Wildcat locations are on same "sweet spot" fault/fracture zones drilled by surface owners for groundwater. The hydrologist states "such locations should be considered unsuitable." Unwanted water production can be a huge problem in producing tight reservoirs. Anadarko drilled a 2,300 foot lateral section (Rockies), the well produced at times over 1,000 barrels per day. Key nearby unconventional plays in CO, WY are known to produce water. These problems deplete our ground water resources, and put our shallow & deep aquifers at risk for future water supply. 2. Surface Owners Protection Act (SOPA): We see this act as only a beginning. We all know that this is NOT enough protection for landowners. We understand that Tecton must post a \$10,000 bond to protect the leased property (including polluting or destroying a well). A new water well is now running between \$25-30K in the area. This does not include other damage that will occur to the land from Tecton. It would be UNJUST for officials to grant new permits until SOPA is supplemented with appropriate liability limits. 3. NO permits due to extensive environmental, economic impact, hydrogeological & archaeological studies & expertise required: Critical studies must be completed and protective restrictions enforced before one new permit is granted. One new permit only opens the floodgates for more, because it has passed the county's system. This is a serious new industry — one which the county has very little, if any experience with. We applaud the county for hiring an independent group of experts to study this issue and to take the time needed—even beyond 12 months, to 18 months if necessary to do the in-depth studies necessary. 4. NO existing county code written on prudently governing oil/gas drilling: It's been 30 years since there was any exploration drilling in our county. The county code is primarily based on hard-rock mining code. The county needs to write extensive new code. This is due to all of the new and changing oil and gas technology. Some of it is very new and untested for long-term consequences on the environment (especially horizontal drilling and new fracturing techniques that Tecton will use). For ex., fracturing techniques are so extreme to have caused minor earthquakes in Colorado whereby operators had to change their fracturing	Betsy Siwula-Brandt

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	protocol so that any earthquakes caused by fracturing could no longer be detectable by humans on the ground. There are 133 references of induced earthquake activity due to injection fracturing techniques by the Seismological Society of America http://www.nyx.net/~dcypser/induceq/iis.html. We live in a rift basin with late active Tertiary faulting-- which has seismological consequences. "An earthquake with strong local effects occurred on May 18, 1918, in Santa Fe County. At Cerrillos, people were thrown off their feet, a break in the earth's surface was noted, and fallen plaster was reported (intensity VII - VIII). Similar effects were noted at Stanley." 5. Conservation area: The Galisteo Basin has been deemed a "conservation area". Development is restricted in much of the area (for instance strict covenants restrict splitting the land up in less than 40 acres because of severe water, plant and archeological concerns). It is also being conserved for new state PARKS. Many areas are VERY fragile due to expansive Anasazi ruins/relics... many of which have not even been discovered yet. There are multitudes of threatened archeological sites. Tecton has incorrectly called it "an existing mining area." There hasn't been any mining here in over 20 years, just required reclamation work to restore the area after severe mining damage in the past. 6. High risk wildcat program too risky for our state: The kind of reservoir, fractured hard rocks, Tecton is exploring for is BY FAR the riskiest in the business. This kind of reservoir is very unpredictable, usually with a chance of success of 2-5%. The chance for oil is even less than the chance for gas, as these are "tite rocks" that need BOTH native porosity and connected fractures for permeability. This is why the standard 40 acre spacing to develop the reservoirs in GB--does not work. Tecton has stated that 10 acre spacing would ultimately be needed to develop it at the Petroleum Club in Santa Fe; they do not hide this fact. However, Tecton has not publicly released the reservoir quality details or the low chance of success. They are only promising huge returns to the county, when in reality there is a 90%+ likelihood of failure. Where is the rest of the data that they are not supplying? The combined HIGH risk wildcat drilling AND HIGH risk surface access risk is too much for our state. The new SOPA will be used to delay Tecton's surface access in court because any drilling has impact on SURROUNDING areas too. It impacts our real estate values. There is a high chance of damaging our pristine high desert environment without the income return promised. 7. Real estate values, our tourist and art market will be damaged: These are the few economic pluses our county can count on. They are proven economic drivers. The risk of drilling consequences on these highly valued assets is too high for the state. When these risky wildcats don't pan out, the most likely case, the damage to our prestigious area is already done. Our area will be devalued without ANY monetary gain for the county. Our community group has documented economic impacts, in a study led by Mr. Craig Wingate with available county and expert data, and is available in PDF format upon request. 8. Double standards in Residential Zoning: These wells are in residential areas, with R1 ZONING, where commercial businesses are strictly forbidden. How can the heavy traffic, air and noise pollution, and visual impact be allowed for this kind of mega-drilling COMMERCIAL operation? There would be a double standard as to what residents are allowed to do versus an unregulated commercial industry. The amount of fracturing job equipment is extraordinary (Oil/Gas Investor): "In addition to vast network of pipe at the surface, there is a fleet of pumping trucks, truck-mounted blenders, sand containers and fracture-fluid tanks and other support vehicles. Massive amounts of fluid are pumped into the well to crack the rock and improve flow." 9. Turquoise Trail National Scenic Byway has no escape routes: The residential County Roads 55, 55A, and 42 (a well is located very close to our waste station) and the private roads affected --all have limited passing and turning

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Richard Buckley	health effects will just be beginning to demonstrate themselves, i.e. cancer, blood diseases, taratogenic disease, systemic problems, and costs that will go on for years to come and may even-effect future generations. Combine that with the real loss of revenue: real estate devalued, property tax decreased, tourism and the art market destroyed (state-wide as almost all tourism is focused first on Santa Fe), and you will have made one decision [allowing a few people to get rich at our (yours and mine) expense]. And again what for? The industry has already said this might be enough oil to last the US 2.4 to 4 days and will take 20 years to extract! I am writing this on behalf of my family: Barbara Harnack, Amrit Lancaster and myself - Michael Lancaster. No drilling here - please. If you have to allow it, then make this an example by creating the toughest regulations in the World. To Whom It May Concern; While I did not write the following points, I couldn't do it any better. Please consider: We are COUNTING on you to highly limit oil & gas drilling permits, with the proper studies, in Galisteo Basin (GB) & Santa Fe county for these TOP 10 REASONS: 1. We MUST protect our ground water ABOVE ALL: Oil and gas drilling depletes surface & formation water. We have a state recognized endangered aquifer in the Galisteo Basin. In the desert, water is more important than oil. Estimates of 70,000 to 300,000 gallons of water (per fracturing interval) are required to drill each wild cat well. Given the extreme Low porosity/permeability reservoir in the GB, many zones will need fracturing per well. This is demonstrated by the 44 exploration wells already drilled in the GB in the 1970, 80's. In addition, the wells may be re-fractured multiple times after producing. Our state cannot afford this water burden or the chance that our precious ground water could be contaminated under any circumstances. There are documented studies from Colorado, with a very similar kind of reservoir to ours, where oil/gas companies have polluted the ground water through failed fracturing techniques. Tecton's Exploration wells are located in "sweet spots" in GB with high natural fracture densities using seismic & geophysical technologies. Expert hydrologist confirmed (12-19-07 report) that all 8 Tecton exploration wells are located along significant surface faults. Principal recharge areas in the area are major arroyos, basinward mnt. slopes, and major fault zones. "Such development severely alters recharge environment, causes shifts in surface runoff directions, or in amount of water available for recharge." Wildcat locations are on same "sweet spot" fault/fracture zones drilled by surface owners for groundwater. The hydrologist states "such locations should be considered unsuitable." Unwanted water production can be a huge problem in producing tight reservoirs. Anadarko drilled a 2,300 foot lateral section (Rockies), the well produced at times over 1,000 barrels per day. Key nearby unconventional plays in CO, WY are known to produce water. These problems deplete our ground water resources, and put our shallow & deep aquifers at risk for future water supply. 2. Surface Owners Protection Act (SOPA): We see this act as only a beginning. We all know that this is NOT enough protection for landowners. We understand that Tecton must post a \$10,000 bond to protect the leased property (including polluting or destroying a well). A new water well is now running between \$25-30K in the area. This does not include other damage that will occur to the land from Tecton. It would be UNJUST for officials to grant new permits until SOPA is supplemented with appropriate liability limits. 3. NO permits due to extensive environmental, economic impact, hydrogeological & archaeological studies & expertise required: Critical studies must be completed and protective restrictions enforced before one new permit is granted. One new permit only opens the floodgates for more, because it has passed the county's system. This is a serious new industry — one which the county has very little, if any experience with.

