

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

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

COPY

CASE 15300

APPLICATION OF WPX ENERGY PRODUCTION,
LLC, FOR APPROVAL OF THE WEST ALAMITO
UNIT; CREATION OF A NEW POOL FOR HORIZONTAL
DEVELOPMENT WITHIN THE UNIT AREA AND FOR
ALLOWANCE OF 330 FOOT SETBACKS FROM THE
EXTERIOR OF THE PROPOSED UNIT,
SAN JUAN COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

May 14, 2015

Santa Fe, New Mexico

BEFORE: MICHAEL McMILLAN, CHIEF EXAMINER
ALLISON MARKS, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Michael McMillan,
Chief Examiner, and Allison Marks, Legal Examiner, on
May 14, 2015, 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.

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10 I N D E X
 11 CASE NUMBER 15300 CALLED
 12 WPX ENERGY PRODUCTION COMPANY, L.P.
 13 CASE-IN-CHIEF:

14 WITNESS CHUCK BASSETT
 15 DIRECT REDIRECT FURTHER
 16 Ms. Kessler 5
 17 EXAMINATION
 18 Examiner McMillan 14

19 WITNESS BARBARA PICKUP
 20 DIRECT REDIRECT FURTHER
 21 Ms. Kessler 18
 22 EXAMINATION
 23 Examiner McMillan 25

24 I N D I V I D U A L S T A T E M E N T S
 25 Statement of David E. Tso Page 28
 Statement of Roseanne Willink Page 35
 Questions by Ms. Kessler Page 40
 Statement of Alvin Sandoval Page 41
 Statement of Rebecca Sobel Page 44

1 I N D I V I D U A L S T A T E M E N T S (cont'd)

2
3 Questions by Ms. Kessler of Ms. Sobel Page 48

4 Statement of Teresa Seamster Page 49
5 Questions by Ms. Kessler Page 56

6

7

8

9

Reporter's Certificate:

PAGE
59

10

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E X H I B I T I N D E X

(Exhibits Offered and Admitted)

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2		
3	WPX Energy Production, LLC 1	14
4	WPX Energy Production, LLC 2	14
5	WPX Energy Production, LLC 3	14
6	WPX Energy Production, LLC 4	14
7	WPX Energy Production, LLC 5	14
8	WPX Energy Production, LLC 6	25
9	WPX Energy Production, LLC 7	25
10	WPX Energy Production, LLC 8	25
11	WPX Energy Production, LLC 9	25
12	WPX Energy Production, LLC 10	25
13	(WPX Energy Production Exhibit 11 to be added as a supplement to the record. See Page 28.)	

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1 (Time noted 9:55 a.m.)

2 EXAMINER McMILLAN: What I would like to do
3 now is call case No. 15300, Application OF WPX Energy
4 Production, LLC, for Approval of the West Alamito
5 Unit; Creation of a New Pool for Horizontal Development
6 within the Unit Area and for Allowance of 330 Foot
7 Setbacks From the Exterior of the Proposed Unit, San
8 Juan County, New Mexico.

9 Call for appearances.

10 MS. KESSLER: Mr. Examiner, Jordan Lee
11 Kessler, for the applicant.

12 EXAMINER McMILLAN: Any other appearances?

13 MR. TSO: Sir, my name is Daniel Tso, and I
14 am one of the allottees in this particular application.
15 I did not do a letter for appearance, but I have
16 relatives that travelled long distances to make personal
17 statements regarding this application. And so I would
18 be pleased if you would allow us to have time to make
19 personal statements.

20 MS. KESSLER: Mr. Examiner, if I may
21 respond. WPX has no objection to personal statements
22 being made. I would just point Mr. Examiner's attention
23 to Rule 19.15.4.14, which states that the Examiner shall
24 have discretion to allow other persons present at the
25 hearing to make a relevant statement, but not to present

1 evidence or cross-examine witnesses.

2 EXAMINER McMILLAN: That is so accepted.

3 We will grant you the right to make
4 statements. And we appreciate your making the trip.

5 MR. TSO: Thank you.

6 MS. KESSLER: I have two witnesses today.

7 EXAMINER McMILLAN: Okay. The witnesses
8 will please stand up and be sworn in.

9 (Whereupon, the presented witnesses were
10 administered the oath.)

11 CHUCK BASSETT

12 having been first duly sworn, was examined and
13 testified as follows:

14 DIRECT EXAMINATION

15 BY MS. KESSLER:

16 Q. Please state your name for the record and tell
17 the examiner by whom you're employed and in what
18 capacity.

19 A. My name is Chuck Bassett, and I am a landman with
20 WPX Energy in the San Juan Basin.

21 Q. Okay. And have you previously testified before
22 the Division?

23 A. Yes.

24 Q. Were your credentials as an expert in petroleum
25 land matters accepted at that time and made a matter of

1 record?

2 A. Yes, they were.

3 Q. Are you familiar with the application that has
4 been filed in this case?

5 A. Yes, I am.

6 Q. And are you familiar with the status of the lands
7 in the proposed unit area?

8 A. Yes.

9 MS. KESSLER: Mr. Examiner, I tender
10 Mr. Bassett as an expert in petroleum land matters.

11 EXAMINER McMILLAN: So accepted.

12 Q. Mr. Bassett, if I could direct your attention to
13 WPX Exhibit 1. Could you please identify this exhibit
14 and describe what WPX seeks under this application?

15 A. This is Exhibit A to the West Alamito unit
16 agreement. WPX is seeking approval of the West Alamito
17 exploratory unit. It's a voluntary exploratory unit.

18 It contains 1,922.40 acres. It's located in
19 township 22 north, range 8 west, section 1, section 12,
20 and section 13, in San Juan County, New Mexico.

21 It consists of a lot of Indian lands and federal
22 lands. And WPX owns a 100 percent working interest in
23 all the leases within the unit.

24 Q. What pools are currently within this unit?

25 A. The lands are located within the Basin Mancos Gas

1 Pool, pool code 97232 in the Alamito Gallup Pool, code
2 1039, which is a frozen pool.

3 Q. Does WPX expect to primarily produce oil from
4 this unitized area?

5 A. We do.

6 Q. And are you also seeking under this application
7 330-foot setbacks?

8 A. We are. The special pool rules for the basin
9 Mancos require 660 well setbacks. So we are seeking
10 approval to locate wells no closer than 330 feet from
11 the outer boundary of the unit.

12 Q. Turn to WPX Exhibit 2. Is this a copy of the
13 unit agreement?

14 A. Yes, it is.

15 Q. Does this conform with the federal form?

16 A. It does with two exceptions. This applies only
17 to horizontal development, as described in paragraph 2
18 of the unit agreement, and treats the entire unit area
19 as a single participating area, as described in section
20 11 of the unit agreement.

21 Q. Under the Division rules, will the unit area also
22 be treated as a single project area?

23 A. Yes, it will. And it's described in section 11
24 of the unit agreement as well.

25 Q. Can you identify how production will be allocated

1 within the unit agreement?

2 A. Yes. All interest owners will share equally in
3 production of horizontal wells drilled anywhere within
4 the unit on an acreage basis.

5 Q. And is that also found in paragraph 11 of the
6 unit agreement?

7 A. Yes, it is.

8 Q. What is Exhibit A to the unit agreement? I
9 believe that's the third to the last page of this
10 exhibit.

11 A. Exhibit A is the flap that identifies the unit
12 boundaries.

13 Q. And does Exhibit B to the unit agreement identify
14 the ownership breakdown?

15 A. It does.

16 Q. Sorry.

17 MS. KESSLER: I'm sorry, Mr. Examiner,
18 that's the last few pages of Exhibit 2, which is Exhibit
19 A and B to the unit agreement.

