

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

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

ORIGINAL

Case 15348

APPLICATION OF WPX ENERGY PRODUCTIONS LLC FOR
APPROVAL OF THE WEST ESCAVADA 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, SANDOVAL
COUNTY, NEW MEXICO.

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

July 23, 2015

Santa Fe, New Mexico

BEFORE: PHILLIP GOETZE, CHIEF EXAMINER
GABRIEL WADE, LEGAL EXAMINER

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This matter came on for hearing before the
New Mexico Oil Conservation Division, Phillip Goetze,
Chief Examiner, and Gabriel Wade, Legal Examiner, on
July 23, 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.

REPORTED BY: ELLEN H. ALLANIC
NEW MEXICO CCR 100
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1 A P P E A R A N C E S

2 FOR APPLICANT

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7 I N D E X

8 CASE NUMBER 15348 CALLED

9 WPX ENERGY PRODUCTION, LLC
10 CASE-IN-CHIEF

11 WITNESS CHUCK BASSETT

12
13 By Ms. Kessler DIRECT
5
14 Examination
15 Examiner Goetze 14

16 WITNESS SAM SHIVERICK
17 By Ms. Kessler DIRECT
15
18 Examination
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20 PUBLIC COMMENT:
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11 DOCUMENTS INCLUDED HEREWITH

12 Ms. Sobel to E-mail Document
13 Documents submitted by Ms. Seamster

1 (Time noted 8:52 a.m.) tr 4 15348

2 EXAMINER GOETZE: The next case on the
3 docket is case no. 15348, Application of WPX Energy
4 Production, LLC, for Approval of the West Escavada
5 Unit; Creation of a New Pool For Horizontal
6 Development within the unit area, and for allowance of
7 330 Foot Setbacks From the Exterior of the Proposed
8 Unit, Sandoval County, New Mexico.

9 Call for appearances.

10 MS. KESSLER: Jordan Kessler from Holland
11 and Hart in Santa Fe for the applicant.

12 EXAMINER GOETZE: Any other appearances?
13 (No response.)

14 EXAMINER GOETZE: And you have witnesses?

15 MS. KESSLER: Two witnesses today.

16 EXAMINER GOETZE: Please identify yourself
17 to the court reporter and be sworn in.

18 (WHEREUPON, the presenting witnesses
19 were administered the oath.)

20 WOMAN'S VOICE: If we wish to make a public
21 comment --

22 EXAMINER GOETZE: Do you wish to make
23 comment or be part of the evidence? If you wish to make
24 comment, we'll go a head and give you a period after the
25 hearing or at the back end of the hearing.

1 Are there other people who wish to --

2 WOMAN'S VOICE: I think so.

3 EXAMINER GOETZE: Then we will make the
4 opportunity after we've had the entrance of the
5 evidence.

6 MS. KESSLER: I would like to call my first
7 witness.

8 EXAMINER GOETZE: Very good.

9 CHUCK BASSETT
10 having been first duly sworn, was examined and testified
11 a follows:

12 DIRECT EXAMINATION

13 BY MS. KESSLER:

14 Q. Would you please state your name for the record
15 and tell the Examiners by whom you're employed and in
16 what capacity.

17 A. My name is Chuck Bassett and I'm a landman at WPX
18 Energy in the San Juan Basin.

19 Q. Have you previously testified before the
20 Division?

21 A. Yes.

22 Q. And were your credentials as a petroleum landman
23 accepted and made a matter of record?

24 A. Yes.

25 Q. Are you familiar with the application that has

1 been filed in this case?

2 A. I am.

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

5 A. Yes.

6 MS. KESSLER: I would tender Mr. Bassett as
7 an expert witness in petroleum land matters.

8 EXAMINER GOETZE: He is so qualified.

9 Q. Mr. Bassett, drawing your attention to WPX
10 Exhibit 1, can you please identify this exhibit and
11 describe what WPX seeks under this application.

12 A. This is Exhibit A to the West Escavada Unit
13 agreement. WPX is seeking approval of the West Escavada
14 exploratory unit. It's a voluntary exploratory unit.