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New Mexico Energy, Minerals and Natural Resources Department The State of New Mexico should be setting annual budgets on all its major resources including water, gas, oil, and minerals to ensure wise resource usage for at least the next 100 years. We need extra protection for areas that are heavily dependent on ground water. One such area is the Galisteo Basin that will not be supplied with any public water system according to the current version of the Santa Fe County Growth Management Plan. Please let me know: 1) What the New Mexico Energy, Minerals and Natural Resources Department can do to ensure that the groundwater in the Galisteo Basin remains potable for the next 100 years. 2) What types of monitoring and reporting should be required on a regular basis from those permitted to explore or drill for gas or oil in critical areas such as the Galisteo Basin. Thank you for your help.	Arthur Lynn
AS residents of Galisteo, we strongly oppose drilling in the Galisteo Basin!! The oil or gas obtained is not worth the damage it will do to the environment and the health hazards to the residents...Sincerely. Tecton and the other exploiters from Texas and elsewhere need to stay out of the Galisteo Basin! It's not like we benefit locally by having lower energy prices/costs---it probably goes to India and China. Plus, the supply, while it sounds like a lot, is good only for a day or a week or so of domestic oil/gas use. Why disrupt thousands of people, thousands of acres, the air, water, wildlife, noise level, tourism, real estate, archeological sites, and the quality of life, for ONE DAY of energy and for ONE REASON: The economic windfalls of these corporate executives ---based on antiquated, predatory mining laws? I live in Cerrillos. I have never done anything to Tecton but they threaten my air, water, property values (all my nest egg is in my home), quiet, way of life, and peace of mind. There are some areas that are fragile, unique, and unsuitable for	Jack Williams

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Fred & JJ Milder	oil/gas development. The Galisteo Basin is one of them. NO to destroying my neighborhood, property values, and most important, water. TO: NM Energy, Minerals and Natural Resources Department FR: Fred and JJ Milder, Galisteo, NM RE: Oil and Gas Development in Santa Fe County and the Galisteo Basin DATE: April 15, 2008 In the best interests of the public, for the continued growth and prosperity of New Mexico, the State needs to adopt a set of comprehensive plans, either by legislation, or by executive order, detailing a reasonable balance between various activities and land uses in the State. Perhaps nowhere in the State is this more true than in Santa Fe County and in the Galisteo Basin in particular. A plan for development and shared land use needs to be established in SF County and the Galisteo Basin because the County is: 1) the seat of the State government, 2) an area that is the generator of and dependent on tourism for its economy, 3) the second largest art market in the country, with the majority of artists living in the County, and the majority of the buyers from outside the State, 4) an area with high real estate values, bringing associated, valued economic activity and taxes to the State, 5) an area inclusive of a broad range of cultures and particularly, active Native American communities and ancient Native American dwelling places and archaeological treasures, 6) an area that the majority of the residents have chosen to live in because of its unique combination of cultures, sophistication, openness, urban and recreational activities, natural beauty, and healthy environment. In the Galisteo Basin, several of these components are heightened in importance. The Galisteo Basin is an extremely fragile and unique region of the State. Native Americans lived in Galisteo and the area abounds with documented and undocumented ruins and artifacts. Almost none of these are physically protected. The region is home to many native animal, bird and reptilian species, and is on the migratory path of numerous bird species. It is a region of expansive vistas, several natural parks, significant horse-keeping and riding activity and many local artists. The Basin contains significant undeveloped areas, but even these are well utilized for quiet and non-invasive activities by the locals, the neighboring communities' populations, and even our educational institutions because of their pristine quality. The Basin also contains several areas of higher density populations, and includes the planned communities comprising The Galisteo Basin Preserve, being developed by The Commonweal Conservancy, in conjunction with State and County planners. The Galisteo Basin Preserve communities run the gamut from village, to individual small acreage homes, to larger landholdings with single homes and conservation easements, to guaranteed never-to-be-developed open space. The Galisteo Basin Preserve epitomizes the shared-use, conservation-oriented, intelligent development that can occur and benefit the entire area when time, thought and effort go into a development plan. In the Galisteo Basin, one item of extreme importance to the health of the community and region, both literally and figuratively, is water. Availability of potable water is critical. There is no surface water available for use in the Basin. There is also no municipal water. All home owners, and indeed all business, live off of well water. The larger aquifer is broken into several smaller aquifers by rock formations and the geo-hydrology is complex. Any intrusion into an aquifer has the potential of destroying the potable water source for tens to over a thousand homes. And obviously, a contamination of one of these aquifers could take years to correct, even with an active response. Our family lives on the West Basin Preserve in Galisteo, which is the smallest community of Commonweal's Galisteo Basin Preserve. Our deed covenants and conservation easement include leaving our entire property undeveloped, with the exception of the region immediately surrounding our house. For one, this is to

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I am writing to inform you that I am strictly against oil drilling in the Galisteo Basin. I am a businesswoman in Madrid and live nearby off of the grid. The oil drilling that has been proposed has raised several concerns, one of the most important being the threat to ground water. No matter what the oil company claims, they cannot guarantee that the purity of the ground water can be unhindered in immediate future nor long-term. There are so many reasons that I object, and in no way do I support this endeavor. Please hear my objection and protect this habitat for beauty and wildlife alike. Sincerely, We are COUNTING on you to highly limit oil & gas drilling permits, with the proper studies, in Galisteo Basin (GB) & Santa Fe county for these TOP 10 REASONS: 1. We MUST protect our ground water ABOVE ALL: Oil and gas drilling depletes surface & formation water. We have a state recognized endangered aquifer in the Galisteo Basin. In the desert, water is more important than oil. Estimates of 70,000 to 300,000 gallons of water (per fracturing interval) are required to drill each wild cat well. Given the extreme Low porosity/permeability reservoir in the GB, many zones will need fracturing per well. This is demonstrated by the 44 exploration wells already drilled in the GB in the 1970, 80's. In addition, the wells may be re-fractured multiple times after producing. Our state cannot afford this water burden or the chance that our precious ground water could be contaminated under any circumstances. There are documented studies from Colorado, with a very similar kind of reservoir to ours, where oil/gas companies have polluted the ground water through failed fracturing techniques. Tecton's Exploration wells are located in "sweet spots" in GB with high natural fracture densities using	

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Richard Khanlian	PARKS. Many areas are VERY fragile due to expansive Anasazi ruins/relics... many of which have not even been discovered yet. There are multitudes of threatened archeological sites. Tecton has incorrectly called it "an existing mining area." There hasn't been any mining here in over 20 years, just required reclamation work to restore the area after severe mining damage in the past. 6. High risk wildcat program too risky for our state: The kind of reservoir, fractured hard rocks, Tecton is exploring for is BY FAR the riskiest in the business. This kind of reservoir is very unpredictable, usually with a chance of success of 2-5%. It is NOT like the San Juan Basin or Permian Basin higher quality reservoirs. The chance for oil is even less than the chance for gas, as these are "tite rocks" that need BOTH native porosity and connected fractures for permeability. This is why the standard 40 acre spacing to develop the reservoirs in GB—does not work. Tecton has stated that 10 acre spacing would ultimately be needed to develop it at the Petroleum Club in Santa Fe; they do not hide this fact. However, Tecton has not publicly released the reservoir quality details or the low chance of success. They are only promising huge returns to the county, when in reality there is a 90%+ likelihood of failure. Where is the rest of the data that they are not supplying? The combined HIGH risk wildcat drilling AND HIGH risk surface access risk is too much for our state. The new SOPA will be used to delay Tecton's surface access in court because any drilling has impact on SURROUNDING areas too. It impacts our real estate values. There is a high chance of damaging our pristine high desert environment without the income return promised. 7. Real estate values, our tourist and art market will be damaged: These are the few economic pluses our county can count on. They are proven economic drivers. The risk of drilling consequences on these highly valued assets is too high for the state. When these risky wildcats don't pan out, the most likely case, the damage to our prestigious area is already done. Our area will be devalued without ANY monetary gain for the county. Our community group has documented economic impacts, in a study led by Mr. Craig Wingate with available county and expert data, and is available in PDF format upon request. 8. Double standards in Residential Zoning: These wells are in residential areas, with R1 ZONING, where commercial businesses are strictly forbidden. How can the heavy traffic, air and noise pollution, and visual impact be allowed for this kind of mega-drilling COMMERCIAL operation? There would be a double standard as to what residents are allowed to do versus an unregulated commercial industry. The amount of fracturing job equipment is extraordinary (Oil/Gas Investor): "In addition to vast network of pipe at the surface, there is a fleet of pumping trucks, truck-mounted blenders, sand containers and fracture-fluid tanks and other support vehicles. Massive amounts of fluid are pumped into the well to crack the rock and improve flow." 9. Turquoise Trail National Scenic Byway has no escape routes: The residential County Roads 55, 55A, and 42 (a well is located very close to our waste station) and the private roads affected --all have limited passing and turning radius capability. The huge trucks and equipment necessary to carry out the exploration would not even be able to turn onto these roads without major reconstruction. There are no escape routes for any other emergency situation (a house is on fire?) to get around an oil spill or fatal accident. 10. Many people have their life savings tied up in their homes and land and could lose all their valuable investment appreciation over this. Just the scare of future oil and gas drilling has significantly impacted real estate sales in the area. With Property Sales values in Santa Fe already falling down 15 % this quarter (Board of Realtors) , versus last quarter-- any future drilling in the area would have even deeper impacts. We are COUNTING on you to highly limit oil & gas drilling permits, with the proper studies, in Galisteo Basin (GB) &

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Santa Fe county for these TOP 10 REASONS: 1. We MUST protect our ground water ABOVE ALL: Oil and gas drilling depletes surface & formation water. We have a state recognized endangered aquifer in the Galisteo Basin. In the desert, water is more important than oil. Estimates of 70,000 to 300,000 gallons of water (per fracturing interval) are required to drill each wild cat well. Given the extreme Low porosity/permeability reservoir in the GB, many zones will need fracturing per well. This is demonstrated by the 44 exploration wells already drilled in the GB in the 1970, 80's. In addition, the wells may be re-fractured multiple times after producing: Our state cannot afford this water burden or the chance that our precious ground water could be contaminated under any circumstances. There are documented studies from Colorado, with a very similar kind of reservoir to ours, where oil/gas companies have polluted the ground water through failed fracturing techniques. Tecton's Exploration wells are located in "sweet spots" in GB with high natural fracture densities using seismic & geophysical technologies. Expert hydrologist confirmed (12-19-07 report) that all 8 Tecton exploration wells are located along significant surface faults. Principal recharge areas in the area are major arroyos, basinward mnt. slopes, and major fault zones. "Such development severely alters recharge environment, causes shifts in surface runoff directions, or in amount of water available for recharge." Wildcat locations are on same "sweet spot" fault/fracture zones drilled by surface owners for groundwater. The hydrologist states "such locations should be considered unsuitable." Unwanted water production can be a huge problem in producing tight reservoirs. Anadarko drilled a 2,300 foot lateral section (Rockies), the well produced at times over 1,000 barrels per day. Key nearby unconventional plays in CO, WY are known to produce water. These problems deplete our ground water resources, and put our shallow & deep aquifers at risk for future water supply. 2. Surface Owners Protection Act (SOPA): We see this act as only a beginning. We all know that this is NOT enough protection for landowners. We understand that Tecton must post a \$10,000 bond to protect the leased property (including polluting or destroying a well). A new water well is now running between \$25-30K in the area. This does not include other damage that will occur to the land from Tecton. It would be UNJUST for officials to grant new permits until SOPA is supplemented with appropriate liability limits. 3. NO permits due to extensive environmental, economic impact, hydrogeological & archaeological studies & expertise required: Critical studies must be completed and protective restrictions enforced before one new permit is granted. One new permit only opens the floodgates for more, because it has passed the county's system. This is a serious new industry — one which the county has very little, if any experience with. We applaud the Governor and the county for hiring an independent group of experts to study this issue and to take the time needed—even beyond 12 months, to 18 months if necessary to do the in-depth studies necessary. 4. NO existing county code written on prudently governing oil/gas drilling: It's been 30 years since there was any exploration drilling in our county. The county code is primarily based on hard-rock mining code. The county needs to write extensive new code. This is due to all of the new and changing oil and gas technology. Some of it is very new and untested for long-term consequences on the environment (especially horizontal drilling and new fracturing techniques that Tecton will use). For ex., fracturing techniques are so extreme to have caused minor earthquakes in Colorado whereby operators had to change their fracturing protocol so that any earthquakes caused by fracturing could no longer be detectable by humans on the ground. There are 133 references of induced earthquake activity due to injection fracturing techniques by the Seismological Society of America http://www.nyx.net/~dcypser/induceeq/iis.html. We live in a rift basin with late active Tertiary faulting---	