20 Q. Does Exhibit A to the unit agreement illustrate
21 how many leases are involved in this unitized area?

22 A. Yes. There are six total leases, five allotted
23 leases and one federal lease.

24 Q. Is there any unleased acreage?

25 A. There is no unleased acreage.

1 Q. And does WPX own all of the interests in these
2 leases?

3 A. Yes.

4 Q. All of the working interests?

5 A. Yes.

6 Q. So WPX is a 100-percent working interest owner?

7 A. That's correct.

8 Q. You stated previously that Indian allotted leases
9 are within the unit area, correct?

10 A. That's correct.

11 Q. Who administers allotted leases?

12 A. FIMO.

13 Q. Will FIMO be a signatory to the unit agreement?

14 A. Yes.

15 Q. Will the BLM be a signatory to the unit
16 agreement?

17 A. Yes.

18 Q. On what date do you expect the unit agreement to
19 become effective?

20 A. The unit agreement will be effective upon
21 approval by the BLM and FIMO as described in section 18
22 of the unit agreement.

23 EXAMINER McMILLAN: Sorry. Please repeat
24 that.

25 A. Sure. The unit agreement will be effective upon

1 approval by BLM and FIMO as described in section 18 of
2 the unit agreement.

3 Q. And that's paragraph 18.

4 A. I'm sorry. Paragraph 18.

5 Q. Which can be found on page 4.

6 EXAMINER MARKS: Page 5.

7 MS. KESSLER: Page 5, excuse me.

8 Q. Turning to WPX Exhibit 3, is this a preliminary
9 approval letter from the BLM?

10 A. Yes.

11 Q. Have you met with representatives of BLM and
12 FIMO?

13 A. Yes.

14 Q. And did the BLM provide preliminary approval of
15 the proposed unit?

16 A. Yes, they did.

17 Q. And this is evidenced in Exhibit 3?

18 A. Yes.

19 Q. And does the preliminary approval letter include
20 FIMO?

21 A. Yes. FIMO is cc'd in the bottom left-hand
22 corner.

23 Q. And in your discussions with BLM and FIMO, did
24 you review the nature of the unitized area and
25 development plans?

1 A. Yes.

2 Q. And in your discussion with BLM, did they request
3 that WPX drill an obligation well?

4 A. Yes, they did.

5 Q. Could you please identify that well for the
6 Examiners.

7 A. WPX is planning to drill the West Alamito unit
8 No. 463H. It's a-mile-and-a-half lateral with a service
9 location in the northwest quarter of section 1 and a
10 bottom hole location in the northwest quarter of section
11 12.

12 Q. In addition to seeking approval from BLM and
13 FIMO, did WPX undertake efforts to notify all the
14 allottees within the unit area of this application and
15 hearing?

16 A. Yes, we did.

17 Q. Approximately, how many allottee interest owners
18 are there?

19 A. 500 to 600.

20 Q. And did you have an address for all of these
21 owners?

22 A. No, we didn't.

23 Q. Did you receive information on the addresses that
24 were available for the allottee interest owners from
25 FIMO?

1 A. Yes, we did.

2 Q. What additional efforts did your company
3 undertake to locate addresses for those owners?

4 A. We had brokers out in the field performing
5 Internet searches to look for unknown addresses.

6 Q. And is WPX Exhibit 4 an affidavit with attached
7 letters providing notice of this application and hearing
8 to allottees with known addresses?

9 A. Yes, it is.

10 MS. KESSLER: Mr. Examiner, I would just
11 like to note with Exhibit 4, I did not include the
12 approximately 600 green cards for the allottee interest
13 owners. I am happy to provide those in an additional
14 exhibit. They are just very voluminous.

15 EXAMINER McMILLAN: Okay.

16 Q. Did the allottee owners in addition to notice of
17 this hearing receive an invitation to an informational
18 meeting?

19 A. Yes, they did.

20 Q. And could you describe that informational
21 meeting.

22 A. Sure. The nature of the meeting was to provide a
23 briefing to the allotted lease owners within the West
24 Alamito unit and to answer their questions.

25 Q. And did that occur this past Monday?

1 A. Yes, it did.

2 Q. Is WPX Exhibit 5 an affidavit of publication
3 addressed to those allottee owners without an address?

4 A. Yes, it is.

5 Q. And just going back to your Exhibit 4, does this
6 notice also include a letter to the offset parties
7 notifying them of this hearing?

8 A. Yes, it does.

9 Q. And notice to offset was provided due to their
10 request for a non-standard location?

11 A. That's correct.

12 Q. And were WPX Exhibits 1 through 3 prepared by you
13 or compiled under your direction or supervision?

14 A. Yes, they were.

15 MS. KESSLER: Mr. Examiner, I would move
16 into admission Exhibits 1 through 5, which includes my
17 notice affidavit and the affidavit of publication.

18 EXAMINER McMILLAN: Exhibits 1, 2, 3, 4,
19 and 5 may now be accepted as part of the record.

20 (Whereupon, WPX Energy Production, LLC,
21 Exhibits 1 through 5 were offered and
22 admitted as a part of the record.)

23 EXAMINATION BY EXAMINER McMILLAN

24 EXAMINER McMILLAN: Okay. Is there a
25 contraction clause? And what's going to happen if not

1 all the acreage is developed?

2 THE WITNESS: It can be contracted or
3 expanded.

4 EXAMINER McMILLAN: So then you're saying if
5 there's stranded acreage, that would be removed?

6 THE WITNESS: Not necessarily. We are going
7 to be required to develop this unit fully. And it's
8 already been approved initially as a single
9 participating area.

10 We will be required to drill an obligation
11 well and required to submit a plan of development every
12 year thereafter.

13 EXAMINER McMILLAN: What do you have?
14 180-day continuous development or something?

15 THE WITNESS: I am not sure of the exact
16 day. But there is something in the documents.

17 EXAMINER McMILLAN: How are you going to
18 handle applicants outside of the project area in the
19 Basin Mancos at 660 offsets?

20 THE WITNESS: How are we going to handle?

21 EXAMINER McMILLAN: Are you going to object
22 if someone wants to drill a 330 next to you in the Basin
23 Mancos as an example?

24 THE WITNESS: We don't plan on that. We
25 don't plan on objecting.

1 EXAMINER McMILLAN: Okay. Just clarify,
2 this is for horizontal only?

3 THE WITNESS: That's correct.

4 EXAMINER McMILLAN: The question I got is if
5 you look in the north half of one, that's in the
6 Alamito/Gallup, right?

7 THE WITNESS: I believe that is correct.

8 EXAMINER McMILLAN: And the rest of this
9 will be as of right now is the Basin Mancos, which will
10 be part of this unit. So how do you plan to handle the
11 idea of allowables?

12 THE WITNESS: Well, I believe we are
13 creating a new pool, and that will be discussed with the
14 next witness who can probably give you more detail on
15 that particular question.

16 EXAMINER McMILLAN: Okay.

17 EXAMINER MARKS: Just a little housekeeping.
18 The application asks for approval of a West Alamito
19 exploratory event; your notice did not include
20 "exploratory" there.

21 Do you want to clarify what type of -- the
22 name of the unit that you are asking for in your
23 application?

24 MS. KESSLER: The unit application would
25 just be the West Alamito unit.

1 Correct, Mr. Bassett?

2 THE WITNESS: That's correct.

3 EXAMINER McMILLAN: The West Alamito unit
4 area?

5 MS. KESSLER: Correct.

6 EXAMINER McMILLAN: Okay.

7 EXAMINER MARKS: Okay.

8 EXAMINATION BY EXAMINER McMILLAN (cont'd)

9 EXAMINER McMILLAN: The effective date,
10 there was a problem in the Super-Comm. What will that
11 date be?

12 THE WITNESS: The date will be the day of
13 approval by FIMO and BLM.

14 MS. KESSLER: Mr. Examiner, under the
15 Division rules, the BLM provides preliminary approval,
16 the Division approves the unit, and then it goes back to
17 BLM and FIMO for final approval.