15 It contains 1,926 acres of allotted Indian and
16 federal lands. It's comprised of the south half of
17 section seven, south half of section eight, all of
18 section 17 and all of section 18; township, 22 north,
19 range, seven west; Sandoval County, New Mexico.

20 Q. What pools are involved in this acreage?

21 A. It's possibly within the two-mile buffer of the
22 Basin Mancos Gas Pool. It is adjacent to the rest of
23 the Gallup Pool. It is in the Wildcat Oil Pool, which
24 is governed by statewide rules.

25 Q. Does WPX expect to primarily produce oil from

1 unitized interval?

2 A. We do.

3 Q. Are you also seeking 330-foot setbacks?

4 A. Yes. We are seeking exception to the well
5 location requirements of the Basin Mancos Gas Pool. It
6 is unclear whether the Basin Mancos rules apply.

7 So we are doing that in an abundance of caution.
8 Special rules for the Basin Mancos require 660 feet
9 setbacks, so we are seeking approval to locate wells no
10 closer than 330 feet from the outer boundary of the
11 unit.

12 Q. And statewide oils, that backs our 330 feet for
13 wildcat oil, correct?

14 A. That's correct.

15 Q. Is Exhibit 2 a copy of the unit agreement?

16 A. Yes.

17 Q. Does this conform with the federal form?

18 A. It does. There are two modifications. It
19 applies only to horizontal development, which is
20 described in paragraph two of the unit agreement.

21 And it treats the entire area as a single
22 participating area, which is described in paragraph 11
23 of the unit agreement.

24 Q. Will the unit agreement be a single project area
25 according to Division rules?

1 A. That's correct.

2 Q. And is that described in paragraph 11 as well?

3 A. Yes.

4 Q. Can you identify for the Examiners how production
5 will be allocated within the unit agreement?

6 A. All interest owners share in horizontal wells
7 drilled anywhere within the unit on an acreage basis.

8 Q. Is that also described in paragraph 11 of the
9 unit agreement?

10 A. It is.

11 Q. What is Exhibit A to the unit agreement?

12 A. Exhibit A is the unit boundary.

13 Q. And is Exhibit B an ownership breakdown?

14 A. Yes.

15 Q. And finally is Exhibit C a depiction of the
16 unitized interval?

17 A. Yes, it is.

18 Q. Those are all contained in Exhibit 2, correct?

19 A. Yes.

20 Q. The last few pages of Exhibit 2?

21 A. That's correct.

22 Q. How many leases are within the unitized area?

23 A. We have 12 total leases. We have 11 allotted
24 Indian leases and one federal lease.

25 Q. Is there any unleased acreage?

1 A. No, there's not.

2 Q. Does WPX hold all of the interest in these
3 leases?

4 A. No, we do not.

5 Q. Who are the other working interest owners?

6 A. We have Encana Oil and Gas. We have Dugan
7 Production, Cat Springs Properties, Moon Royalty, LLC.

8 Q. Have the other working interest owners agreed to
9 participate in this unit?

10 A. Yes.

11 Q. You stated previously that Indian allotted leases
12 are within the unit area; is that correct?

13 A. That is correct.

14 Q. Who administers allottee leases?

15 A. FIMO.

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

17 A. Yes.

18 Q. Will the BLM?

19 A. Yes.

20 Q. On what date do you expect the unit agreement to
21 become effective?

22 A. It will be effective upon final approval of BLM
23 and FIMO. And that is outlined in paragraph 18 of the
24 unit agreement.

25 Q. Have you requested that the Division backdate the

1 effective date for this unit?

