

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

IN THE MATTER OF THE HEARING CALLED  
BY THE OIL CONSERVATION COMMISSION FOR  
THE PURPOSE OF CONSIDERING:

CASE NOS: 16403

APPLICATION OF HILCORP ENERGY COMPANY TO AMEND  
THE WELL DENSITY AND LOCATION REQUIREMENTS AND  
ADMINISTRATIVE EXCEPTIONS OF THE SPECIAL RULES  
FOR THE BLANCO-MESAVERDE GAS POOL, RIO ARRIBA  
AND SAN JUAN COUNTIES, NEW MEXICO

REPORTER'S TRANSCRIPT OF PROCEEDINGS  
COMMISSIONER HEARING  
Agenda Item 4  
August 15, 2019  
Santa Fe, New Mexico

BEFORE: ADRIENNE SANDOVAL, CHAIRWOMAN  
SCOTT DAWSON, COMMISSIONER  
DR. THOMAS ENGLER, COMMISSIONER  
MIGUEL LOZANO, ESQ.

This matter came on for hearing before the New Mexico Oil Conservation Commission on Thursday, August 15, 2019, at the New Mexico Energy, Minerals, and Natural Resources Department, Wendell Chino Building, 1220 South St. Francis Drive, Porter Hall, Room 102, Santa Fe, New Mexico.

Reported by: Irene Delgado, NMCCR 253  
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1 (Note: In open proceedings at 9:02 a.m.)

2 CHAIRWOMAN SANDOVAL: The matter before the  
3 Commission is Case Number 16403, currently set for rehearing  
4 to reconsider the application submitted by Hilcorp Energy  
5 Company to amend the well density and location requirements  
6 and administrative exceptions of the special rules for the  
7 Blanco-Mesaverde Gas Pool, Rio Arriba and San Juan County,  
8 New Mexico.

9 Currently the parties previously recognized by  
10 the Commission include the OCD, the State Land Office, and  
11 Enduring Resources. Additionally, the San Juan Citizens  
12 Alliance has filed a renewed amended notice for intervention  
13 in this matter.

14 Will the parties please make their appearances,  
15 beginning with the applicant, Hilcorp Energy Company.

16 MR. FELDEWERT: Madam Chairman, Commission,  
17 Michael Feldewert of the Santa Fe Office of Holland & Hart  
18 appearing on behalf of the applicant, Hilcorp Energy.

19 MR. RANKIN: Madam Chair, Commissioners, Adam  
20 Rankin of the office of Holland & Hart appearing on behalf  
21 of Enduring Resources.

22 MS. ANTILLON: Madam Chair, Commissioners, Andrea  
23 Antillon on behalf of the State Land Office.

24 MS. GUARINO: Madam Chair, Commissioners, Julia  
25 Guarino on behalf of San Juan Citizens Alliance, and I have

1 co-counsel, Erik Schlenker-Goodrich.

2 MR. WEED: Good morning, Gabriel Weed on behalf  
3 of the Oil Conservation Division.

4 CHAIRWOMAN SANDOVAL: Since I assume that Hilcorp  
5 will reassert its objection to SJCA's intervention should  
6 the pending unopposed motion be denied, if there is no  
7 objection, I would like the parties, including the SJCA, to  
8 provide any statements that they have prepared regarding the  
9 unopposed motion to amend the special rules for the  
10 Blanco-Mesaverde Pool currently before this Commission.

11 Since it was the party that filed the motion, the  
12 State Land Office may address the Commission first.

13 MS. ANTILLON: Madam Chair, Commissioners, the  
14 State Land Office has worked together with all the parties  
15 present today to come up with the unopposed motion.

16 There has been a last-minute change or potential  
17 change due to the updated definitions of the vertical and  
18 horizontal wells, and we would request that the parties have  
19 just a short break to convene and consider this last-minute  
20 change and hope that we can get this motion agreed to and  
21 resolved today.

22 CHAIRWOMAN SANDOVAL: Are there any objections  
23 from the other parties?

24 MR. FELDEWERT: No objection from Hilcorp.

25 MS. GUARINO: No objection from Citizens

1 Alliance.

2 MR. WEED: No objection from the Oil Conservation  
3 Division.

4 CHAIRWOMAN SANDOVAL: How long do you  
5 expect you'll need a break?

6 MS. ANTILLON: Five or 10 minutes at the most.

7 CHAIRWOMAN SANDOVAL: Okay. We'll go into a  
8 ten-minute recess then.

9 (Recess taken from 9:05 a.m. to 9:33 a.m.)