18 So, unfortunately, we can't give you a date
19 in the future that BLM would provide that specific
20 approval. But that would become the effective date.
21 And I am happy to notify you of that date if you would
22 require.

23 EXAMINER McMILLAN: Yeah. All I'm trying to
24 do is cut out the headache on the Super-Comm agreement.

25 MS. KESSLER: Absolutely.

1 EXAMINER McMILLAN: That's my total reason
2 behind it.

3 THE WITNESS: You'll receive notice of the
4 final approval effective date, the OCD will.

5 EXAMINER McMILLAN: Okay. I have no further
6 questions. Thank you very much.

7 BARBARA PICKUP
8 having been first duly sworn, was examined
9 and testified as follows:

10 DIRECT EXAMINATION

11 BY MS. KESSLER:

12 Q. Please state your name for the record and tell
13 the examiner by whom you're employed and in what
14 capacity.

15 A. Yes. My name is Barbara Pickup and I am a senior
16 geologist with WPX Energy in San Juan Basin.

17 Q. And have you previously testified before the
18 Division?

19 A. I have.

20 Q. And were your credentials as a petroleum
21 geologist accepted and made a matter of record at that
22 time?

23 A. Yes, they were.

24 Q. Are you familiar with the application that has
25 been filed in this case?

1 A. Yes, I am.

2 Q. And have you conducted a geologic study of the
3 lands that are the subject of this application?

4 A. Yes, I have.

5 MS. KESSLER: Mr. Examiner, I tender
6 Ms. Pickup as an expert of petroleum geology.

7 EXAMINER McMILLAN: So accepted.

8 Q. Could you please turn to WPX Exhibit 7 and
9 identify this exhibit -- sorry -- I mean Exhibit 6.

10 A. Exhibit 6 is our type log for our proposed unit.
11 This is the Fulton No. 1 Well. It exists in section 31
12 of 23 north 7 west.

13 So this is not actually inside our proposed unit.
14 There are no wells that penetrate the -- that make us
15 inside the proposed unit. This well is just to the
16 northeast.

17 What is shown on this -- this an electric log
18 from the Fulton No. 1; the proposed unit interval is --
19 for the unit will be the stratigraphic equivalent of
20 3,858 measured depth to 5,695 feet measured depth.

21 Q. And in your opinion, does the horizon identified
22 in Exhibit 6 extend across the unitized area?

23 A. Yes, it does.

24 Q. Have you brought structure maps and type logs and
25 cross sections to support this?

1 A. Yes, I have.

2 Q. Could you please turn to Exhibit 7, and identify
3 this exhibit and explain what it shows.

4 A. Yes. This is a structure map on the top of the
5 Mancos. The contours are in a 25-foot contour interval.
6 It is dipping down to the northeast and up to the
7 southwest.

8 In yellow on this map is WPX operated acreage.
9 The thick red and gray box in the middle is the proposed
10 West Alamito unit.

11 The label dots on this map are wells in the area;
12 in black is the well name, and the small green numbers
13 is the subC top of the Mancos.

14 The red lines on this map are the cross sections
15 that you'll see shortly. Cross section A to A Prime is
16 generally a long stripe from northwest to southeast.
17 And cross section B to B Prime is generally a long dip
18 from southwest to northeast.

19 Q. And you mentioned that there are currently no
20 wells within the proposed unit --

21 A. There are no deep wells within the proposed unit
22 that -- the symbol that is inside of the unit shows up
23 in our mapping program as an injection well, but I can't
24 find anything on the OCD about this well at all when I
25 search by API number. And its measured depth is

1 significantly above the proposed unitized interval.

2 Q. I would like to turn your attention to Exhibit 8.
3 Is this the cross section that corresponds with the
4 wells labeled AA Prime?

5 A. Yes. This is a cross section -- AA Prime goes
6 from northwest to southeast, generally a long strike.
7 You'll see that the subC depth of the Mancos doesn't
8 change significantly across this cross section.

9 It shows the unit -- the proposed unitized
10 interval on two of the wells that go deep enough to see
11 the base. And there are generally similar log
12 characteristics across this cross section.

13 Q. What is the significance of the pink boxes?

14 A. The pink boxes -- which are kind of difficult to
15 see -- I apologize -- in tract 2 are the perforated
16 intervals for these individual wells.

17 Q. Can you explain that just a little bit further?

18 A. The perforated intervals -- this is --

19 EXAMINER McMILLAN: Oh, okay.

20 A. -- where these wells were completed. I know
21 they're difficult to see.

22 EXAMINER McMILLAN: It looked like red to
23 me.

24 THE WITNESS: Okay, red, red boxes, those
25 are the perforations.

1 Q. (By Ms. Kessler) Have you identified the
2 consistency across the unit interval?

3 A. Yes. It appears to be fairly consistent across
4 the unit interval.

5 Q. What is Exhibit 9?

6 A. Exhibit 9 is also a cross section, but this one
7 runs generally a long dip from southwest to northeast,
8 so it is running downdip.

9 Again, there are a few wells that are deep enough
10 to see the entire proposed unitized interval. And again
11 it's fairly similar, the log characteristics look fairly
12 similar across the area.

13 The Fulton No. 1, which is our type well, is the
14 Rastor electric log in the middle, the fourth log from
15 the left.

16 Q. In your opinion, Ms. Pickup, is the interval that
17 WPX seeks to unitize continuous across this area?

18 A. I believe so, yes.

19 Q. In your opinion, are there any faults or
20 geological impediments that would prevent this acreage
21 from being developed and from contributing to the
22 overall production?

23 A. Not that I can identify from the available log
24 data and not that we have seen in other wells around the
25 area.

1 Q. Can this unitized area in your opinion be
2 effectively and efficiently developed under the unit
3 plan?

4 A. Yes, ma'am.

5 Q. Are you familiar with the pools that are
6 currently in existence within the proposed unit area?

7 A. I am.

8 Q. Are these depicted on Exhibit 10?

9 A. Yes, they are.

10 Q. Can you please identify the current pools?

11 A. Yes.

12 So there is a lot going on on this map. The big
13 pink polygon on the top is the Alamito Gallup Pool, the
14 existing pool that is frozen.

15 Everything -- all of the lands to the left of the
16 very dark red line that runs from top to bottom, that's
17 the edge of the Basin Mancos Pool.

18 So the north half of section one currently
19 resides in the Alamito Gallup Pool. And the rest of the
20 proposed unit currently resides in the Basin Mancos.

21 Q. WPX seeks to form a new pool within the unit
22 boundaries, correct?

23 A. That's correct.

24 Q. Are the reservoir fluids consistent between the
25 Alamito Gallup and the Basin Mancos Pool?

1 A. Yes.

2 Q. Does that mean that they are compatible?

3 A. Yes, they would be.

4 Q. And WPX, Mr. Bassett mentioned earlier is
5 expecting the wells in the unit to be oil wells?

6 A. That is correct.

7 Q. Are the technical characteristics of the
8 hydrocarbons within the current pools in the unitized
9 area essentially identical?

10 A. Yes. From what we have seen, our oil gravity
11 varies between 40 and 42 API, very consistently. And
12 our gas is about 1,300 BTU per standard cubic foot.