2 A. No, we have not.

3 Q. Is that because no wells have been drilled so far
4 in this acreage?

5 A. That's correct.

6 Q. Have you met with representatives of the BLM and
7 FIMO?

8 A. Yes.

9 Q. When you met with BLM, did they indicate that
10 their preliminary approval letter would include FIMO?

11 A. Yes.

12 Q. Did the BLM, in fact, provide preliminary
13 approval of the proposed unit?

14 A. They did.

15 Q. And is that preliminary approval letter included
16 as Exhibit 3?

17 A. Yes.

18 Q. Does the preliminary approval letter also include
19 FIMO?

20 A. FIMO is cc'd on the bottom left-hand corner.

21 Q. In your discussions with BLM and FIMO, did you
22 review the nature of the unitized area and development
23 plans?

24 A. Yes.

25 Q. And in your discussions with BLM, did they

1 request that WPX will fill an obligation well?

2 A. They did. The initial well is the West Escavada
3 302H. Surface hole location is southeast of section 7;
4 TD in the southeast of section 17.

5 Q. In addition to BLM and FIMO approval, did WPX
6 undertake efforts to notify all of the allottees within
7 the unit area of this application and hearing?

8 A. Yes.

9 Q. Approximately how many allottee interest owners
10 are there?

11 A. Approximately 600.

12 Q. Did you have an address for all of these owners?

13 A. I did not.

14 Q. Did you receive information on the addresses of
15 the allottee owners from FIMO?

16 A. Yes.

17 Q. Were all allottee interest owners of record as
18 identified by FIMO provided timely notice of this
19 hearing?

20 A. Yes, they were.

21 Q. What additional efforts did WPX undertake to
22 locate an address?

23 A. Our brokers performed Internet searches, searched
24 their databases as well.

25 Q. Is WPX Exhibit 4 an affidavit with attached

1 letters providing notice of this application and hearing
2 to allottees with addresses?

3 A. Yes.

4 Q. And is a list of the allottees along with
5 tracking numbers for notice letters included as part of
6 Exhibit 4?

7 A. Yes.

8 Q. Did allottee owners in addition to notice of this
9 hearing also receive an invitation to the informational
10 meeting hosted by WPX?

11 A. Yes, they did.

12 Q. What was the nature of that meeting?

13 A. We host these meetings to provide information on
14 the unit and answer any questions they may have.

15 Q. Is WPX Exhibit 5 an affidavit of publication
16 directed to those allottees without an address?

17 A. Yes.

18 Q. And turning back to Exhibit 4, did this exhibit
19 also include notice of this application and hearing to
20 the working interest owners and offset parties?

21 A. It did.

22 Q. Was one of those letters returned as
23 undeliverable?

24 A. Yes, it was.

25 Q. Is WPX therefore requesting that the hearing be

1 continued for two weeks in order to publish notice
2 directed to the working interest owners?

3 A. Yes.

4 Q. Was notice also provided to affected parties for
5 the NSL request due to potential encroachment on
6 surrounding tracts of lands?

7 A. That's correct. Since it's unclear; this acreage
8 is in Basin Mancos which requires the 660-foot setbacks.
9 And we expect oil production. We're requesting a change
10 of setbacks to 330.

11 Q. Were WPX Exhibits 1 through 3 prepared by you or
12 compiled under your direction and supervision?

13 A. Yes.

14 MS. KESSLER: Mr. Examiner, I move admission
15 of WPX Exhibits 1 through 5.

16 EXAMINER GOETZE: Exhibits 1 through 5 are
17 so entered.

18 (WPX Energy Production Exhibits 1 through 5
19 were offered and admitted.)

20 MS. KESSLER: That concludes my examination
21 of this witness.

22 EXAMINER GOETZE: Would you like to proceed
23 with some questions?

24 EXAMINER WADE: I do not have any questions.

25 EXAMINER GOETZE: All right. Very good.

1 EXAMINATION BY EXAMINER GOETZE

2 EXAMINER GOETZE: We mentioned we had
3 informal meetings. When were these?

4 THE WITNESS: This informal meeting was July
5 15th.

6 EXAMINER GOETZE: And where was it?

7 THE WITNESS: At San Juan College
8 Performance Hall in Farmington, New Mexico.

9 EXAMINER GOETZE: I notice that an affidavit
10 of publication that we did in the Rio Rancho Observer.
11 Did we intend any other papers of notification in this
12 area, say, Navajo Times or Farmington?