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which has seismological consequences. " An earthquake with strong local effects occurred on May 18, 1918, in Santa Fe County. At Cerrillos, people were thrown off their feet, a break in the earth's surface was noted, and fallen plaster was reported (intensity VII - VIII). Similar effects were noted at Stanley." 5. Conservation area: The Galisteo Basin has been deemed a "conservation area". Development is restricted in much of the area (for instance strict covenants restrict splitting the land up in less than 40 acres because of severe water, plant and archeological concerns). It is also being conserved for new state PARKS. Many areas are VERY fragile due to expansive Anasazi ruins/relics... many of which have not even been discovered yet. There are multitudes of threatened archeological sites. Tecton has incorrectly called it "an existing mining area." There hasn't been any mining here in over 20 years, just required reclamation work to restore the area after severe mining damage in the past. 6. High risk wildcat program too risky for our state: The kind of reservoir, fractured hard rocks, Tecton is exploring for is BY FAR the riskiest in the business. This kind of reservoir is very unpredictable, usually with a chance of success of 2-5%. It is NOT like the San Juan Basin or Permian Basin higher quality reservoirs. The chance for oil is even less than the chance for gas, as these are "tite rocks" that need BOTH native porosity and connected fractures for permeability. This is why the standard 40 acre spacing to develop the reservoirs in GB—does not work. Tecton has stated that 10 acre spacing would ultimately be needed to develop it at the Petroleum Club in Santa Fe; they do not hide this fact. However, Tecton has not publicly released the reservoir quality details or the low chance of success. They are only promising huge returns to the county, when in reality there is a 90%+ likelihood of failure. Where is the rest of the data that they are not supplying? The combined HIGH risk wildcat drilling AND HIGH risk surface access risk is too much for our state. The new SOPA will be used to delay Tecton's surface access in court because any drilling has impact on SURROUNDING areas too. It impacts our real estate values. There is a high chance of damaging our pristine high desert environment without the income return promised. 7. Real estate values, our tourist and art market will be damaged: These are the few economic pluses our county can count on. They are proven economic drivers. The risk of drilling consequences on these highly valued assets is too high for the state. When these risky wildcats don't pan out, the most likely case, the damage to our prestigious area is already done. Our area will be devalued without ANY monetary gain for the county. Our community group has documented economic impacts, in a study led by Mr. Craig Wingate with available county and expert data, and is available in PDF format upon request. 8. Double standards in Residential Zoning: These wells are in residential areas, with R1 ZONING, where commercial businesses are strictly forbidden. How can the heavy traffic, air and noise pollution, and visual impact be allowed for this kind of mega-drilling COMMERCIAL operation? There would be a double standard as to what residents are allowed to do versus an unregulated commercial industry. The amount of fracturing job equipment is extraordinary (Oil/Gas Investor): "In addition to vast network of pipe at the surface, there is a fleet of pumping trucks, truck-mounted blenders, sand containers and fracture-fluid tanks and other support vehicles. Massive amounts of fluid are pumped into the well to crack the rock and improve flow." 9. Turquoise Trail National Scenic Byway has no escape routes: The residential County Roads 55, 55A, and 42 (a well is located very close to our waste station) and the private roads affected --all have limited passing and turning radius capability. The huge trucks and equipment necessary to carry out the exploration would not even be able to turn onto these roads without major reconstruction. There are no escape routes for any other emergency situation (a house is on fire?) to get around an oil spill or fatal accident. 10. Many	

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Ross Lockridge & Ann Murray	people have their life savings tied up in their homes and land and could lose all their valuable investment appreciation over this. Just the scare of future oil and gas drilling has significantly impacted real estate sales in the area. With Property Sales values in Santa Fe already falling down 15 % this quarter (Board of Realtors) , versus last quarter-- any future drilling in the area would have even deeper impacts. Dear New Mexico Energy, Minerals and Natural Resources Department, We attended the March 29th, 2008 input event at SFe Community College "concerning the issue of oil and gas development in Santa Fe County and the Galisteo Basin." We spoke at length with Glenn Von Gonten of OCD for which we wish to thank him for his time and his willingness to take notes of our concerns. In addition to his notes (that we wish to make sure are entered into the record) we wish to add or reiterate ours here. First, please embrace THE PRECAUTIONARY PRINCIPLE (Raffensperger, Montague, and others) that says, "When an activity raises threats of harm to human health or the environment, precautionary measures shall be taken, even if some cause-and-effect relationships are not fully established scientifically". "The precautionary principle always inquires about alternatives. Is there a less dangerous option?" "The precautionary principle advocates zero degradation of the environment because of the uncertainty of risk assessment. Why? The webs of ecological relationships are too complex for science totally to disentangle." We support: 1) Strong pit regulation (no pits) and mandatory, carefully designed, "closed loop" systems. 2) Funding for more enforcement officers to guarantee regulation of oil/gas wells. 3) Full funding for OCD attorneys and staff. 4) Full disclosure of all intended fracturing fluids and an out-right ban on any pollutants. 5) Prohibition of directional drilling near boundaries of protected areas. Unannounced monitoring should occur where directional drilling is allowed to guarantee they are kept within bounds. 6) Agency's ability to limit oil/gas wells to guarantee that subsidence will not occur. 7) Complete protection of the aquifers, and air and environmental factors via the use of the precautionary Principle. 8) Establishment of criteria for areas that are not appropriate for industrial oil and gas exploration and production, such as where populations are dependent on ground water, wildlife and parklands, or where there are fragile ecosystems or archeological sites. Thank you for the opportunity for input. To the New Mexico Energy, Minerals, and Natural Resources Department April 15, 2008 I am writing to express my gratitude to the Governor and those who advised him for having the vision to place a temporary moratorium on oil and gas drilling in Santa Fe County and the Galisteo Basin. This has provided essential time for citizens, county council members, and all of the New Mexico State agencies to get understand the grave risk to the water supply and to study the environmental impacts in other regions of the West impacted by oil and gas. Here are some aspects that I thank you, in advance, for considering as we move forward. 1. Protection of groundwater: Oil and gas drilling depletes surface & formation water. We have a state recognized endangered aquifer in the Galisteo Basin. In the desert, water is more important than oil. Estimates of 70,000 to 300,000 gallons of water (per fracturing interval) are required to drill each wild cat well. Tecton's Exploration wells are located in "sweet spots" in GB with high natural fracture densities using seismic & geophysical technologies. Expert hydrologist confirmed (12-19-07 report) that all 8 Tecton exploration wells are located along significant surface faults. Wildcat locations are on same "sweet spot" fault/fracture zones drilled by surface owners for groundwater. The hydrologist states "such locations should be considered unsuitable." Unwanted water
Kathe Andrews	

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Gail Buono	production can also be a huge problem in producing tight reservoirs. 2. Surface Owners Protection Act (SOPA): We see this act as only a beginning. We all know that this is NOT enough protection for landowners. We understand that Tecton must post a \$10,000 bond to protect the leased property (including polluting or destroying a well). A new water well is now running between \$25-30K in the area. This does not include other damage that will occur to the land from Tecton. It would be UNJUST for officials to grant new permits until SOPA is supplemented with appropriate liability limits. 3. Permitting: NO permits due to extensive environmental, economic impact, hydrogeological & archaeological studies & expertise required: Critical studies must be completed and protective restrictions enforced before one new permit is granted. One new permit only opens the floodgates for more, because it has passed the county's system. This is a serious new industry — one which the county has very little, if any experience with. We applaud the Governor and the county for hiring an independent group of experts to study this issue and to take the time needed—even beyond 12 months, to 18 months if necessary to do the in-depth studies necessary. 4. County Code: NO existing county code written on prudently governing oil/gas drilling: It's been 30 years since there was any exploration drilling in our county. The county code is primarily based on hard-rock mining code. The county needs to write extensive new code. This is due to all of the new and changing oil and gas technology. Some of it is very new and untested for long-term consequences on the environment (especially horizontal drilling and new fracturing techniques that Tecton will use). 5. Conservation area: The Galisteo Basin has been deemed a "conservation area". Development is restricted in much of the area (for instance strict covenants restrict splitting the land up in less than 40 acres because of severe water, plant and archeological concerns). It is also being conserved for new state PARKS. Many areas are VERY fragile due to expansive Anasazi ruins/relics... many of which have not even been discovered yet. Many sites are at risk. 6. High risk wildcat program too risky for our state: The kind of reservoir, fractured hard rocks, Tecton is exploring for is BY FAR the riskiest in the business. 7. Significant potential damage to tourist industries in Santa Fe county. 8. Double standards in Residential Zoning: These wells are in residential areas, with R1 ZONING, where commercial businesses are strictly forbidden. There must be code that guides use of heavy equipment, chemicals, and traffic impact. 9. Turquoise Trail National Scenic Byway has no escape routes: The residential County Roads 55, 55A, and 42 (a well is located very close to our waste station) and the private roads affected --all have limited passing and turning radius capability with no escape routes for any emergency situation (a house is on fire?) to get around an oil spill or fatal accident. 10. Property values, already sliding due to housing markets - can they afford another hit without significantly damaging the local economy? Finally, it is possible that New Mexico can provide vision and example for the rest of the United States in balancing the business interests of oil and gas companies with the water requirements of growing populations, in the face of antiquated mineral rights laws. Providing these companies with simplified avenues and incentives for alternative energy investments in New Mexico could be the answer to preserving limited water while enhancing our local economy, building a technically savvy workforce, and using natural resources in a profitable yet sustainable way. Respectfully yours. Dear NM Energy, Minerals & Natural Resources Dept.: I strenuously object to allowing anyone to drill in Santa Fe County, including the Galisteo Basin for the following reasons: 1. Threat to our ground water: As President Mikhail Gorbachev expressed last night at the Lencic: All of us on the planet have an inherent right to drinking water and this right