13 And this has been consistent across all of the
14 wells that we have drilled.

15 Q. Are the pools within the same vertical horizon?

16 A. Yes, they are.

17 Q. And will the pressure gradients be relatively the
18 same within the unitized area?

19 A. Yes, they should be.

20 Q. Will the combination of those pools into one
21 single pool for purposes of horizontal development
22 result in any waste or loss of reserves?

23 A. No, it should not.

24 Q. In your opinion, will WPX's request to create a
25 new pool within the unit prevent waste?

1 A. Yes.

2 Q. And in your opinion, is it in the best interest
3 of conservation and prevention of waste to create a
4 single pool or horizontal development within this
5 proposed unit area?

6 A. Yes.

7 MS. KESSLER: Mr. Examiner, I would move
8 into evidence WPX Exhibits 6 through 10.

9 EXAMINER McMILLAN: Exhibit 6, 7, 8, 9, and
10 10 may now be accepted as part of the record.

11 (Whereupon, WPX Energy Production, LLC,
12 Exhibits 6 through 10 were offered and
13 admitted as part of the record.)

14 Q. And just a housekeeping matter, Ms. Pickup, were
15 Exhibits 6 through 10 prepared by you or compiled under
16 your direction or supervision?

17 A. Yes, they were.

18 MS. KESSLER: Okay. Mr. Examiner, that
19 concludes my presentation.

20 EXAMINER McMILLAN: Okay.

21 EXAMINATION BY EXAMINER McMILLAN

22 EXAMINER McMILLAN: My question is the
23 allowables.

24 THE WITNESS: Uh-huh.

25 EXAMINER McMILLAN: If you look at the Basin

1 Mancos, it has no allowables, but, then, you are
2 including part of the Alamito Gallup Pool, and it has
3 allowables; how are you going to handle that?

4 THE WITNESS: This is very much a regulatory
5 question, but I don't know that we have run into any
6 issues. But we've brought part of Basin Mancos into
7 other places, so I don't know.

8 I am assuming we would petition to have a
9 change in our allowables.

10 EXAMINER McMILLAN: So then you would have
11 to for horizontal wells -- for the Alamito Gallup Pool,
12 let's say you drill a well in the southeast quarter of
13 the northeast quarter, it's vertical; it would be
14 subject to the Alamito Gallup pools, right?

15 THE WITNESS: If we drilled a vertical well?

16 EXAMINER McMILLAN: Yes, if you drill a
17 vertical well, how are you going to handle that?

18 THE WITNESS: We are only planning to
19 develop horizontally. We are not planning to drill any
20 vertical wells in the pool.

21 MS. KESSLER: Mr. Examiner, I would propose
22 that WPX would submit to the same allowables as are
23 within the Alamito Gallup Pool because those are similar
24 to the statewide rules. And if it is necessary to
25 change those, then we can come back and do that later.

1 EXAMINER McMILLAN: That's --

2 MS. KESSLER: I would imagine that would
3 just be a clerical issue --

4 EXAMINER McMILLAN: It makes sense that --
5 because when you've had vertical -- we drilled the
6 vertical well, we came back and drilled a horizontal
7 well, and, essentially, in Bateman and Gallup, you had
8 to share allowables, so it doesn't make a lot of sense
9 to have two sets of allowables. That's where I am
10 coming from.

11 MS. KESSLER: I see.

12 EXAMINER MARKS: You mention the 600 or so
13 of the other green cards, do you have them with you?

14 MS. KESSLER: We don't. My assistant can
15 prepare them today. We use a mailing service out of
16 Denver, so you have to download each of the cards and
17 put them into a packet. But we can do that this
18 afternoon.

19 EXAMINER MARKS: Okay. And then we'll just
20 allow the record to be supplemented with an additional
21 exhibit, Exhibit No. 11 -- with the additional green
22 cards, if that's acceptable to the hearing examiner.

23 EXAMINER McMILLAN: Yes, it is. And put
24 multiple copies on each page. We don't want to have a
25 100-page document with 600 pages of --

1 MS. KESSLER: That's fine. We'll get that
2 to you this afternoon. Will just one copy be
3 acceptable?

4 EXAMINER McMILLAN: Yes. I have no further
5 questions for the witness, and I would like to thank you
6 very much.

7 (WPX Energy Production, LLC, Exhibit 11 to
8 supplement the record when received by the
9 OCD.)

10 EXAMINER McMILLAN: At this time, I would
11 like to allow the individuals to please make statements.

12 MS. KESSLER: Mr. Examiner, I would like to
13 state that because this is merely a statement -- it's
14 not testimony -- he does not need to be sworn in.

15 EXAMINER McMILLAN: That's fine.

16 MS. KESSLER: And, Mr. Examiner, I would
17 also ask that under the Division rules, I'd be allowed
18 to cross-examine the witness if I feel that it is
19 necessary.

20 EXAMINER McMILLAN: That's fine.

21 STATEMENT OF MR. TSO

22 MR. TSO: Thank you for allowing me to make
23 this personal statement. My name is Daniel E. Tso.
24 Forgive me if I make references to items that are
25 outside your purview, but I just feel like I need to be

1 able to put it on record as far as some of my personal
2 knowledge and historical view of the processes that have
3 taken place.

4 I am an enrolled member of the Navajo tribe
5 of Indians. We are now known as the Navajo Nation. I
6 am of the Tsenjikini clan, born for the Nanesteshi
7 Tachinii clan. My Cheiis are the Hasglishnii and my
8 Naalis are the Nahoobahnii.

9 The lineage I carry -- Tsenjikini is
10 translated to Honeycomb Cliff Dwellers. So I am still
11 in my ancestral homelands. The Anasazi sites are
12 protected and some are even deemed world historic sites.
13 Yet my sazi, my blood relation allotments are not
14 protected.

15 In this day of rules and regulations that
16 have the CFR designation, the individual allottee is at
17 a legislative, bureaucratic and jurisdictional
18 disadvantage.

19 One must remember since I have a census
20 number and am a Navajo, I'm a ward of the U.S.
21 Government. In that aspect, the Indian agent is
22 responsible for me.

23 The Bureau of Indian Affairs, as assigned,
24 has trust responsibility for me as the allotment papers
25 say, Held in trust by the U.S. Government.

1 I say where is the Secretary of Interior or
2 her designee to advise me in this matter that is before
3 the State of New Mexico Oil Conservation Division. I
4 say there is a major jurisdictional issue that is being
5 overlooked and perhaps is being violated.

6 Several months ago, the Secretary of
7 Interior, Secretary Sally Jewell stood in Window Rock,
8 Arizona, to present a 554,000,000 check to the Navajo
9 Nation, and to quote her, To settle past wrongs on the
10 part of her agency as verified by the Cobell Settlement.

11 I have stated at previous BLM scoping
12 meetings: Ms. Jewell, there are present day wrongs
13 occurring that need your attention.

14 And one of the foremost wrongs that I
15 see is that a former FIMO official, Mr. Kevin
16 Gambrell has private identity information of the
17 allottees.

18 There is the appearance of impropriety with
19 respect to the ethics and confidentiality as he is now a
20 land agent. He has this information on his computer
21 system.

22 And as I went to his office, he printed out
23 a sample lease agreement. He even told me the
24 percentages of my relatives that had signed on five
25 different allotments that were designated.

1 So I say that also Governor Martinez held a
2 news conference at San Juan College, wherein it was
3 staged that the student enrolled in the energy
4 program would catalog the leases and related
5 information.

6 To the Governor, I say you controverted my
7 rights by allowing private, confidential information to
8 be made publicly available to expedite increased
9 revenues for the state of New Mexico.