13 THE WITNESS: We did not.

14 MS. KESSLER: Mr. Examiner, I would simply
15 add that the Rio Rancho Observer is a newspaper of
16 general circulation in the county.

17 EXAMINER GOETZE: We note that.

18 So we are working with an exploratory unit
19 agreement. So we have obligations for a single well.
20 And does our agreement include a contracting clause in
21 case obligations are not met?

22 THE WITNESS: It does. We have to drill the
23 initial test well. We have to have a commercial well.
24 We have to keep drilling until we get a commercial well.
25 And then we have to submit a plan of development.

1 Otherwise this unit agreement --

2 EXAMINER GOETZE: So you are saying these
3 are all standard -- this is a standard shaped
4 exploratory unit agreement?

5 THE WITNESS: Yes, Mr. Examiner.

6 EXAMINER GOETZE: Do we have any existing
7 production in the Mancos in vertical wells within your
8 unit?

9 THE WITNESS: We do.

10 EXAMINER GOETZE: And were these folks
11 notified or are they aware of your plans?

12 THE WITNESS: I believe everyone that was
13 supposed to be noticed was noticed.

14 EXAMINER GOETZE: I have no further
15 questions. Thank you.

16 MS. KESSLER: I would like to call my next
17 witness.

18 EXAMINER GOETZE: Please proceed.

19 SAM SHIVERICK

20 having been first duly sworn, was examined and testified
21 a follows:

22 DIRECT EXAMINATION

23 BY MS. KESSLER:

24 Q. Can you please state your name for the record and
25 tell the Examiner by whom you are employed and in what

1 capacity.

2 A. Sam Shiverick, employed by WPX Energy. I'm a
3 geoscientist.

4 Q. Have you previously testified before the
5 Division?

6 A. I have not.

7 Q. Can you please outline your educational
8 background.

9 A. I have a bachelor's degree in geological sciences
10 from the University of Colorado at Boulder. I graduated
11 in 2012.

12 Q. What is your work history?

13 A. I started working for WPX Energy immediately
14 after graduation in May of 2012, and I have been there
15 ever since.

16 Q. Have your responsibilities included development
17 in the San Juan Basin?

18 A. Yes, they have.

19 Q. For how long?

20 A. One year.

21 Q. Are you a member of any professional
22 associations?

23 A. I am. The American Association of Petroleum
24 Geologists, Rocky Mountain Association of Geologists and
25 Tulsa Geological Society.

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

3 A. I am.

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

6 A. I have.

7 MS. KESSLER: Mr. Examiner, I would tender
8 Mr. Shiverick as an expert witness in petroleum
9 geoscience.

10 EXAMINER GOETZE: He is so qualified.

11 Q. Would you please turn to WPX Exhibit 6. Are you
12 familiar with the interval being unitized for the West
13 Escavada unit?

14 A. I am.

15 Q. And is WPX Exhibit 6 a type log of the well
16 showing the unitized unit?

17 A. It is.

18 Q. What's the name of that well?

19 A. Excuse me?

20 Q. What is the name of that well?

21 A. The name of the well is the Fulton 1.

22 Q. And where is it located?

23 A. It is in section 31, township 23 north, seven
24 west.

25 Q. Is this the same log that has been utilized as

1 Exhibit C to the unit agreement?

2 A. It is.

3 Q. What interval is it that WPX seeks to unitize?

4 A. The unit interval is from the Mancos to the base
5 of the Greenhorn. On this log it's defined as 3,858
6 measured depth to 5,695 measured depth.

7 Q. In your opinion, does this horizon identified in
8 Exhibit 6 extend across the unitized area?

9 A. It does.

10 Q. And have you brought structure maps and cross
11 sections to support this conclusion?

12 A. I have.

13 Q. Please turn to Exhibit 7 and identify this
14 exhibit and explain what it shows.

15 A. Exhibit 7 is a subC structure map on the Mancos
16 top. And on this map we have two cross sections shown,
17 A to A Prime and B to B Prime. And we will discuss
18 those in the next exhibits.