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Douglas Stewart	needs to be formally established through the United Nations. Oil and gas drilling endangers the aquifer. We need extensive hydrogeological studies from the NM government, NOT from industry sources to determine the mapping of existing aquifers in Santa Fe county and how drilling would impact our most cherished of resources. 2. Surface Owners Protection Act: This is not enough protection for land owners. After all, the landowners pay the property taxes NOT the drilling companies. Land owners should have the right to reject drilling on their land. 3. Real Estate Values, the Art Market, and Tourist Industry will be damaged by drilling and these are important sources of revenue for our area. Thank you. In Santa Fe County we of course live in a very windy (as I write this) area that is becoming increasingly dry; i.e., any stray spark can initiate a disastrous wind-driven brush fire. (Think Southern California.) Given this level of fire risk, what can or does your department do to protect those of us living in this area from the many potential fire-causing risks generated by a oil/gas operation – everything from a careless workman's discarded smoldering cigarette butt, to a spark from a welding torch, to a dry tumbleweed blown through flaring methane into tinder-dry brush. By the time a local volunteer fire department can get collected and respond, it would already be a disaster-in-the-making. Therefore, what actions can you – or are you – taking to ensure that this potential gas/oil operations-caused fire tragedy can or will not occur in Santa Fe County? One Los Alamos-type disaster is quite enough. Thank you for your attention to this potentially-threatening issue.
Donna M. Reynolds - Acting Director	Santa Fe Association of REALTORS® April 15, 2008 New Mexico Energy, Minerals and Natural Resources New Mexico State Engineer New Mexico Department of Game and Fish New Mexico Economic Development Department New Mexico Department of Transportation New Mexico Environment Department New Mexico Indian Affairs Department New Mexico Department of Cultural Affairs New Mexico Department of Health New Mexico Tourism Department New Mexico Department of Agriculture RE: Comments on Santa Fe County Oil and Natural Gas Drilling The Santa Fe Association of REALTORS® is the largest trade association in the community with over 1,100 members engaged in all aspects of residential and commercial real estate. The Santa Fe Association of REALTORS® has adopted Quality of Life Principles which help guide the organization on policy positions. These guiding principles were used in the review of a proposed County of Santa Fe ordinance and the development of comments; particularly, those related to private property rights, quality of life, and the protection of our air, water and land. REALTORS® believe that property rights are the fundamental tenant upon which our nation was founded and strongly support the right of each individual to own, use and transfer real property. The Association is very concerned with the impact on property values, land use and the region's real estate market with increased oil and natural gas exploration and drilling. In 2006, home construction and real estate activities provided the highest number of private sector employment gains in the County of Santa Fe. These industries have produced significant economic benefits to the county and any deleterious impacts on real estate from new or expanded oil and gas drilling should be fully addressed. A recent study found that on average property owners who sell their homes during the active drilling phase of gas exploration can expect to bear a 15 percent loss of value. The property value loss is caused by a combination of quality of life impacts resulting in less owner enjoyment of the property, lending institution uncertainty and buyer risk aversion. The study also revealed that the unpredictable nature of where and when new drilling activity would occur caused risk adverse buyers and lenders to be cautious about where they would conduct business. Thus,

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owners in close proximity to gas activity are completely unable to sell their homes or must sell them at significant losses. Another study found that selling a property with an active well can reduce the property value by 22%. Anecdotal reports from local Realtors can demonstrate that in certain cases value loss can be far more severe than the averages suggested in these studies. And yet neither of the studies took place in a community like Santa Fe known internationally for its unique housing, art, ambiance, pristine environment and culture. A Land Value Study could provide the analysis needed to document the economic impacts on property values and the real estate industry from the proposed drilling. These economic impacts need to be addressed before the county or the state of New Mexico permits the expansion of existing or new drilling sites. Such a study of land values, economic impacts, proposed solutions or mitigation strategies would: • develop a statistically valid model that documents and quantifies variations in Santa Fe County property values; • demonstrate how property characteristics, parcel location and other factors influence residential property values; • identify possible industrial land uses (oil and natural gas drilling) that hypothetically impact property values, test these hypotheses including best- and worse- case scenarios and quantify the impact of these used on residential property values; • expand the explanation of property value variations with non-statistical, anecdotal information; and • identify policy alternatives that could be employed to mitigate the impact of industrial activities on residential property values including the development of a compensation fund to provide relief to impacted property owners. It will be important for the state of New Mexico to evaluate the economic data under various best- and worse- case scenarios to ascertain the full range of economic impacts. For example, a scenario with minimum oil and gas drilling exploration but water contamination or other environmental degradation occurred during the drilling phase that will impact present and future property values. Or a scenario, where ample oil/gas resources are found and extracted with many drilling sites as well as gas pipelines established highly impacting quality of life issues such as pollution, noise, traffic and view-sheds. In researching property value impacts from oil and gas drilling, the Association found that new, productive oil and gas drilling can produce serious and complex housing issues. As a community attracts rapid growth from this industry expansion, it will need to provide affordable housing for oil and gas industry workers. Affordable housing is a major issue facing the Santa Fe community. In fact, the Association is in the process of establishing a "Housing Dialogue" in collaboration with the City and County of Santa Fe as well as other key stakeholders to address current housing needs. Rapid growth from oil and gas drilling will certainly exacerbate housing affordability in the area. To address these land value concerns, the Association urges the state of New Mexico to add the requirement of providing a thorough and comprehensive economic impact report, to include the above-suggested study elements, before permitting new oil and gas exploration or drilling in Santa Fe County. The Santa Fe Association of REALTORS® is vitally concerned with ensuring that our neighborhoods and communities offer a safe and healthy environment to preserve and enhance our quality of life. The Association believes it is imperative that the state of New Mexico provide strong, transparent measures to protect the health and safety of our residents from known and potential environmental hazards associated with oil and gas drilling. The most prudent method of protecting residents would be to prohibit the use of toxic or hazardous chemicals in the drilling and fracturing process. Not only should chemicals that have harmful effects on humans be prohibited but transparency should be provided through an independent analysis of any chemicals and methods used in the drilling process to determine harm. The Association urges the state of New Mexico to	

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	prohibit the use of toxic or hazardous chemicals in the drilling and fracturing process to protect the health and safety of its residents and seek an independent analysis of chemicals used to determine harmful effects on humans. The Santa Fe Association of REALTORS® recognizes the importance of water as one of the cornerstones of private property rights and supports the preservation of this fragile, natural resource to protect our existing and future housing stock. The Association is concerned with the proposed County of Santa Fe setback provisions that would permit drilling within 200 feet of water wells. This is a relaxation of their existing Mining Ordinance which requires a setback of 500 feet from any mining operation. The current ordinance also does not address alternative extraction techniques such as hydraulic fracturing that can impact groundwater. Additionally, the proposed local ordinance does not require the applicant to provide evidence that they have sufficient water rights, with proven water availability, to accommodate normal operations or emergency requirements. The protection of our groundwater and aquifers is vital to the long term economic health of our region. To fully protect our precious water resources, the Association urges the state of New Mexico to require a setback for water wells that will ensure that they are adequately protected from contamination, establish requirements for the use of alternative extraction techniques and provide evidence that the applicant possesses water rights sufficient to accommodate normal and emergency operations. The Santa Fe Association of REALTORS® recognizes the superb landscape and natural amenities in which New Mexicans are privileged to live and are firmly committed to protecting that quality of life. The Association is concerned with impacts on quality of life from oil and gas drilling including but not limited to site contamination, noise, traffic, dust and diminished view-sheds. These quality of life impacts must be fully mitigated. Noise can be produced from subsurface explosions, drilling operations, truck traffic, rig construction, pumps and product hauling. Regular and consistent truck traffic will generate significant dust and readily wear down existing roadways. Some of the private roads and driveways in the region are nearly impassable in wet and icy weather and will experience further degradation. The Association urges the state of New Mexico to require best management practices that include: setback requirements that mitigate for excessive noise and visual impacts; requiring crews to work only during certain hours; the provision of landscaping around well pads; use of pneumatic pumps that are quieter than conventional ones; housing compressors in structures to reduce noise; use of closed loop systems and extensive groundwater testing to prevent point source water pollution; and requiring the applicant to provide for the repair and maintenance of county roads, community roads and private driveways for regular and emergency access. Lastly, the Santa Fe Association of REALTORS® is concerned with locally proposed laws that provide for variances to the ordinance provisions and limitations on the public review process. The County of Santa Fe is no longer establishing a Mining Plans Review Board designed to bring a variety of technical expertise and public oversight to the application review process. These duties are now assigned to a single individual, Oil and Gas Inspector, who may only have a contractual relationship with the county. To strengthen the ordinance, the Association has urged the County of Santa Fe to clearly denote that all variance requests will be subject to public notice, comment and public hearing for each well application and to include the review, approval and oversight of multiple entities that include all relevant technical and professional fields as well as members of the public. On behalf of the Association, I respectfully urge your consideration of these comments. Sincerely yours. From: Wilson L. Good and Suzanne Fuqua The extraction of oil and gas from the earth is a process that cannot be done