10 In the days since the signing of the leases,
11 FIMO officials are finally saying the information is
12 private and confidential and cannot be disclosed.

13 I did not attend any of the public meetings
14 held by WPX, their land agents or their representatives.
15 I only conversed with Mr. Kevin Gambrell. He brought
16 forth a 1964 form used by the Bureau of Indian affairs
17 for Oil and Gas Exploration.

18 He did not do a page-by-page walkthrough of
19 the lease, much less, there was no reading or
20 highlighting of the important or significant aspects of
21 the lease. This boilerplate lease does not allude to or
22 even give an indication of the evolving technology of
23 chemically-induced hydraulic and directional fracking.

24 I was told that a majority of my relatives,
25 heirs to this allotment, had already signed, but I never

1 saw the full set of documents for my own knowledge. I
2 was told the leases were not negotiable because there
3 was already majority approval.

4 With the onslaught of heavy truck traffic,
5 certain of my relatives have expressed concern that they
6 didn't know what fracking meant or the implication it
7 has. They could not have made an informed consent.
8 Again, there was no consultation with our trustor, the
9 Bureau of Indian Affairs.

10 In addition to the heavy truck traffic,
11 there is the greater concern for the high level of dust
12 pollution and the high rate of foul-smelling gases,
13 which I've come to learn is hydrogen sulfide in and
14 around the areas already under the fracturing
15 development.

16 In that respect, I ask the oil conservation
17 group to assure that the West Alamito area be held to
18 higher rules so that we in this new area will not be
19 inundated with dust and soil erosion. The health, safe
20 ty, and the quality of life of the community residents
21 are of great concern, and we don't want to compromise
22 that quality of life.

23 This application cost does not reveal that
24 WPX will be setting well pads north of Escavada Wash and
25 there will be horizontal drilling below the wash to the

1 south. During the summer monsoons, the Escavada Wash
2 usually floods over its banks. Of particular note,
3 Escavada Wash drains into the Chaco Wash, which flows
4 through the Chaco Canyon National Monument.

5 WPX, a worldwide corporation, has futures
6 position on the energy stock market. They have
7 positions on the upside and the downside, at every price
8 level of oil, no matter the price. As such, they make
9 money on their futures' position as well as on the
10 delivery of oil at its market. Whereas an allottee or
11 heir only has an allotment.

12 Certainly the Indian Allotment Act and its
13 many rulings and regulations and the Executive Order 709
14 would establish the boundaries for the Eastern Navajo
15 Agency -- and the Etcitty vs. the U.S. Supreme Court
16 decision should be previewed as to what are State's
17 rights and what are allottee rights in this application
18 before you.

19 In my statement, I say sisnajini,
20 tsodizlith, dookosliid, dibenitsah are the acknowledged
21 decision-makers for the benefit of the indigenous
22 peoples. With that, there are acknowledged
23 accommodations in the United Nations Treaty of
24 Indigenous Rights, wherein indigenous people shall be
25 afforded the right to make an informed consent.

1 My uninformed consent and coerced decision
2 and that of my relatives should weigh heavily on the
3 balance of your thought. As a group, the Dinetah
4 residents have an inalienable right to be on the
5 extraterritorial sovereign lands.

6 I ask and hope that WPX and its
7 subcontractors respect the community residents as the
8 very roads they heavy haul on, are the lifeblood roads
9 to basic health care, to the food markets, and to the
10 source of clean and safe drinking water.

11 I ask that there be respect for the living
12 culture of the many scattered homes, farmsteads, and
13 grazing areas. That should be the rule of the day for
14 the explorers.

15 Since there is a projection that this West
16 Alamito Pool will produce for 25 to 30 years, what will
17 WPX leave in place? What some of us see is this
18 fracking process will only disembowel mother earth.

19 With that I say WPX should be implored to
20 assist the local K through eight schools of Lybrook
21 Elementary, Ojo Encino Community School, Pueblo Pintado
22 Community School, NaNeelZhiin Community School, and the
23 eighth through 12-grade Tseghaii High School.
24 Strengthen their STEM programs.

25 WPX should also expand scholarship programs

1 not only to San Juan College but to the four-year
2 institutions so that any student from the area can
3 pursue an education that will surely strengthen the
4 communities within which they reside.

5 So in that respect, Mr. Examiner, I
6 appreciate you letting me free myself from some of the
7 stress that I felt since the days that we have gotten
8 this notice. And I would ask that the allottees be
9 allowed access to the agreement so that we will know
10 exactly what will go on within this pool -- I'm
11 referencing the unit agreement -- so that we can also be
12 the eyes on the ground.

13 And, again, thank you for allowing me this
14 time. I appreciate it. I'm sure the legacy of
15 Windelchino is honored by allowing us to say this.

16 EXAMINER McMILLAN: Thank you for your
17 comments. Would you like to add anything to this?

18 MS. KESSLER: No, Mr. Examiner.

19 EXAMINER McMILLAN: Thank you.

20 EXAMINER MARKS: Are there any more public
21 comments?

22 STATEMENT BY ROSEANNE WILLINK

23 MS. WILLINK: My name is Roseanne Willink,
24 W-i-l-l-i-n-k. I don't have a written statement. I
25 have been an instructor of Navajo language at the

1 University of New Mexico for 30 some-odd years teaching.
2 I'm retired now. And being at the university, I was
3 exposed to a lot of interviews of -- I was the
4 go-between major, you know -- what do you call --
5 English speaking world institutions who want to get
6 information from the indigenous culture, mainly the
7 Navajo, to better understand what was going on with the
8 indigenous cultures, mainly Navajo. So I sort of know
9 the background, the historical importance of these land
10 occupations, that they -- and in testifying for
11 different -- what do you call it? -- industries and
12 other people who do research with the Navajo tribe. I
13 have been active in it, the go-between.

14 But I've been away from it, and I have been
15 to those meetings at Counselor, two of them at least, at
16 the beginning, which we didn't know about. All of a
17 sudden BLM put up those meetings. And so some of the
18 students, ex-students that I had at UNM were also --
19 they were in all this, so they wanted to know, and so I
20 gave them transportation.

21 And then by son is also very interested in
22 what's going on with the whole fracking, a lot of
23 people. And I just, like I said, I just attended the
24 beginning. And at first there was no gas wells, no
25 tanks, and no -- all of a sudden this boom came to the

1 Counselor area. And then it was just trucks, it was
2 pollution, and methane. And I said, My goodness, what's
3 going on? And there is no contact with the local
4 people, like Mr. Tso said.

5 But later on, there were more meetings, but
6 I didn't go to all of them, because I was busy with
7 other things, personal things, since I'm a resident
8 there and I am also on the land commission, the
9 Pontintado Committee on the land commission. And so I
10 became interested in it, and, also, being a resident and
11 having ancestral ties to it.

12 Like he said, the information came sort of
13 late and it is still going on. And I think more
14 information coming up, knowledge to the residents. And
15 some of them have to do into Navajo, which is also a
16 very difficult way of informing the people. Some of
17 them are, like he said, you don't understand what is the
18 modern or technical knowledge about some of this.

19 And, fortunately, they changed, and a lot of
20 people came -- what do you call it? -- like Chaco
21 Canyon, there's a lot of sacred areas that need to be
22 still protected according to us.

23 Plants, I worked with plants, endangered
24 species, a farm issue with an investigative researcher
25 doing this for the state, around Hogback and then other

1 places, where she had designated plants in areas. I
2 think they are still -- I haven't -- it's been about 15
3 or 20 years ago, probably 15, we went out.

