

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

**Ms. Florine Davidson
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New Mexico Oil Conservation Division
1220 South St. Francis Drive
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**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**

Case No: 16403

PRE-HEARING STATEMENT

Intervenor's name:
San Juan Citizens Alliance

Intervenor's address:
P.O. Box 6655
Farmington, NM 87499
E-Mail: Info@SanJuanCitizens.org
Phone: 505-325-6724

Address of intervenor's attorney:
University of New Mexico School of Law
Natural Resources and Environmental Law Clinic
Jon Anderson, Clinical Law Student,
Working under the supervision of
Prof. Gabriel Pacyniak, Supervising Attorney,
In accordance with NMRA 1-094.

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CONCISE STATEMENT OF THE CASE:

On August 7, 2018, Hilcorp Energy Company submitted an application to the New Mexico Oil Conservation Division (OCD) seeking to amend the well density and location requirements and administrative exceptions of the Special Rules for the Blanco-Mesaverde Gas Pool in Rio Arriba and San Juan Counties, New Mexico. The OCD subsequently approved the request for a hearing before the Oil Conservation Commission (OCC), with a scheduled hearing date of September 13, 2018.

Sometime thereafter, the San Juan Citizens Alliance (SJCA) was made aware of Hilcorp's application, and will move for a continuance in this matter tomorrow in order to have time to identify experts to testify at a hearing, identify exhibits, and otherwise properly prepare for the hearing. As an organization committed to advocating for clean air, pure water, and healthy lands for communities in the San Juan Basin, SJCA substantially contributes to the protection of public health and the environment in Rio Arriba and San Juan Counties.

NAMES OF WITNESSES THE PARTY WILL CALL TO TESTIFY AT THE HEARING:

1. Mike Eisenfeld
Energy and Climate Program Manager
San Juan Citizens Alliance
2. Sonia Grant
Energy and Climate Researcher
San Juan Citizens Alliance
3. Additional witnesses to be determined. The SJCA plans to call other witnesses to testify at the hearing, but has not had time to prepare for this complicated and important matter. SJCA plans to file a Motion for Continuance in this matter. If a continuance is granted, SJCA anticipates amending this pre-hearing statement with the names of additional witnesses in advance of a rescheduled hearing.

THE APPROXIMATE TIME THE PARTY WILL NEED TO PRESENT ITS CASE:

SJCA is not prepared to present evidence or expert testimony at the September 13, 2018, hearing, and SJCA plans to file a Motion for Continuance in order to properly prepare for the hearing on this matter. However, should the Motion for Continuance be denied, SJCA representatives would like to make statements at the hearing that will be preserved for the record. Should the Motion for Continuance be denied, SJCA respectfully requests approximately 30 minutes to make these statements at the September 13, 2018 hearing.

**IDENTIFICATION OF ANY PROCEDURAL MATTERS THAT ARE TO BE
RESOLVED PRIOR TO THE HEARING:**

On September 6, 2018, SJCA filed a Notice of Intervention in this matter. We respectfully request that our Notice of Intervention be approved prior the September 13, 2018, hearing.

As noted above, SJCA plans to file a Motion for Continuance in this matter. SJCA plans to request the continuance in order to consult with the requisite experts in the fields of nondomestic waste from oil and gas development, state and federal air quality regulations, air quality impacts from oil and gas operations, NEPA and federal mineral management, implications of well-spacing decisions, state administrative law, as well as ranchers impacted by these decisions.

**EXTENT TO WHICH THE INTERVENOR OPPOSES ISSUANCE OF THE ORDER
APPLICANT SEEKS:**

SJCA strongly opposes Hilcorp's request to amend the Special Rules governing the Blanco-Mesaverde Gas Pool. If approved, this amendment to the Special Rules would effectively double the number of wells that could operate in the Pool and would deny the people of San Juan and Arriba Counties the ability to participate in the process by which exceptions to the Special Rules are currently granted.

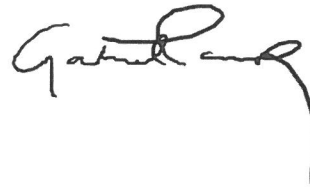
SJCA believes that public health and the environment in the San Juan Basin may be irreparably impacted by this significant increase in well density and changes in spacing rules. Due to time constraints associated with the September 13 hearing, a unique burden has been placed on SJCA to develop evidence and consult with experts in the field of public health and the environment that could comment on these potential issues. SJCA intends to move for a continuance in this matter.

Moreover, SJCA is concerned that Hilcorp's application, if approved, may constitute a violation of the New Mexico State Rules Act. N.M.S.A. 1978 § 14-4-5.2 of the State Rules Act provides that a notice of proposed rulemaking must be published in the New Mexico Register no later than 30 days prior to a hearing on the matter. Among other requirements, this notice must include an explanation of the purpose of the proposed rule, information on where and when a public rule hearing will be held and how a person may participate in the hearing, and a citation to technical information, if any, that served as a basis for the proposed rule. Therefore, SJCA believes that the notice given in this matter may be insufficient. This is a complex issue of state administrative law, and time to consult with experts will be required.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Jon Anderson', written over a horizontal line.

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A handwritten signature in black ink, appearing to read 'Gabriel Pacyniak', written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that on September 6, 2018, I served a copy of the foregoing document to the following counsel of record via Electronic Mail to:

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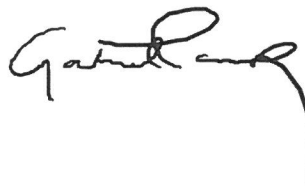
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