10 CHAIRWOMAN SANDOVAL: All right. This meeting is  
11 called back to order. We will now go into statements on the  
12 new amendment. Does the State Land Office want to address  
13 the Commission?

14 MS. ANTILLON: Yes. Thank you, Madam Chair and  
15 Commissioners. After discussions with all of the parties, I  
16 would like to reassert the unopposed motion that the State  
17 Land Office previously filed, but with two minor changes in  
18 Section 1B, Well Density, Paragraph 1. The change would be  
19 from vertical wells to vertical or directional wells. And a  
20 similar change in Paragraph 2 below that, it would be  
21 existing vertical or directional wells.

22 And all the parties here today have agreed to  
23 that proposed change and are in favor of the unopposed  
24 motion that has been filed by the State Land Office.

25 So I would ask, with those two changes, that the

1 Commission accept the State Land Office's motion and propose  
2 an order consistent with that.

3 CHAIRWOMAN SANDOVAL: Any other remaining parties  
4 want to make a statement?

5 MR. FELDEWERT: Madam Chairman, Members of the  
6 Commission, I will just reiterate that Hilcorp does not  
7 oppose the amendments to what had previously been adopted.

8 MS. GUARINO: Madam Chair, Commissioners, San  
9 Juan Citizens Alliance also supports the proposed motion  
10 with amendments and appreciates all of the parties working  
11 together.

12 MR. WEED: Madam Chair, Members of the  
13 Commission, the Oil Conservation Division is in agreement  
14 with the proposed agreement.

15 MR. RANKIN: Madam Chair, Commissioners, Enduring  
16 Resources does not oppose the amendment, just for the  
17 record.

18 CHAIRWOMAN SANDOVAL: All right. The Commission  
19 will immediately deliberate regarding this motion. Pursuant  
20 to the Administrative Adjudicatory Deliberations Exceptions  
21 to the Open Meetings Act, Section 10-15-1(H)(3), the  
22 Commission may deliberate in closed session. I will  
23 entertain a motion to go into closed session.

24 COMMISSIONER ENGLER: I move that the meeting be  
25 closed pursuant to the Administrative Adjudicatory

1 Deliberations Exception to the Open Meetings Act, Section  
2 10-15-1(H)(3) to deliberate Case 16403.

3 COMMISSIONER DAWSON: Second.

4 CHAIRWOMAN SANDOVAL: Florene, can we talk a roll  
5 call?

6 MS. DAVIDSON: Yes. Commissioner Engler?

7 COMMISSIONER ENGLER: Yes.

8 MS. DAVIDSON: Commissioner Dawson?

9 COMMISSIONER DAWSON: Yes.

10 CHAIRWOMAN SANDOVAL: The motion carries and the  
11 Commission will now go into closed session at 35 after.

12 (Closed session was held beginning at 9:35 a.m.  
13 and concluded at 9:48 a.m.)

14 CHAIRWOMAN SANDOVAL: All right. The Commission  
15 meeting and the record is now reopened at 9:48. The  
16 discussion during the closed session was limited to the  
17 deliberation of the pending unopposed motion in Case Number  
18 16403.

19 Is there a motion from the Commission regarding  
20 the amended unopposed motion to amend the special rules for  
21 the Blanco-Mesaverde Pool?

22 COMMISSIONER ENGLER: Yes, Madam Chair. I move  
23 to grant the unopposed motion to amend the special rules for  
24 the Blanco-Mesaverde Pool with the included amendments  
25 provided by the parties during this hearing.

1           As the applicant, Hilcorp is directed to draft  
2 the proposed amended order of the Commission to include the  
3 current status of the case, as well as the amended special  
4 rules, this proposed order shall be provided to the  
5 Commission counsel ten days prior to the September  
6 Commission meeting.

7           CHAIRWOMAN SANDOVAL: Is there a second?

8           COMMISSIONER DAWSON: Second.

9           CHAIRWOMAN SANDOVAL: All those in favor say aye.

10          COMMISSIONER DAWSON: Aye.

11          COMMISSIONER ENGLER: Aye.

12          CHAIRWOMAN SANDOVAL: Aye. The motion carries.

13          (Ayes are unanimous.)