4 And the sacred area, and one of the things
5 they did was -- this is another example of not informing
6 the people, which I forgot to mention, and the moneys,
7 is that part of San Juan River, there was a little
8 island there and somehow it was plowed up. I mean, they
9 did away with that little thing which was our
10 Estanchabahae, which is Changing Bear Woman's Heart.

11 And the people were very adamant about it.
12 And we interviewed this elderly man. And he said to
13 this day, you could hear according -- that they have
14 that connection, things like that, that do happen like
15 that.

16 I mean, some things if you informed the
17 people about some of this, some of the things that are
18 going on -- and Largo Canyon, that's a sacred area that
19 is very important to our ancestors. I haven't gone in
20 there. I haven't gone over there yet. How much
21 drilling and things have been happening, I said, I hope
22 they don't disturb that.

23 And, then, also, this past summer, last
24 year, a medicine man asked me if I could go out there
25 and gather some of the plants for him. And I said,

1 Okay, I know where they are, some of the plants, some of
2 the sacred plants he uses in his ceremony. But when we
3 got out there, there were none. I guess the drought,
4 too, you know, really, impacted the land.

5 And I would like to say, I didn't know about
6 that methane cloud that's been reported and all that
7 pollution. I mean it's been there.

8 A lot of people have been -- and another
9 thing is south of Shiprock, the Town of Shiprock in
10 Farmington, that area is devastated with hardly any
11 vegetation. We interviewed some local people, some
12 local medicine people. And they said -- I said, Has
13 this land been like that? And they said no.

14 And like you said, there's some plants that
15 need to be -- endangered species that need to be
16 protected. And I don't know if they are still there. I
17 would like to go there and look around there and make
18 contact -- I know there is a lady there, she works with
19 this -- Rena Martin, I think -- and see if there still
20 are.

21 And I still want to, somehow or other, get
22 some young people involved in this, to get involved in
23 the topography of the area and the ecology and stuff
24 like that. And I know some of the medicine people would
25 like to have their plants. They still use them, some of

1 the people, some of the older people. But they are
2 slowly dying and we don't have them anymore, and we
3 don't have a chance to really talk to them as much.

4 But so far this is what -- and, yes, the
5 air, the water, and the land, that is very important to
6 us. Those are the things that are some of the sacred
7 elements that we need to take care of. And since I have
8 been working with the university and been interpreting
9 on this, I still am interested in what's preserved, to
10 preserve what we have, even though it's almost gone.
11 And young people are not really that interested in that,
12 I mean our own children. And maybe they would like to
13 come back and see this.

14 We have a lot of rich things that are out
15 there that we need to keep. But sometimes they're
16 eroding the culture, you might say, I think. So one of
17 them is this modern technology, all these modern
18 technologies, technological things that are happening.

19 And that is the end of my statement. Thank
20 you for letting me talk. And this is sort of random. I
21 mean I have notes and everything, but this is sort of
22 last minute. I didn't expect to come here and testify
23 or say anything.

24 MS. KESSLER: May I ask one question. I
25 appreciate your coming here and thank you for voicing

1 your concerns. Did you attend the informational meeting
2 on Monday in Farmington?

3 MS. WILLINK: Yes.

4 MS. KESSLER: And are you aware that there
5 was a Navajo translator there at that meeting?

6 MS. WILLINK: Yes.

7 MS. KESSLER: Thank you.

8 MS. WILLINK: Thank you very much.

9 EXAMINER McMILLAN: Thank you.

10 STATEMENT OF ALVIN SANDOVAL

11 MR. SANDOVAL: My name is Alvin Sandoval,
12 and I live here in Santa Fe, New Mexico. And I work at
13 the Institute of American Indian Arts here in Santa Fe
14 as the transportation officer. And, previously, I've
15 started going to school at Santa Fe Community College
16 back in 2009. And I enrolled in environmental
17 technology and sustainability courses there.

18 And I was able to get my associate's degree
19 in environmental technology there in 2012. And I have
20 learned the new technology and energy that we are going
21 to be encountering in the future as a global movement.
22 And some of the things that I have learned and studied
23 was that a lot of fossil fuel that we still use, not
24 only affects our environment but it's harmful to our
25 health, to the atmosphere, to the land.

1 And pollution is caused by our
2 transportation, automobile, train, locomotive. Pretty
3 much everything that we use in our days has some kind of
4 an effect that is pretty much detrimental to our
5 environment, to our atmosphere.

6 So as a Native American -- Dine is what the
7 tribe is -- which is the Navajo name in our own
8 traditional way. And I grew up out there in Pueblo
9 Bintaro. Born in Farmington, San Juan Hospital in 1952.

10 And I am 62 years old now. And I herded
11 sheep out on the Pueblo Bintaro. My mother, my father,
12 my grandfather, my grandmother, we had livestock. That
13 was our livelihood.

14 And we dealt with the Bureau of Land
15 Management all these years, growing up. And they had
16 always regulated our life, telling us that we have too
17 many livestock, that we are overgrazing. And at one
18 time, I read in different articles that they even
19 slaughtered our livestock, for a reduction for
20 conservation, in their term, but it was devastating to
21 our livelihood, because we depend on livestock, our
22 sheep, goats, cattle, horses.

23 And so it's not just now that, you know,
24 that we are dealing with these type of -- it looks like
25 that other entities of people sometimes come into our

1 lives, our way of life. And, like, you know, they send
2 you a letter. And all of a sudden, you know, this is
3 happening again now, is that we are dealing with this
4 new energy exploration, the San Juan Basin, which is not
5 just affecting me, you know, but it's affecting
6 everybody. There's a few people here, there's a few of
7 my people here today, but there are a lot more out
8 there.

9 And we had mentioned that some of the energy
10 companies don't really meet with the local people out
11 there, the grassroots people. A lot of traditional
12 people out there, they can't speak English well. Some
13 of them need interpreters.

14 So there's a lot more that is not informed
15 to the Navajo Nation. And that's where I think that
16 today, just to be here at this hearing, is something
17 that I needed to be here, just to really see what's
18 going on with WPX. It's something that I started to
19 deal with. 2013 is when I think we started having these
20 meetings, and then -- and now it is like there is more
21 that I think is going to be dealt with.

22 And I know, you know, that the state
23 government, national government, you know, it's like --
24 I just think that as a person of the Navajo Nation that
25 I have an opportunity to voice my opinion and concern

1 and to be able to say something that maybe somebody will
2 be able to hear and that they will think about how
3 things are.

4 So I appreciate this opportunity to express
5 my feelings and my thoughts in this way, Examiner.
6 Thank you.

7 EXAMINER McMILLAN: Thank you.

8 STATEMENT OF REBECCA SOBEL

9 MS. SOBEL: My name is morning Rebecca
10 Sobel, S-o-b-e-l, and I am currently contracted with
11 Wild Earth Guardians, a local environmental nonprofit.

12 I'm going to speak about -- I'm
13 actually here today in a personal capacity. I was asked
14 by friends and allies to support. I want to thank the
15 Hearing Examiner for the opportunity to provide public
16 comment and for all of you for your patience in hearing
17 these really important stories.

18 And I also want to thank Navajo allies who
19 have come hundreds of miles just to have their voices
20 heard in this room. So thank you for this opportunity.

21 I want to echo some of the statements that
22 have already been made. I asked to be here because
23 there's been a general sense of confusion with lessees
24 and allottees and their rights regarding early
25 contracts.

1 I am not a lawyer. I'm not able to counsel
2 or advise the people that I work with. But I am doing
3 work under the banner of Wild Earth Guardians for we
4 call it Greater Chaco Organizing. I am talking to
5 community members on the ground about what it is like
6 living with oil and gas and questions they have related
7 to fracking and related development.