Wilson L. Good

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without having many far-reaching and long-term effects on people and the environment. The extractive industries have always left a path of devastation and destruction wherever they have gone. The extent of the damage they leave behind depends on the degree of "reclamation" they are forced to perform. It is never 100%, or even close. The benefits to the industries are great. The benefits to the citizens who live in the mined and drilled areas are short-term and far outweighed by the long-term (essentially permanent) costs of environmental contamination and reduced quality of life. The ways in which oil/gas drilling would have negative effects in Santa Fe County are so numerous it makes one wonder how the county and the state can even seriously consider granting any permits to allow drilling. And these negative effects will occur even if Tecton comes up with little or nothing from its efforts. Let's look at some of the negative impacts and consider the costs in each of these areas against even the most optimistic potential benefits to the county and to the state. 1) We live less than two miles from the San Marcos Pueblo, an archeological site which has yet to be excavated. According to Tecton's map, this ancient pueblo lies within the area which they have targeted for drilling. There are other archeological sites within the Galisteo Basin, many no doubt still undiscovered. 2) We live in an area where the most residents get their water from a private well or a shared well. A few residents already have to haul their water in from a commercial source because water is not available where they live. Tecton has made it clear that it intends to use fracturing as the method by which to get to the oil and gas that may or may not lie under the surface. Based on the experience of many other communities in this state and throughout the country, the pollution of our aquifers is a near certainty. Whatever damage is caused to the aquifer will be compounded by this violent assault on the geological and hydrological formations. 3) We chose to live in Santa Fe County twenty years ago. One of the reasons we chose to live here was an economy based on clean, dependable economic foundations, state government, educational institutions, and tourism. We had recently left western Colorado, where the economic boom in oil shale exploration had suddenly turned to a bust. 4) Our real estate values are a reflection of the quality of life we enjoy. We have watched real estate prices in Santa Fe County rise over the past twenty years. If drilling is allowed to proceed in the Galisteo Basin, we will see real estate values plummet throughout the county. 5) We have come to appreciate the quality of life that is available in this fragile ecosystem, with its clean air, clean water, and quiet, wide open spaces not yet contaminated by human activities. "Noises", to the extent that we hear them, are mostly the sounds of nature -- birds, coyotes, wind, rain, and people living. Oil and gas drilling and extraction would forever change all of this. Instead, we would hear the constant sound of pumps, drilling rigs, construction equipment, and heavy truck traffic bumping up and down our roads which were not built to take this kind of traffic. 6) Our roads are designed to carry mostly residential traffic to the places where people live. The presence of oil and gas activities would cause the deterioration of these roads as well as the need to build many new roads whose sole purpose would be access to the drilling sites. The new roads, of course, would cause permanent damage to our environment in addition to air pollution from the dust they would produce. 7) We do not understand how the ownership of minerals under the ground gives any person or company the right to cause substantial damages to surface owners and to society in their pursuit and extraction of those minerals, without full compensation. If Tecton and other such companies were required to provide "full compensation", there is no amount of oil under the ground, at any price, that would justify their efforts to extract it...because our clean air, clean water, relatively undisturbed ecosystem, our clean economy, and our quality of life are PRICELESS! And irreplaceable. 8) We are asking	

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that a thorough, objective cost/benefit study be done by a reputable consulting firm. The current moratorium should be extended as far into the future as needed to complete the study. The purpose of such a study should be to determine what price and what limitations Tecton (and others) should be prepared to accept for conducting their "legal" activities in Santa Fe County. We, the people who live here, deserve no less. It is our home. And it's your home, too. Of all our natural resources water is by far the most important. Our water for all citizens of NM must be protected. I have a friend in La Veta CO who lives in a community which has had all the private water wells impacted by drilling. Coal bed methane wells have poisoned wells and where wells are not rendered un potable it has reduced the water level causing pumps to burn out. Land owners are forced to install cisterns to receive trucked in water when their wells run dry or are poisoned. There are not enough protections in place to protect our water. The assurances by Tecton and others in the industry that aquifer pollution by the fracturing process is not enough. Nor is a \$10,000 bond. The amount of water used in the drilling process has not been clarified. The figures vary widely according to the source... from 70,000 to 300,000 gallons per fracture. Why should the he city of Santa Fe restrict landscape watering and prohibit washing of automobiles if this amount of water is cavalierly allocated to the drilling companies. The Surface Owners Protection Act is nowhere near enough to protect landowners. The \$50,000 bond proposed by the County of Santa Fe, though it is higher than the \$10,000 bond Tecton posted for Black Ferrill #1, cannot come close to restoring the fragile landscape & appurtenant roadways destroyed by a well drilled, responsible well. How much would it cost to restore a landscape destroyed by an accidental spill or to hold a bankrupt wildcat company accountable? Drilling in Santa Fe County poses the question zoning. Well sites in the Galisteo Basin are in areas zoned residential. No commercial development is allowed here. Why is this huge industrial venture even allowed here with the roads, the pipelines, the trucks, the traffic needed to support drilling?	Susan H. Bell
April 15, 2008 Dear State Agencies, Departments and Decision-Makers, My property was singled out 7 months ago by Tecton Energy for drilling proposed exploratory oil wells. The well location was within 0.5 mile of neighboring residences and 8 water wells, far too close to human habitation and to our scarce water sources. Recently, a drill pad location has been marked out on the land without permission or prior contact. Over the past 7 months, I have committed significant financial resources in hiring legal and technical resources, in addition to my own time in research and letters. I applaud the State and County moratoriums which provide time for conducting necessary research, consultation with technical professionals, and the formation of those right and prudent decisions which will impact Santa Fe County for the far future. The properties in question are designated, by the County, as an "extreme" fragile environment, a "conservation" land, with little rainfall and sparse sub-surface water resources. Moreover, the land around Gold Mine Road is today more like a rural-suburb than the nearly-empty ranch land of the past century. Things have changed. I am concerned about protecting diminishing water resources, preservation of the land, wildlife, the archaeological and historical significance of the area and artifacts, and the future of Santa Fe County as a unique entity in the world. Santa Fe County is aware of its worldwide reputation, and that unique historic, natural, and cultural image is at risk should the oil and gas industry be approved in the County. This industry is difficult to regulate while giving adequate protection to nature and people. Enforcement is also a huge concern based on the industry's past reputation. They have far deeper pockets than the taxpayers. It brings a different type of worker to the area, and it can change the fabric of the society. Please take a look at northern Alberta. I hope that these	Rhonda Baker

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few comments about water resources, nature, land, history, archaeology, society, culture, regulation and enforcement, are of assistance in your efforts. Thank you very much for doing the hard detailed work and whatever is required in order to make the right decisions in this issue. Things are different today, and people are not as willing to see the things that make a place special, be thrown over in the cause of oil. Sincerely. We are COUNTING on you to highly limit oil & gas drilling permits, with the proper studies, in Galisteo Basin (GB) & Santa Fe county for these TOP 10 REASONS: 1. We MUST protect our ground water ABOVE ALL: Oil and gas drilling depletes, surface & formation water. We have a state recognized endangered aquifer in the Galisteo Basin. In the desert, water is more important than oil. Estimates of 70,000 to 300,000 gallons of water (per fracturing interval) are required to drill each wild cat well. Given the extreme Low porosity/permeability reservoir in the GB, many zones will need fracturing per well. This is demonstrated by the 44 exploration wells already drilled in the GB in the 1970, 80's. In addition, the wells may be re-fractured multiple times after producing. Our state cannot afford this water burden or the chance that our precious ground water could be contaminated under any circumstances. There are documented studies from Colorado, with a very similar kind of reservoir to ours; where oil/gas companies have polluted the ground water through failed fracturing techniques. SAFE DRINKING WATER IS A FUNDAMENTAL AND INALIENABLE RIGHT FOR ALL LIFE ON THE SURFACE. Tecton's Exploration wells are located in "sweet spots" in GB with high natural fracture densities using seismic & geophysical technologies. Expert hydrologist JOHN SHOMAKER confirmed (12-19-07 report) that all 8 Tecton exploration wells are located along significant surface faults. Principal recharge areas in the area are major arroyos, basinward mountain slopes, and major fault zones. "Such development severely alters recharge environment, causes shifts in surface runoff directions, or in amount of water available for recharge." Wildcat locations are on same "sweet spot" fault/fracture zones drilled by surface owners for groundwater. The hydrologist states "such locations should be considered unsuitable." Unwanted water production can be a huge problem in producing tight reservoirs. Anadarko drilled a 2,300 foot lateral section (Rockies), the well produced at times over 1,000 barrels per day. Key nearby unconventional plays in CO, WY are known to produce water. These problems deplete our ground water resources, and put our shallow & deep aquifers at risk for future water supply. 2. Surface Owners Protection Act (SOPA): We see this act as only a beginning. We all know that this is NOT enough protection for landowners. We understand that Tecton must post a \$10,000 bond to protect the leased property (including polluting or destroying a well). A new water well is now running between \$25-30K in the area. This does not include other damage that will occur to the land from Tecton. It would be UNJUST for officials to grant new permits until SOPA is supplemented with appropriate liability limits. 3. NO permits due to extensive environmental, economic impact, hydrogeological & archaeological studies & expertise required: Critical EIS studies, produced sources unaffiliated with og, must be completed and protective restrictions enforced before even one new permit is granted. One new permit opens the floodgates for more, because it has passed the county's system. This is a serious new industry — one which the county has very little, if any experience with. We applaud the Governor and the county for hiring an independent group of experts to study this issue and to take the time needed—even beyond 12 months, to 18 months if necessary to do the in-depth studies necessary. 4. There is NO existing county code written on prudently governing oil/gas drilling: It's been 30 years since there was any exploration drilling in our county. The county code is primarily based	Linda Spier