19 Q. And those are the red lines, correct?

20 A. Yes, ma'am.

21 Q. Turning your attention to Exhibit 8, is this the
22 cross section that corresponds with the wells labeled A
23 to A Prime?

24 A. It is.

25 Q. What does this cross section show us?

1 A. This is a strike cross section. And it shows
2 that the unit interval is continuous across the area, A
3 to A Prime going west to east, left to right.

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

5 A. The pink boxes are perforated intervals on these
6 vertical wells.

7 Q. What have you identified with respect to the
8 thickness of the formation in the unitized area?

9 A. The thickness of the formation is consistent
10 across the unitized area.

11 Q. And you can see that on this exhibit, correct?

12 A. Yes, ma'am.

13 Q. Is there anything else that you would like to
14 identify for the Examiners on this exhibit?

15 A. No.

16 Q. What is Exhibit 9?

17 A. Exhibit 9 is a dip cross section, B to B Prime.

18 Q. What does this exhibit show us?

19 A. Similar to the last exhibit except it's going
20 down dip. We have four logs in this cross section. We
21 also see the pink boxes as the perforated interval. I
22 would also like to point out that the pink boxes
23 highlight our horizontal target.

24 Q. In your opinion, is the interval that WPX seeks
25 to unitize continuous across the area?

1 A. It is.

2 Q. Have you identified any faults, pinch-outs or any
3 other geologic impediments that will prevent this
4 acreage from contributing to the overall production from
5 the interval?

6 A. I have not.

7 Q. Do you believe that the unitized interval can be
8 effectively and efficiently developed under the unit
9 plan?

10 A. Yes.

11 Q. Are you familiar with the pools currently in
12 existence surrounding the proposed unit area?

13 A. Yes.

14 Q. Does Exhibit 10 identify these various pools?

15 A. It does.

16 Q. Do you believe that the reservoir fluids are
17 consistent between the pools and the unitized area?

18 A. Yes.

19 Q. Does that mean that they are compatible?

20 A. Yes.

21 Q. Is WPX expecting the wells within the unit to be
22 oil wells?

23 A. Yes, ma'am.

24 Q. Do you believe that the technical characteristics
25 of the hydrocarbons within the current pools in the

1 unitized area are essentially identical?

2 A. Yes.

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

4 A. They are.

5 Q. Will the pressure gradients be relatively the
6 same within the unitized area?

7 A. Yes.

8 Q. And will the combination of this unitized
9 interval into one single pool for purposes of horizontal
10 well development result in any waste or loss of
11 reserves?

12 A. No.

13 Q. In your opinion, will WPX's request to create a
14 new pool within the unit for horizontal development
15 prevent waste?

16 A. Yes.

17 Q. In your opinion, is it in the best interests of
18 conservation and prevention of waste to create a single
19 pool for horizontal development within the proposed unit
20 area?

21 A. Yes.

22 Q. Did you prepare WPX Exhibits 6 through 10?

23 A. I did.

24 MS. KESSLER: Mr. Examiner, I'd move into
25 evidence Exhibits 6 through 10.

1 EXAMINER GOETZE: Exhibits 6 through 10 are
2 so entered.

3 (WPX Energy Production Exhibits 6 through 10
4 were offered and admitted.)

5 MS. KESSLER: That concludes my examination
6 of this witness.

7 EXAMINER GOETZE: Any questions, Counselor?

8 EXAMINER WADE: No.

9 EXAMINER GOETZE: No questions. Very good.

10 EXAMINATION BY MR. GOETZE

11 EXAMINER GOETZE: Based on what you
12 presented here, it looks like we have only one active
13 well within the proposed unit. It looks like a gas well
14 in section 17. That's so noted.

15 The plan of development for this unit, were
16 they going to be the orientation of the wells or going
17 to follow -- are you going to strike or what are you
18 going to do?