8 What I can say in relation to what's already
9 been said is that we know that on the ground, especially
10 in Navajo Nation, general announcements and specific
11 administrative protocols is not as effective as it can
12 be in urban areas. You see that across rural New
13 Mexico.

14 As has already been mentioned, many folks in
15 the Nation don't speak English and don't read or write
16 in English. As a result, I certainly appreciate a
17 Navajo translator at an informational meeting, but I
18 wonder whether the announcements for that meeting were
19 also in Dine, whether they were on the local two radio
20 stations, which most folks listen to.

21 And, also, as one of the tactics that we use
22 for outreach, it's imperative to go door to door on
23 Navajo Nation, because there's so many people that are
24 left out of a general mailing list.

25 So I am first concerned with the sense of

1 awareness and the amount of information that the lessees
2 and allottees were provided leading up to this process.
3 But, like I said, I'm not a lawyer. There's not much I
4 can do to support. My heart personally goes out. I
5 think for a lot of these people it's sort of like
6 showing up -- we appreciate the efforts of WPX, but for
7 some Navajo people, it's like showing up to a fight with
8 two hands tied behind their back, without legal
9 representation.

10 There's a lot of technical information,
11 technical jargon, technical terms that haven't been
12 translated into Dine and they don't have a context for
13 understanding hydraulic fracturing processes. So
14 there's a lot of education that we are working to do.

15 On that note, I'm not sure if the Court is
16 aware that the BLM is operating on a resource management
17 plan for Mancos Shale development that was based in 2003
18 and does not have in it any reference to horizontal
19 drilling or fracturing.

20 Relatedly, plaintiff groups Western
21 Environmental Law Center, Wild Earth Guardians, Dine
22 C.A.R.E., San Juan Citizens Alliance, and National
23 Resource Defense Council have filed a lawsuit against
24 the BLM, and, most recently, of this week, filed a
25 preliminary injunction asking for immediate halt of all

1 fracking related activities until the BLM amends its
2 resource management plan to include hydraulic
3 fracturing.

4 So relatedly on that note -- I am not sure
5 if the Court's aware that earlier this week Senator Tom
6 Udall sent a letter to Secretary Sally Jewell, signed
7 also by Senator Heinrich and Congressman Lujan, asking
8 specifically for more attention related in the greater
9 Chaco area in terms of shale development.

10 Senator Udall in a hearing this week also
11 questioned BLM director, Neil Kornze, who publicly
12 committed to coming to the area and investing more
13 resources to study the very sensitive archeological
14 nature of greater Chaco.

15 And on that note, what I can say is while
16 this case in particular is not encroaching on the
17 cultural, national, historical park, we know that the
18 ruins of the pueblo and culture extend far beyond the
19 park boundaries and that there are over 700 great houses
20 outside of the boundaries of the national park,
21 including ancient roads that connected these houses that
22 have yet to be studied.

23 And while Mr. Tso mentions that there are a
24 lot of sensitive archeological resources in the proposed
25 area for development, they are not documented. And with

1 some of these, there have been inadequate studies and
2 some of it is about sensitivity to land ownership issues
3 in identifying, examining, and studying these sites.

4 So I only ask -- I appreciate the statement
5 for the Court. I know there are other folks that are
6 going to talk about the larger community impacts of what
7 it is living with this industry. I hope that we can
8 also consider the archeological sensitivity as well as
9 the confluence of issues, not just what creating a
10 larger pool or the co-mingling of wells will create.

11 Wild Earth Guardians is particularly
12 concerned with the feeding of Escavada Wash into Chaco
13 Wash and what that can do to sensitive archeological
14 sites as well.

15 So thank you for your time.

16 EXAMINER McMILLAN: Thank you.

17 MS. KESSLER: Ms. Sobel, do you have an
18 interest in an allotment?

19 MS. SOBEL: I do not.

20 MS. KESSLER: Did you contact counsel or WPX
21 with any of your concerns regarding these issues with
22 respect to this --

23 MS. SOBEL: To this particular allotment,
24 no.

25 MS. KESSLER: Did you enter an appearance?

1 MS. SOBEL: No.

2 MS. KESSLER: Did you file a prehearing
3 statement?

4 MS. SOBEL: No.

5 MS. KESSLER: Did you review the notice that
6 WPX sent out to the allottees for this particular
7 hearing?

8 MS. SOBEL: For this particular hearing, I
9 did not see the notice. I did see the notice for the
10 Farmington informational hearing earlier this week.

11 MS. KESSLER: And did you attend that
12 informational hearing?

13 MS. SOBEL: I did not.

14 EXAMINER McMILLAN: Please come forward.

15 *STATEMENT OF TERESA SEAMSTER

16 Thank you. My name is Teresa Seamster. I'm
17 a local resident here in Santa Fe. I hold a master's
18 and an EBS in community studies and anthropology from
19 the University of Arizona.

20 The reason I am here was I have been working
21 with a group called Dine C.A.R.E., which you heard
22 briefly from the previous person speaking about the
23 various litigants. Dine C.A.R.E. is concerned about
24 doing a health impact assessment on the Navajo Nation.
25 My involvement is to help them with the research and to

1 look at different community studies that come from --
2 looking at the impacts from water pollution, air
3 pollution, noise, light, different stressors on people
4 who live close to oil and gas development areas; looking
5 at accident rates, looking at infrastructure; changes
6 that have impacts on small rural communities.

7 There's actually a much broader protocol for
8 a health impact study that has been put together by
9 Human Impact Partners, which is a group that works with
10 the Kellogg Foundation nationwide. And they are doing a
11 number of health impact studies here in the state of New
12 Mexico. Because of that, we don't have funding to do
13 anything except what is called a rapid HIA, which is
14 really focused on direct impacts on local communities.

15 Rather than get into a lot of detail, the
16 concerns that you are hearing here today are really just
17 the beginning of what you are going to hear.
18 Many, many people have already experienced water
19 pollution issues. This has a huge impact on them. They
20 have to bring in bottled water that they can't afford.
21 It has an impact on their livestock, a lot of the
22 different -- as I heard Daniel Tso mention -- no, I mean
23 the lady after him.

24 She mentioned this huge boom that has just
25 sort of arrived on people's doorsteps. We are well

1 aware of the efforts that are made by landman companies
2 like WPX to come out and try to communicate with as many
3 local people, as many allottees or permittees in the
4 area as they can possibly find. But that effort is
5 usually almost impossible.

6 When you're working with such a rural, such
7 a sparsely populated, such a diverse population, a lot
8 of the media simply doesn't penetrate, simply doesn't
9 get out to their home. And as has been mentioned, going
10 door to door and going to chapter houses and going
11 really to individual communities is the only way you are
12 really going to get in touch with a lot of the people
13 that need to be approached with this kind of
14 information, whether or not they actually are an
15 allottee or a landowner where an easement is being asked
16 for, they may live very close to that area, and they are
17 directly impacted by the industrial activity.

18 You cannot go through Lybrook -- and I don't
19 know how many of you go up and down 550, but you cannot
20 go through Lybrook, Counselor, or Nageezi without
21 practically being sideswiped by a tanker or by some kind
22 of a rig-hauling outfit.

23 Some of the largest concentrations of the
24 yards are within less than half a mile of the elementary
25 school. So you have tanker trucks pulling out

1 continually and you have school buses pulling out, and
2 you have parents coming in and out. It's absolutely
3 ripe for accidents.

4 There's already been one on the 15th of
5 January. A hot oil truck and a propane tanker collided,
6 exploded, burned, shut down 550 for three hours.
7 Friends of ours who live in Farmington said this is just
8 the beginning.