14          MR. LOZANO: Counselors, we are going to decide  
15 on a September meeting date as part of this hearing so you  
16 will have that by the end of the meeting.

17          MR. FELDEWERT: If I may, I think there is one  
18 other housekeeping matter, and that is, there is some  
19 additional exhibits that we need to introduce before we  
20 close this case.

21                 If I may, Madam Chairman, Members of the  
22 Commission, at the public hearing Hilcorp presented evidence  
23 Exhibits 1 through 6. Then at the public hearing in  
24 November, Hilcorp presented some additional evidence and  
25 entered into evidence Exhibit 1A and Exhibit 7A.

1           We now have provided to you, and I hope you all  
2 have copies of what we've marked as Hilcorp Exhibits 9 and  
3 10, and what they do is demonstrate compliance with the  
4 notice required by the Commission's January order for  
5 rehearing.

6           So to walk you through this, Exhibit Number 9 is  
7 an affidavit from my office confirming that certified  
8 mail -- or notice by certified mail of this hearing was sent  
9 out on July 3rd to the last known addresses of the parties  
10 that are listed in the pullout. Okay.

11           I believe my, if my count is correct, there is  
12 178 different entries on there. And you will see in the  
13 last column it provides the last known status of the postal  
14 service delivery, these entries here, and what you see on  
15 here include all the division designated operators in the  
16 San Juan Basin which actually extend beyond the pool  
17 boundaries and beyond the two-mile buffer in the pool  
18 boundaries, thereby providing the notice required by your  
19 rules. It also includes on this list the federal, state and  
20 tribal agencies that were listed in your order to provide  
21 notice.

22           Exhibit 10 is an affidavit of publication from  
23 the newspapers in Rio Arriba County and also from the  
24 newspaper in San Juan County, and it confirms that notice of  
25 this hearing was published, let's see, in Rio Arriba it was

1 July 11, and in San Juan it was on July 5. And you will see  
2 that it was directed, the notice was directed to all  
3 operators in the Blanco-Mesverde Gas Pool and other affected  
4 parties.

5 This complies with notice requirements from the  
6 last hearing, and we ask that Exhibits 9 and 10 be accepted  
7 into the record at this time.

8 MR. LOZANO: Madam Chair, if I may, there was an  
9 issue regarding Navajo Nation Chapters. How did that result  
10 in terms of notice. Did you notify all the Chapters, or  
11 just the Chapter inside of the pool?

12 MR. FELDEWERT: We notified the Chapter that was  
13 directed in the Commission's order.

14 MS. ANTILLON: Madam Chair, Commissioners, if I  
15 may, in addition to the notification that was required of  
16 Hilcorp, the State Land Office also is going to provide  
17 copies of the unopposed motion that we filed to all of the  
18 Chapter Houses required by the San Juan Citizens Alliance.

19 CHAIRWOMAN SANDOVAL: Are there any objections to  
20 including this in the record?

21 MS. ANTILLON: No objection.

22 MS. GUARINO: No objection.

23 MR. WEED: No objection.

24 CHAIRWOMAN SANDOVAL: These exhibits are admitted  
25 for the record.

1 (Exhibits 9 and 10 admitted.)

2 MR. LOZANO: Thank you, Counselor.

3 CHAIRWOMAN SANDOVAL: That concludes the hearing  
4 on Case Number 16403.

5 (Proceedings for Agenda Item 4 concluded at 9:53  
6 a.m.)

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1 STATE OF NEW MEXICO  
2 COUNTY OF BERNALILLO

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4 REPORTER'S CERTIFICATE

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6 I, IRENE DELGADO, New Mexico Certified Court  
7 Reporter, CCR 253, do hereby certify that I reported the  
8 foregoing proceedings in stenographic shorthand and that the  
9 foregoing pages are a true and correct transcript of those  
10 proceedings that were reduced to printed form by me to the  
11 best of my ability.

12 I FURTHER CERTIFY that the Reporter's Record of  
13 the proceedings truly and accurately reflects the exhibits,  
14 if any, offered by the respective parties.

15 I FURTHER CERTIFY that I am neither employed by  
16 nor related to any of the parties of attorneys in this case  
17 and that I have no interest in the final disposition of this  
18 case.

19 Dated this 15th day of August 2019.

20

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Irene Delgado, NMCCR 253  
License Expires: 12-31-19

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