

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

**CASE NO. 16193 - APPLICATION OF
HILCORP ENERGY COMPANY TO AMEND
THE WELL DENSITY REQUIREMENTS AND
ADMINISTRATIVE EXCEPTIONS OF THE
SPECIAL RULES FOR THE BLANCO-
MESAVERDE GAS POOL TO PERMIT
ADMINISTRATIVE APPROVAL FOR WELL
DENSITY EXCEPTIONS, RIO ARRIBA AND
SAN JUAN COUNTIES, NEW MEXICO.**

MOTION FOR CONTINUANCE

Oil & Gas Accountability Project (“OGAP”) moves the New Mexico Oil Conservation Division (“NMOCD”) and/or Chair to enter an order continuing the hearing in the matter of Case 16193 scheduled for a May 31, 2018 NMOCD hearing. OGAP has hundreds of members in New Mexico who are concerned about oil and gas development, and has dozens of members who reside in Rio Arriba and San Juan counties.

Case 16193: Hilcorp Energy Company’s (“Hilcorp”) application in Case 16193 is seeking a) an exception to the well density, or spacing, requirements for both recompleted and new wells in the Blanco-Mesaverde Gas Pool in Rio Arriba and San Juan Counties; and b) to change the process through which decisions about deviations from the standard well density requirements for this Gas Pool are made. The decision-making process would change from a publicly conducted NMOCD hearing, to an administrative process in which NMOCD staff would decide on an application to deviate from standard well density without input from the public.

As grounds for this motion for continuance, OGAP states:

1. Given the environmental ramifications of increasing well density in the Blanco-Mesaverde Gas Pool in Rio Arriba and San Juan Counties, and the democratic implications of abrogating the public’s ability to understand and potentially comment on further spacing issues in this Gas Pool, we strongly believe that a continuance is necessary so that members of the public and impacted citizens – including members of OGAP - may be better informed about Case 16193 and provide input and technical evidence accordingly for consideration in this matter. If approved, Hilcorp’s application would represent a systemic change to how oil and gas development is conducted and managed in San Juan and Rio Arriba counties. Full consideration must be given when such changes are presented for Hearing. Between May 15, 2018, when the Legal Notice 1247013 was

published in the *Farmington Daily Times*, and May 31st, when Case 16193 is scheduled to be heard, OGAP and other interested and affected parties have not been permitted sufficient time to respond to such a direct challenge to the public's right to participate in decisions relative to the "protection of public health or the environment" (New Mexico Administrative Code 19.15.4.11).

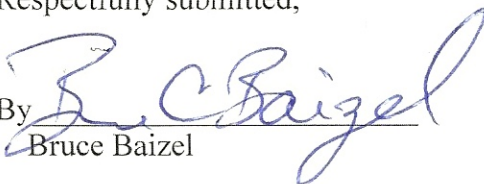
2. NMOCD's Legal Notice 1247013 is insufficient in at least three ways: a) it does not transparently convey the parties who have an interest in Case 16193; b) it does not alert the public to the fact that the application proposes to remove citizens' rights to participate in well spacing decisions; and c) it does not inform the public that Hilcorp's application will apply to well spacing for new wells, and not just the re-completion of existing wells.

3. OGAP is concerned that Hilcorp's application in Case 16193, if approved, may constitute a violation of the New Mexico State Rules Act, as well as NMOCD's own administrative procedures. Our concern stems from Hilcorp's application for administrative exceptions to change decision-making about well density in the Blanco-Mesaverde Gas Pool from a public hearing process at NMOCD, to an internal administrative process. While Hilcorp's application for an exception to well spacing requirements within the Gas Pool is a permitting issue, we believe that the request for an administrative exception is, in fact, a rule-making issue. Such a change to a rule requires NMOCD to publish a separate notice in the New Mexico Register and hold a hearing on the rule change itself. We therefore believe that a continuance in Case 16193 is required so that we, and other interested parties, may have more time to consult with legal representation and gather technical evidence to present at a later date.

4. Hilcorp has good and sufficient means of seeking specific exemptions to well spacing, as may be seen by the eleven applications included in NMOCD's Legal Notice 127013 and in NMOCD's published Agenda for the June 14, 2018 hearing. Hilcorp therefore suffers no harm from a continuance, whereas the public is at risk of losing its right to participate in a process that is critical to the protection of both public health and the environment.

WHEREFORE, OGAP requests that Case 16193 be continued to a future date.

Respectfully submitted,

By 
Bruce Baizel

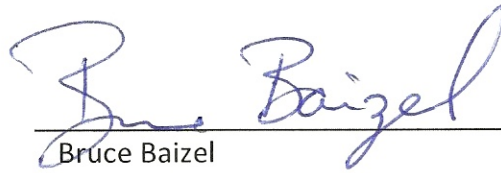
Director,
Oil & Gas Accountability Project
P.O. Box 1102
Durango, CO 81302
970-799-2718
bruce@earthworks.org

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on counsel of record by electronic mail this 25th day of May, 2018.

Michael H. Feldewert, mfeldewert@hollandhart.com

Adam G. Rankin, agrarkin@hollandhart.com

A handwritten signature in blue ink that reads "Bruce Baizel". The signature is written in a cursive style and is positioned above a horizontal line.

Bruce Baizel