9 And so these permits, these decisions, have
10 very far-reaching consequences, when people are allowed
11 to develop more wells, denser, denser well placement,
12 closer to boundaries, getting a variance on, you know,
13 the type of development that I think a lot of the people
14 in the northwest part of New Mexico -- I grew up in
15 Aztec. I certainly know a lot about having oil wells
16 around our property.

17 And what I can say is that this is really a
18 new age. Fracking has opened up a can of worms that is
19 bigger than anyone can imagine. It's not the
20 traditional vertical well drilling that people are
21 accustomed to. The impacts are enormous.

22 And I think the fear is you have one well
23 here and, you know, you start injecting deep well
24 injections. You hear about wells going to 10,000,
25 11,000 feet. You're fracking at that level. You have

1 no idea what the result is going to be.

2 And people are very, very afraid of the
3 consequences. It's not just about protecting Chaco
4 Historical National Park. From a 100 miles away, you
5 can have impacts. You can have earthquakes, you can
6 have sink holes. All of these things are playing into
7 people's fear.

8 And that is what we are starting to hear
9 when we do go door to door, when Dine C.A.R.E. has held
10 community meetings. When they do contact people in the
11 impact area, they hear that fear that their whole way of
12 life is just going to disappear.

13 Whether or not the water is polluted
14 immediately in their area is kind of up for speculation.
15 We will be doing intensive water study out in that area.
16 There are over 253 contaminants that we are testing for.

17 This is something that the community should
18 not have to take the responsibility for. This should be
19 the responsibility of the developers of this product.

20 And, you know, again, the health impact
21 assessment, the whole purpose of it is to get exactly
22 the kind of testimony from local people that has
23 completely been missing from the decision-making process
24 up to this point. That is precisely the reason for it.

25 And I would be happy to furnish you with

1 just a sample document so you understand what an HIA is.
2 It's being used more and more to get the fuller picture
3 of what this type of industrial process, the type of
4 impact, not just in terms of physical health or mental
5 health, but economic health, in terms of the whole
6 community becoming divided over these issues and being
7 left at the end of the day when that industry leaves --
8 which you will -- and going through that boom and bust
9 cycle in these areas leaves these areas so poverty
10 stricken without any kind of way to recoup what they
11 had.

12 You heard so many stories about subsistence
13 living. And to not think that this isn't going to have
14 some kind of serious impact, socioeconomic impact on the
15 San Juan Basin is to really be uninformed.

16 So our effort will be from now on to come to
17 every meeting, to inform our local boards of county
18 commissioners, to talk to oil and gas company
19 executives, who have often told us that if there was a
20 better way, they would like to know about it. And we've
21 told them the better way is to leave it in the ground
22 and go to another energy source.

23 I know that is tough news. But we all get
24 tough news. The oil industry going for a quick profit
25 and the people whose backs they are making this profit

1 off of are the least able to withstand it. And as New
2 Mexicans we need to be aware of that.

3 One last thing, this is the Good Neighbor
4 Program I've heard about, that oil and gas companies --
5 I don't know who did this, but it is on your website --
6 it's just Oil and Gas 1. This is from this
7 organization, from OCD. The Good Neighbor Program is,
8 quote, "a collective effort of New Mexico oil and gas to
9 promote responsible practices in developing state
10 natural oil and gas resources. We take a pledge to be
11 good citizens on and off the job."

12 Quote: "Being a good citizen means
13 respecting people's right of way, protecting livestock
14 and wildlife, driving safely, reporting damages, both
15 private and public property damages to the responsible
16 agencies, listening to people's concerns, leaving a
17 smaller footprint on the land, improving communications
18 with lessees and landowners and permittees and
19 residents, designating a company contact, seeking to
20 identify and understand concerns, and, finally,
21 conducting emergency planning."

22 All I can say is in the communities that I
23 have been visiting, I have not seen any real evidence of
24 this Good Neighbor Policy. Thank you.

25 EXAMINER McMILLAN: Thank you. Do you have

1 any questions?

2 MS. KESSLER: --

3 MS. SEAMSTER: No, I did not attend any of
4 those and I am not related to an allottee.

5 EXAMINER MARKS: I'm sorry. We have to let
6 her ask her questions.

7 MS. SEAMSTER: I'm sorry. Go ahead.

8 MS. KESSLER: Do you have an interest in any
9 of the allotments at issue in this case?

10 MS. SEAMSTER: No financial interest, no.

11 MS. KESSLER: Any land interest?

12 MS. SEAMSTER: No.

13 MS. KESSLER: Did you contact me or counsel
14 for WPX with any of your concerns related to this case?

15 MS. SEAMSTER: No. Our avenue has been
16 through the BLM. And as you might have known, there
17 were 30,000 comments submitted.

18 MS. KESSLER: With reference to this case?

19 MS. SEAMSTER: With reference to overall,
20 the industry development in that area specifically.

21 MS. KESSLER: But not with reference to
22 this permit?

23 MS. SEAMSTER: Well, you are part of that
24 area.

25 MS. KESSLER: Did you enter an appearance or

1 a prehearing statement?

2 MS. SEAMSTER: No.

3 MS. KESSLER: Did you review the notice that
4 was sent to allottees for this hearing?

5 MS. SEAMSTER: I think I saw a copy of one.

6 MS. KESSLER: And you did not attend the
7 informational meeting on Monday?

8 MS. SEAMSTER: I was not able to attend.

9 MS. KESSLER: Are you aware that FIMO
10 administers the allotted leases?

11 MS. SEAMSTER: I am not aware of the
12 different agencies. I am aware that there is huge
13 confusion of agencies that take care of different parts
14 of the Navajo land.

15 The land is broken up in many different
16 ways. And that has been brought up at several different
17 council meetings; in other words, you might only
18 interact with one agency; the landowners often are asked
19 to interact with about five or six.

20 MS. KESSLER: Okay. My question was simply
21 whether you are aware that FIMO administers these
22 leases.

23 MS. SEAMSTER: I am not aware specifically
24 of that, no.

25 MS. KESSLER: Thank you.

1 MS. SEAMSTER: Thank you.

2 EXAMINER MARKS: Would anyone else like to
3 give any sort of public comment?

4 (No response.)

5 EXAMINER McMILLAN: Well, case No. 15300
6 will be taken under advisement. With that in mind,
7 let's take a ten-minute break and then we'll continue.
8 So we'll start back at 11:30 a.m. Thank you.

9

10

11 (Time noted 11:20 a.m.)

12

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I do hereby certify that the foregoing is
a correct record of the proceedings in
the Examiner hearing of Case No. _____,
heard by me on _____.

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_____, Examiner
Oil Conservation Division

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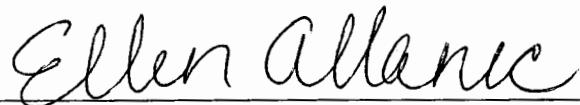
25

1 STATE OF NEW MEXICO)
 2) ss.
 3 COUNTY OF BERNALILLO)
 4
 5
 6

7 REPORTER'S CERTIFICATE

8
 9 I, ELLEN H. ALLANIC, New Mexico Reporter CCR
 10 No. 100, DO HEREBY CERTIFY that on Thursday, May 14,
 11 2015, the proceedings in the above-captioned matter were
 12 taken before me, that I did report in stenographic
 13 shorthand the proceedings set forth herein, and the
 14 foregoing pages are a true and correct transcription to
 15 the best of my ability and control.

16
 17 I FURTHER CERTIFY that I am neither employed by
 18 nor related to nor contracted with (unless excepted by
 19 the rules) any of the parties or attorneys in this case,
 20 and that I have no interest whatsoever in the final
 21 disposition of this case in any court.

22
 23
 24
 25


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