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	on hard-rock mining code. The county needs to write extensive new code. This is due to all of the new and changing oil and gas technology. Some of it is very new and untested for long-term consequences on the environment (especially horizontal drilling and new fracturing techniques that Tecton will use). For example, there are fracturing techniques are so extreme that they are known to have caused minor earthquakes in Colorado whereby operators had to change their fracturing protocol so that any earthquakes caused by fracturing could no longer be detectable by humans on the ground. There are 133 references of induced earthquake activity due to injection fracturing techniques by the Seismological Society of America http://www.nyx.net/~dcypser/inducedq/iis.html. We live in a rift basin with late active Tertiary faulting-- which has seismological consequences. " An earthquake with strong local effects occurred on May 18, 1918, in Santa Fe County. At Cerrillos, people were thrown off their feet, a break in the earth's surface was noted, and fallen plaster was reported (intensity VII - VIII). Similar effects were noted at Stanley." 5. Conservation area: The Galisteo Basin has been deemed a "conservation area". Development is restricted in much of the area (for instance strict covenants restrict splitting the land up in less than 40 acres because of severe water, plant and archeological concerns). It is also being conserved for new state PARKS. Many areas are VERY fragile due to expansive Anasazi ruins/relics... many of which have not even been discovered yet. There are multitudes of threatened archeological sites. Tecton has incorrectly called it "an existing mining area." There hasn't been any mining here in over 20 years, just required reclamation work to restore the area after severe mining damage in the past. 6. High risk wildcat program too risky for our state: The kind of reservoir, fractured hard rocks, Tecton is exploring for is BY FAR the riskiest in the business. This kind of reservoir is very unpredictable, usually with a chance of success of 2-5%. It is NOT like the San Juan Basin or Permian Basin higher quality reservoirs. The chance for oil is even less than the chance for gas, as these are "tite rocks" that need BOTH native porosity and connected fractures for permeability. This is why the standard 40 acre spacing to develop the reservoirs in GB—does not work. Tecton has stated that 10 acre spacing would ultimately be needed to develop it at the Petroleum Club in Santa Fe; they do not hide this fact. However, Tecton has not publicly released the reservoir quality details or the low chance of success. They are only promising huge returns to the county, when in reality there is a 90%+ likelihood of failure. Where is the rest of the data that they are not supplying? The combined HIGH risk wildcat drilling AND HIGH risk surface access risk is too much for our state. The new SOPA will be used to delay Tecton's surface access in court because any drilling has impact on SURROUNDING areas too. It impacts our real estate values. There is a high chance of damaging our pristine high desert environment without the income return promised. 7. Real estate values, our tourist and art market will be damaged: These are the few economic pluses our county can count on. They are proven economic drivers. The risk of drilling consequences on these highly valued assets is too high for the state. When these risky wildcats don't pan out, the most likely case, the damage to our prestigious area is already done. Our area will be devalued without ANY monetary gain for the county. Our community group has documented economic impacts, in a study led by Mr. Craig Wingate with available county and expert data, and is available in PDF format upon request. 8. Double standards in Residential Zoning: These wells are in residential areas, with R1 ZONING, where commercial businesses are strictly forbidden. How can the heavy traffic, air and noise pollution, and visual impact be allowed for this kind of mega-drilling COMMERCIAL operation? There would be a double standard as to what residents are allowed to do versus an unregulated commercial industry. The amount of fracturing

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Living in the Galisteo Basin it is naturally of great concern to me and my neighbors that the Tecton Company not be allowed to test drill in the hopes of finding gas and oil (which has a supposed maximum of supplying the Country with one day's Needs): 1) This is primarily a residential area with a few thousand people living in there who rely upon private wells. There is a chance that in spite of the precautions taken the basic aquifer and water supply could be contaminated. What then? 2) Supposedly the basin is one of the most significant archeological areas in the country. Has there been a study to determine the possible impact of drilling upon this area? The only compelling reasons for drilling are, of course, financial for those involved with the oil companies and the few receiving compensation from this (some non-residents who sold or leased their mineral rights) and the tax monies that would flow to the State, etc. I realize there is a need for this nation to become more self-dependent on oil but why choose such an obvious vulnerable and unsuitable area (especially with the small potential)? There were those that opposed drilling in the uninhabited Artic and won because of the threat to the tundra and wildlife!! This makes us, the people who live in the Basin, of less importance than the animal inhabitants and fauna of the Artic - i.e., except we can appeal for help to departments like yours and of course vote! Thanks for your consideration.	Rici Peterson
Based upon a two-year study funded by the 2004 New Mexico Legislature,* the Santa Fe Conservation Trust urges the protection of the Galisteo Basin from the negative impacts of fossil fuel exploration and extraction. We believe that such activities will damage or destroy irreplaceable habitat, protected open spaces, important archaeological and cultural sites, local economies, and a way of life rooted in respect for the land. Results of the study revealed that all nine of Tecton's initial targeted well sites occur in areas of extreme sensitivity, most of them near streams, wetlands, and springs rife with archeological sites, vegetation, and wildlife. These waterways also serve as critical groundwater recharge zones for water wells in the Basin. Several well sites occur on or near established or pending conservation easement properties, and Tecton Bruce Black #5-1 is located at the site of an ongoing wetland and stream rehabilitation project funded through Governor Richardson's River Ecosystem Restoration Initiative. The implications for wildlife are clear, and the study provides hard data that compel the Santa Fe Conservation Trust to take the position that neither gas nor oil production can occur in the Galisteo Basin without permanently destroying the land and water resources on which its fragile ecosystem and our current and long-term economy depend. We urge Governor Richardson and NMEMNRD to support the permanent protection of	

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the irreplaceable natural resources of the Galisteo Basin and the Rio Grande Rift from damage from oil and gas drilling activities. Very truly yours, Rici Peterson Executive Director Santa Fe Conservation Trust www.sfct.org * Rep. Max Coll and Senator Phil Griego, proponents. The study (The Galisteo Watershed Conservation Initiative: a Green Infrastructure Plan for the Preservation of an Extraordinary New Mexico Landscape), was managed by the Office of the State Engineer, overseen by Santa Fe County, UNM, and the Interstate Stream Commission, and carried out by the non-profit Santa Fe Conservation Trust and Earth Works Institute. The results are intended for use by State and County decision-makers and by the public, including landowners and the conservation community, to support land use decisions that protect the Basin's irreplaceable values. Copies are available upon request. We are landowners in the Galisteo Basin, in the specific area that is being targeted by Tecton. While we have a clear direct interest in this debate it is also true that it is a debate that should be engaged in by all citizens of Santa Fe County, and all of Northern New Mexico. If allowed to proceed, it is clear that Tecton and its various corporate followers will not rest until they have wrested every penny of profit for themselves and their investors at the cost of our health, welfare, economy, and the unique way of life that we all treasure. In such a pristine, ecologically fragile and historically important region as the Galisteo Basin, it is imperative to enact the strictest possible guidelines for potential oil, gas and mineral development. While it is legally true that lessors of mineral rights have the right to the exploitation of those resources, it is only because of the vestige of 19th century mining law that is in no way relevant for the 21st century. It is the right and duty for County and State governments to establish restrictions on such development to protect the health and welfare of all citizens, including protection of increasingly scarce and essential water sources, preservation of human and wildlife habitat and protection of what may be some of the most valuable archaeological and historical sites and artifacts in all of North America. This kind of industrial development would be an absolute disaster for the economy of Santa Fe County, and the entire northern New Mexico region. It would destroy the increasingly active and growing creative aspects of our economy including arts and culture, the burgeoning film industry and the enormous amount of business based on tourism. Who could possibly expect that creative artists, producers, directors, and culturally and environmentally curious tourists from throughout the world would continue to bring their money and its attendant economic benefits to our region if it becomes a polluted, water-deprived wasteland? The oil and gas industry is increasingly vocal in its efforts to bully our county into submission. They raise the "benefits" of economic development and job creation at the same time as they threaten legal action if we attempt to prevent them from what they feel is their God-given right. In fact, their proposed benefits are not local job creation, it is the importation of outside workers, many of whom come with documented negatives such as drug abuse, violence and complete disregard for local culture and values. Tecton's record in Canada is testament to their callous attitude toward the communities that they invade. In short, there is no assessment of oil, gas or mineral development that could, in any way, be construed as a positive benefit for Santa Fe County. To Whom It May Concern: I am a lifelong resident of the Galisteo Basin and strongly oppose any kind of oil-related well drilling. My opposition is based upon many concerns. These include: 1. Damage to the surface lands due to roads, drilling pads, foot-traffic, transport of materials and product; 2. Damage to the health and connectivity of the ecosystem as a result of the above-mentioned concerns; 3. Damage to archeological and other historically and culturally sensitive sites;	Steven Smith Jack Dant

