

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

**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**

**RESPONSE IN OPPOSITION TO MOTION FOR CONTINUANCE**

Hilcorp Energy Company ("Hilcorp") files this response opposing the Motion for Continuance filed by San Juan Citizens Alliance ("San Juan"). For the reasons stated, the Motion is legally deficient and must be denied.

**SAN JUAN LACKS STANDING TO INTEREVE NE AND SEEK A CONTINUANCE.**

1. As discussed in Hilcorp's Motion to Strike San Juan's Notice of Intervention, San Juan lacks standing to intervene. As Hilcorp stated in Paragraph 13 of its motion:

Having failed to establish the right to be a party in the case, San Juan should be precluded from filing a motion for a continuance. See NMAC 19.15.4.10 (defining "parties" to an adjudicatory proceeding). Only "parties" are permitted by Division rule to file a motion for continuance. See NMAC 19.15.4.13.C.

In addition, the Notice of Intervention was not timely filed. In either case, San Juan is not entitled under the rules to request a continuance.

**THE ISSUES RAISED BY SAN JUAN ARE IRRELEVANT TO THIS HEARING.**

2. Even if San Juan had standing, its proposed testimony adds nothing to this case.
3. The issue in this case is the Commission's statutory authority and obligation to prevent waste of hydrocarbons and protect correlative rights. NMSA 1978 §70-2-11.A. The

application thus raises technical down-hole and reservoir drainage issues. In its Pre-hearing Statement and Notice of Intervention, San Juan raises only surface issues, which have no bearing on the technical reservoir management issues raised in Hilcorp's application

4. As to the surface issues, the Commission has already enacted regulations, under its guiding statutes, regarding the waste disposal issues San Juan raises:

- (a) NMAC 19.15.18 (Production Operating Practices).
- (b) NMAC 19.15.19 (Natural Gas Production Operating Practices).
- (c) NMAC 19.15.23 (Off Lease Transport of Oil or Contaminants).
- (d) NMAC 19.15.30 (Remediation).
- (e) NMAC 19.15.34 (Produced Water).
- (f) NMAC 19.15.35 (Waste Disposal).
- (g) NMAC 19.15.36 (Surface Waste Management Facilities).

Those regulations address the provisions of NMSA §§70-2-12.B.22 and 70-2-12.B.23, cited by San Juan as to why it has an interest. Those issues have already been addressed by the Commission and are not part of this application. Thus there is no reason to continue the hearing to address these regulations.

5. The surface issues raised by San Juan are outside the purview of the Commission. As to federal lands, the Bureau of Land Management controls surface access and use. The State Land Office has the ability to determine the best surface use of its lands. As to fee lands, the surface owners have access to the Surface Owners Protection Act. NMSA 1978 §§70-12-1 *et seq.* Any assertion of injury to the surface must be pressed in front of other forums.

6. In its motion, San Juan now asserts that an increase in well density may not lead to increased production. Assuming this claim is timely, the Commission has the technical

knowledge to determine issues regarding infill drilling, and Hilcorp has the burden to prove its case. An oil and gas operator such as Hilcorp will not automatically drill or re-complete a well if Hilcorp's application is granted. Each operator makes an economic analysis before doing so. The application will not result in an order requiring an operator drill additional wells: Hilcorp is simply asking for rules which permit additional wells in the event an operator in good faith believes it can economically drill or re-complete a Mesaverde well.

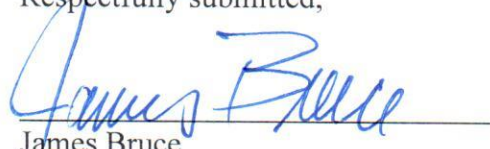
SAN JUAN WAS NOT ENTITLED TO PERSONAL NOTICE.

7. Hilcorp gave notice of this case as required by the Commission's regulations. The regulations do not require notice to San Juan. San Juan did not provide to the Commission a request in writing to be notified of hearings of this type. Therefore there is no reason for a continuance.

8. Any claim for the need for additional preparation time is precluded by San Juan's lack of standing.

WHEREFORE, Hilcorp Energy Company respectfully requests that the Motion for Continuance filed by San Juan Citizens Alliance be denied.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "James Bruce", is written over a horizontal line.

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was served upon the following counsel of record this 11<sup>th</sup> day of September, 2018, via e-mail:

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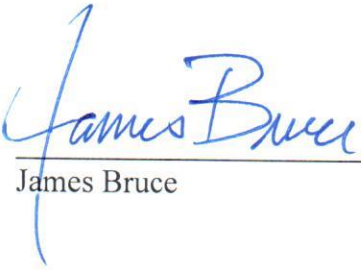
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