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4. Damage to personal property (my family owns land within the proposed drilling area; 5. Unintentional damage to subsurface water resources as a result of any kind of drilling; 6. The waste of water resources to drill; 7. The promise of wind and solar energy as viable energy alternatives to polluting fossil fuels; and 8. A deep concern for the life experience of all animals and plants but especially my children who will be unable to enjoy the true beauty of the Galisteo Basin if it is peppered and polluted by wells, rigs, and roads. Please, PLEASE do not drill these sacred and wild lands. They provide more for all untouched than raped by greedy private corporations. Sincerely. A couple of more points: Re: SAFE DRINKING WATER IS A FUNDAMENTAL AND INALIENABLE RIGHT FOR ALL LIFE ON THE SURFACE. The oil industry is currently exempt from the Federal Safe Drinking Water Act as well as exempt from surface water run-off into non-navigable water courses = 100% of New Mexico's arroyos, streams and rivers. The Galisteo Basin not only drains several thousand square miles into the Rio Grande River, it also serves as a major groundwater recharge zone for Santa Fe County. And there are no existing health studies of long-term, low-level exposure to VOCs which are released from fractured earth and in the fracturing chemicals mixed with water and sand used by the industry. EIS studies need to take into account topography and wind patterns. To Whom It May Concern: I am a lifelong resident of the Galisteo Basin and strongly oppose any kind of oil-related well drilling. My opposition is based upon many concerns. These include: 1. Damage to the surface lands due to roads, drilling pads, foot-traffic, transport of materials and product; 2. Damage to the health and connectivity of the ecosystem as a result of the above-mentioned concerns; 3. Damage to archeological and other historically and culturally sensitive sites; 4. Damage to personal property (my family owns land within the proposed drilling area; 5. Unintentional damage to subsurface water resources as a result of any kind of drilling; 6. The waste of water resources to drill; 7. The promise of wind and solar energy as viable energy alternatives to polluting fossil fuels; and 8. A deep concern for the life experience of all animals and plants but especially my children who will be unable to enjoy the true beauty of the Galisteo Basin if it is peppered and polluted by wells, rigs, and roads. Please, PLEASE do not drill these sacred and wild lands. They provide more for all untouched than raped by greedy private corporations. Sincerely. I am very concerned about pollution of groundwater and changes in sub-surface rock strata as a result of oil and gas exploration and development in the Galisteo Basin, and elsewhere in New Mexico. Water will be the most important issue of the 21st century. We need to be certain that our water resources will not be harmed or come second to energy needs. Thank you.	Linda Spier
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Thank you.	Nancy E. Woodward
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to New Mexico Department of Game and Fish All care should be taken to carefully preserve the biological integrity and function of the few remaining riparian areas in New Mexico. The state should prohibit all drilling activities - surface and underground - that will have any possibility of adverse impact on the habitat values of the riparian areas in the Galisteo Basin. Currently, I live at 347 County Road 55A. On my property, there is an approximately 1/4 mile long stretch of the Galisteo River that is perennial, even in the driest years. Although there are small patches of salt cedar and Russian olive along this perennial stretch of river, the vast majority of the river is a cottonwood gallery and willow forest. This small remnant of riparian habitat with perennial water is home to innumerable bird species, as well as a healthy population of small and large mammals including coyotes, mountain lions, and bobcats. (Of interest, the river on my property never freezes; there is water available for wildlife year-round.) The adverse impacts of oil and gas drilling on riparian habitats are well documented. In southeastern New Mexico, the U.S. Fish and Wildlife Service has conducted studies that show that bird populations and species variety are greatly diminished in areas that are near to oil and gas facilities, presumably as a result of degraded air quality. Also, fragmentation effects have been widely observed in connection with oil and gas developments and the noise associated with drilling, trucking, and compressor stations has an adverse effect on nesting and breeding behavior of birds, and the use of the area by large mammals. An even more significant concern is the possible impact to the perennial river associated with drilling. In Colorado, directional drilling and hydraulic fracturing have led to methane seeps in surface water, as the previously trapped gas rises through fissures to the surface. In other instances, surface water is lost as a result of newly opened fractures that form a pathway through the existing aquitard. Clearly, a State like New Mexico cannot afford to put its now limited riparian areas at risk in any way, shape, or form. I recommend the following: (1) I have reviewed the maps that the Santa Fe County planning department is using to define ecologically sensitive areas, and the County's mapping of critical wildlife areas is grossly deficient. For example, the maps now in the possession of the County do not show the location of existing riparian areas or perennial surface water. Unfortunately, the County simply does not have the capacity - the financial resources or the expertise - to map ecologically critical areas. The State should assist the County in developing comprehensive data about the existence of high quality riparian and riverine habitats in the Galisteo Basin. (2) Once high quality riparian and riverine habitats are identified, the NMDGF should work with the Oil Conservation Division to develop a rule for the Galisteo Basin that provides ample and permanent protection for these habitats from oil and gas development activities. In the past, the Oil Conservation Division has recognized unique and irreplaceable ecological resources (e.g. the aquifer underlying Otero Mesa) and has adopted site-specific rules to protect those resources. A similar rule should be developed collaboratively between the NMDGF and the Oil Conservation Division to assure that there is no risk of harm to riparian and riverine habitats. Thank you for your consideration of these comments and for doing all that you can to assure that the biological resources of the Galisteo Basin are adequately protected. Comment to the New Mexico Environment Department I understand that there is jurisdictional "gray area" with respect to which state agency -- the Oil Conservation Division or NMED's Surface Water Quality Bureau - has regulatory jurisdiction over the impacts of oil and gas development activities on surface water resources. I urge NMED to act aggressively to assert its authority to assure that the State's surface water resources are fully protected from the adverse impacts of oil and gas developments. In the past, oil and gas wildcaters have drilled adjacent to the riverbed of the	

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Galisteo River without any apparent regard for the potential impacts of their operations on the quality of the River. Such activities should be categorically prohibited. I live at 347 County Road 55A in the Galisteo Basin, and my property is one of the properties where Tecton has indicated it wants to drill one of its first 8 exploratory wells. Running over my property is an approximately 1/4 mile long stretch of the Galisteo River that has running water throughout the winter (regardless of how low the temperatures go) and throughout the summer (regardless of how dry the year is). If oil and gas operators are allowed to drill in near proximity to this resource, its unique and irreplaceable value would be forever lost. I am attaching here below a comment that I am submitting to the New Mexico Department of Game and Fish in connection with oil and gas drilling. The observations that I make with respect to the fragile resource values of the Galisteo River are equally relevant to the New Mexico Environment Department. Finally, I note that there is an existing Memorandum of Understanding between the NMED and the OCD with respect to the regulation and protection of groundwater quality. I urge the NMED and the OCD to work collaboratively to develop an MOU dealing specifically with surface water issues to assure that this precious resource is not put at risk of harm from oil and gas drilling activities. Comment to New Mexico State Engineer As sources of M&I water become ever more scarce in New Mexico, it is important that the State protect all potential sources of water in New Mexico including deep groundwater. I understand that the Dakota Formation contains significant amounts of useable water. It is also the case that Tecton (and presumably other wildcat drillers) desire to drill into the Dakota Formation to explore for oil and gas resources. It is imperative that the State do everything possible to assure that deep groundwater resources are not degraded by oil and gas development. I urge the State Engineer to lobby for a legislative "fix" that would vest the Engineer with statutory authority to protect deep groundwater from the adverse impacts of oil and gas development. Furthermore, the proposed oil and gas drilling in the Galisteo Basin poses an especially high risk of harm to the groundwater that is currently being used by the area's residents as the only source of domestic water. There is significant anecdotal evidence of the various ways in which drilling and hydraulic fracturing have impaired domestic wells. While an EPA study concluded that hydraulic fracturing poses no threat of harm to domestic wells, that study has been widely criticized as biased and not based on the best available science. I urge the State Engineer to take the lead in performing an objective and comprehensive analysis of the potential impacts of oil and gas development on currently utilized sources of groundwater. Particularly in an area like the Galisteo Basin, where individual domestic wells are the only available source of domestic water, it is essential that the State Engineer do everything within his authorities to assure that aquifers and "pockets" of fresh water are not put at any risk of harm. The comment that I sent to the Historic Preservation Division is similar to the above comments in that it discusses the unique and irreplaceable cultural and archaeological resources of the Galisteo Basin, and urges the Historic Preservation Division to work collaboratively with the Oil Conservation Division to develop a Memorandum of Understanding and a site-specific OCD rule for the Galisteo Basin that will assure that the area's priceless cultural resources are not degraded in any way by oil and gas development. Clearly, insofar as the State's protection of the varied and extraordinary resources of the Galisteo Basin are concerned, the Department of Energy, Minerals, and Natural Resources is on the "frontline." Because the Department is best situated to see the "big picture" - that is, the way that oil and gas development fits into New Mexico's economy, but it incompatible with the resources and existing uses of the Galisteo Basin - the Department Secretary should assure that the	

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most protective possible rules are developed to guard against all possible economic, environmental, and cultural harm from oil and gas development. After spending many years as the vice president of the local water coop and learning the history of our area, I believe it to be a travesty to start drilling oil, gas or any other mineral related substances again. A moratorium was placed on these practices 20 years ago due to the same processes, all with the same outcome. All drilling operations cause damage to our fragile ecosystem here. It is an arid desert and water, flora and fauna come at a premium. The area in question has become a bedroom community of both Santa Fe and Albuquerque in the past 20 years also. Home (and taxpayer) numbers have rose from 100's to many thousands. Without the taxpayers you will have only the oil companies monies and no voters. How will we run the state without government workers if we all have to move away due to drilling in our backyards? If you want the drilling....do it in your own backyard, please. The whole idea that our state still uses the archaic system of the "state owns the mineral rights" and the landowner has no rights to protect their investment, chaps my hide. Please take a moment to consider the ramifications of a decision to allow any kind of mineral or oil drilling in this picturesque Galisteo Basin and remember that this is the area surrounding the "Turquoise Trail Scenic Byway". A project that this state worked hard and used taxpayer's monies to establish. To say we would not see the drilling rigs, trucks and equipment would be a lie by any means, and you know it. Please, protect the interests of your public constituents as you have been hired to do. Dear interested party or agency agent; Regarding the proposed expansion of oil and gas development in Santa Fe county and the Galisteo Basin, I wish to express some significant concerns. I am a professional sound engineer and County landowner/taxpayer. I work full time in the film industry and have a studio located in the County. The uniquely quiet sonic landscape of Santa Fe County is a major draw for film production. It is a truly valuable resource to keep in mind. I can speculate about the noise effecting larger production's decision to shoot here, but I know the acoustic impact of the proposed oil/gas rigs will force me to relocate my business. The old ordinances were very strong and specific regarding noise mitigation. I would ask that any new regulations are at least as strong and specific. Thank you for your consideration! There is much which need be said. But the short of it is the lack of conducive quality which the proposed drilling presents. If New Mexico, and particularly the Galisteo basin, had unlimited water resources such as Minnesota or Michigan we would not be here today. The fact is, this is all about water, or rather the lack of it. In the first public meeting last summer Tecton's president Bill Dirks said, "If we inadvertently damaged or destroyed the aquifer, we will replace it". My question is, how would you go about replacing or providing, in perpetuity a water source for an entire area such as the Galisteo Basin that contains thousands of households and agricultural uses? Any of us that have lived in New Mexico any length of time knows that it is impossible to find vast quantities of water at any price. The oil industry has probably the worst reputation, and well deserved, for failing to follow through on any promise. The Exxon Valdez oil spill of 1989 resulted in the largest financial penalty in US history ... over 5 billion dollars, which to this day Exxon has not paid. The oil and gas industry is all about profits regardless of any damage done to people, property or the environment. The industry typically will never do the right thing unless they see there is no other option. None of us are naive here. We all know that the most powerful influence in the New Mexico State Legislature has been the oil and gas industry for many years. We also are well aware that many of the members of the legislature have been bought and paid for and regularly do the bidding of this group. In the last	Lori and Dan Levacy
	Michael Wiese
	Eliot Gould William Manns

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legislative session they went to great lengths to reduce the budget and legal personnel in the Oil Conservation Division. It was only with intense public pressure was most of the money and jobs were restored to the very important state division. We also know that should any of you defy the will of the oil and gas industry in New Mexico your jobs and department budgets will be on the line. If it was not for Bill Richardson and his personal stand on the Galisteo Basin and desire to see more environmentally responsible drilling regulations including the recent closed loop rules the industry would in a heartbeat set out to remove any individual that got in their way. We all know that the oil and gas industry believes it has the right to drill wherever it wants and virtually anywhere in the West, including the Galisteo Basin. It does not see the Galisteo Basin as being any different than any other community they've destroyed elsewhere in the Rockies. Personally, I have traveled to every state in our Union and virtually every worthwhile community. I have also worked in over two dozen countries in Asia and Europe. Based on a lifetime of experience I can unequivocally state that the Galisteo Basin and Santa Fe are unique. There is not another county in the country that has the impressive history that stretches back to antiquity, coupled with the incredible culture oasis that Santa Fe has evolved into. The cultural evolution took over 400 years to achieve. That is why this is the richest, most cultured, best educated community in New Mexico. The pittance in oil revenues that the State or County could possibly receive is insignificant when compared to the 1.3 billion dollar annual tourist industry that Santa Fe County enjoys. This does not include the several billion more dollars that many of these tourists spend on the second or third homes they have established here. It's a simple fact that there is not a single tourist based community such as Santa Fe that co-exists with oil and gas production. These are two incompatible industries. We all know times are changing. The oil and gas industry is on its last legs in the US. The only product they can hope to extract will be in small quantities and in difficult if not impossible areas to extract. The oil and gas industry today is proceeding in the West with the blessing of the Bus administration and utilizing the split estate situation the federal Government established in the west during the 1870's. When the concept of the split estate first became law the population of New Mexico was 91,874 people, or about 1/2-person per square mile. The only extractable minerals at that time were copper, silver, gold, and lead. Oil or gas were not even marketable commodities. Though other Federal laws have been update with the passage of time, the 1874 Mining Act and split estate laws remain the same. Our society has moved past these antiquated regulations in favor of more environmentally responsible behavior by the Government, industry and the citizens. Laws that were deemed necessary and reasonable 130 years ago are no longer relevant in today's society. US Senator Jeff Bingaman said to a friend in a personal conversation he felt, "Santa Fe is perhaps the only county in America that had a chance at standing up against the oil and gas industry and telling them their presence would not be tolerated". What is going on in Santa Fe County now is dangerous. It is dangerous to the oil industry. Corporate boards at Mobile, Exxon and every other major producer are watching intensely the public's outrage, the County's response and the State government's reaction. The industry wants no regulation at all. They want to see the Oil Conservation Division reduced to nothing more than a rubber stamp for permitting. They do not care at all about any environmental damage or personal health damage short or long term. What I am most worried about is what can you do to make sure the ordinance that Santa Fe County will pass towards the end of this year will not be struck down in the state legislature. What can you do to ensure the rights of counties in New Mexico to regulate, through zoning laws oil and gas exploration are not eliminated by the state legislature? We	

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know the industry will be doing everything it can including TV, radio, print ads, lobbyists, campaign contributions and other means to see that counties lose the right to protect itself from and regulate the industry. We are all aware the oil and gas industry including New Mexico Oil & Gas Association and the Independent Petroleum Producers Association are terrified other counties will begin adopting similar ordinances as Santa Fe is proposing. I trust you will pass your findings, conclusions and summaries along, not only to the Governor, but also to the Santa Fe County Commissioners, Planning Division, press and citizens. In closing I request that you stick your necks out and you actually take a stand. Protect the citizens, their health, the land, the economic and cultural community and preserve for future generations. On January 10, 2007, the Environmental Protection Agency designated a 3,000 square mile area a "Sole Drinking Water Source," the first such designated area in New Mexico. The proposed oil and gas extraction operations appear to be contained in this EPA-designated area. - What aid will that EPA designation provide in physically protecting the fresh water source in the designated area? - What legal protection at either State or County level is currently available for fresh water sources? - With public health and safety hanging in the balance, what policies and procedures are in place for ongoing testing of all fresh water sources in areas endangered by any sort of oil/gas extraction operations by a State and County-permitted organization? What would be the i) results, ii) responses, and iii) consequences of a fresh water source, such as an underground aquifer, being polluted, contaminated, or damagingly diminished by any aspect of oil or gas extraction operations by a State/County-permitted organization? It has been stated in the press and by Santa Fe County commissioners that the proposed oil and gas extraction operations in Santa Fe County would use a "closed-loop system". - How are the products resulting from using such a closed-loop system disposed of? - Where is it disposed of? - Is it an open or closed disposal area/system? - How is the environment area surrounding the disposal area protected, including any habitations? Is air quality considered an aspect of the protection process? - Who is responsible for providing such protection: State, County, or permitted organization? - Who is responsible for monitoring the on-going efficacy of that system? And What are the physical and legal consequences if the protective system(s) fail(s)? What will you do to protect our wells and aquifers from pollution? I live on land limited to 80,000 gallons of water use per year. One well may use enough water to be equal to 1000 households. Water is our most precious commodity and scarcer than oil and more essential for survival. How will you value water loss in your bond requirements? How will you "decontaminate" an aquifer? How current is your information regarding location of aquifers and are these maps and information available to the public? How will you coordinate your activities with the other agencies? First, thanks to Mark Fesmire and the OCD for their courageous fight to protect this state from further pollution by the oil industry. Please keep up the good work. How can you strengthen pollution controls? How can you impose a more	Douglas Stewart
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significant financial indemnity on the oil drilling, given their record windfall profits? How can you impose more stringent restrictions on the drilling activities to set up a greater protective distance from homes? Increase light and noise pollution protection as well. Protect our wells and surface water. How can you change the current secret process of leasing mineral rights? Please put some protections in place for surface owners who do not own their mineral rights. The current situation reflects archaic frontier law. First of all, congratulations on winning the appeal of implementing revised rules governing waste pit standards. I believe the ruling reflected the public's changing perception of the weighting of the health and safety of our environment and water resources, and the need for extractive drilling and their resultant products. I would also suggest that there are areas of this country that must be totally exempt from mineral extraction or from further extraction. The Galisteo Basin is one of these as is the San Luis Valley in Colorado, currently fighting their own battle against oil drilling, areas northwest of Denver opposing hard rock mining, and in our San Juan Basin where oil and gas drilling has been given far too much latitude at the expense of ranchers and residents. The issue of the dominance of the mineral estate over the rights of tax paying surface owners will be changing. I believe the New Mexico Department of Energy would be within its rights to charge tax to leaseholders of mineral rights. This would ensure public knowledge of ownership and leases, and give the department more resources for code enforcement and court costs. The leases seem to be obtained for very little cost and maximizes financial risk to exploration costs. Surface owners are required to pay tax and gives the property owner some rights of enjoyment but also rules regarding development, and in some cases very stringent rules. There are, of course, cases where the surface owner is not permitted to develop the property in the way they see fit. There is usually no compensation paid to the property owner, and the issue of condemnation or taking has been broadly interpreted by the courts. We look forward to the assistance of new counsel to the County of Santa Fe to help with this issue. The Galisteo Basin has some 250 drilled water wells of record and the remainder of the Ortiz Mine Land Grant has 365 permitted water wells. When an application is received by the Dept. of Energy, I believe reference must be made to the Office of the State Engineer and the NM Dept. of the Environment, and in some cases it will be clear that no drilling or further drilling will be permitted because of issues overseen by those agencies. Also, in the case of the Galisteo Basin, permission for hard rock mining has already been denied. Tecton Energy Inc. chose to proceed with their lease with area mineral rights owners of lessees for their own corporate reasons knowing full well that the Ortiz Mines Corp. lease was of questionable value. I believe that the above named agencies are within their right to caution applicants about possible issues which may interfere with their right to proceed to extraction. We the public will be more and more active in our opposition to mineral leases granted on public lands and to extraction through private land. We also require more notice of applications in highly visible ways (1/4 page newspaper ads, public and private radio PSA's) which should also extend to all levels of the application process including the county level. Please know that we fully support any efforts applied in your departments that will protect our quality of life in New Mexico and that as concerned citizens many of us will be fully available to represent the public on issues opposed by the mining industry.	Barbara Briggs