19 THE WITNESS: The orientation will be from
20 northwest to southeast, so diagonal wells.

21 EXAMINER GOETZE: And do you have an idea of
22 how much inflow you are going to have? Are we proposing
23 a number of wells or are we just --

24 THE WITNESS: We are not sure at this point.

25 EXAMINER GOETZE: So you are obligated to

1 the one well and you are going to make a plan following
2 the conclusion of the exploratory well; is that correct?

3 THE WITNESS: Yes, sir.

4 EXAMINER GOETZE: What are the proposed
5 lengths at this point for the exploratory well?

6 THE WITNESS: We are not sure.

7 EXAMINER GOETZE: Can --

8 THE WITNESS: I can give you a range if you
9 would like.

10 EXAMINER GOETZE: Let's go with the range.

11 THE WITNESS: Anywhere from 5,000 to 10,000.

12 EXAMINER GOETZE: And as far as length?

13 THE WITNESS: That would be the lateral
14 length, 5,000 to 10,000.

15 EXAMINER GOETZE: Okay.

16 And do you have adjacent units that you have
17 developed or -- that you have proposed but you haven't
18 developed yet?

19 THE WITNESS: Yes, sir. The adjacent units,
20 the West Alamito and the North Escavada have been
21 presented in front of the Commission, but have yet to be
22 approved.

23 EXAMINER GOETZE: Very good. No further
24 questions for this witness.

25 MS. KESSLER: Thank you, Mr. Examiner.

1 THE WITNESS: Thank you.

2 EXAMINER GOETZE: Are you done with your
3 testimony?

4 MS. KESSLER: Yes.

5 EXAMINER GOETZE: Okay.

6 For those folks who wish to enter into
7 record a statement, we give you the opportunity to come
8 forth and present that statement.

9 Would you please identify yourself to the
10 court reporter and please come up.

11 MS. SOBEL: Good morning. My name is
12 Rebecca Sobel. I'm a community organizer with Wild
13 Earth Guardians here in Santa Fe.

14 I am here representing -- not really
15 representing -- but speaking on behalf of a friend of
16 mine, Daniel Tso, who is an allotment owner. And I have
17 some things to say about Wild Earth Guardians also.

18 Unfortunately, he couldn't be here. He
19 lives in the area and it's quite a distance for him to
20 get by. One of the things that was mentioned was about
21 the notice or lack thereof to local allotment owners.
22 And one of the things that I can say as a community
23 organizer working in this area is that it's a very rural
24 area. The area of the public meetings, San Juan College
25 is a good hundred plus miles away from the area -- the

1 local allotment area. It would take us over an hour to
2 get there.

3 And we know through our communications with
4 local communities that the Observer is not the newspaper
5 of choice, and that instead, in working with outreach in
6 the local communities, that we always post in the Navajo
7 Times, the Gallup Independent and then also on local
8 radio.

9 One of the other challenges that we -- that
10 I encounter in working with local communities and
11 getting information out is that English is often not the
12 first language. So it's imperative that any notices are
13 also in Navajo.

14 Daniel gave a statement the last time he was
15 here and the last time the case was up, and he has a
16 written statement that I would love to be able to submit
17 if appropriate.

18 EXAMINER GOETZE: It can be admitted.

19 (Statement to be e-mailed to the OCD.)

20 MS. SOBEL: Thank you.

21 What I can say as a representative of Wild
22 Earth Guardians is, you may or may not be aware, there's
23 pending litigation related to fracking development in
24 what we're calling the greater Chaco area. And I would
25 just like to reassert the merits of that case, because I

1 think they apply here.

2 By BLM's own admission, it has not studied
3 the impacts of horizontal drilling in hydraulic
4 multistage fracturing in the Mancos Shale. It has not
5 done -- it is in violation of the National Environmental
6 Policy Act, the National Historic Preservation Act in
7 not doing an analysis before permitting these
8 activities; that there has been a preliminary injunction
9 filed and the ruling on that injunction is set to come
10 out mid to late August.

11 And so what I would say to that effect that
12 we are continuing to work in the communities is
13 community members are very concerned that we have not
14 fully studied and are not fully aware of impacts of this
15 development, specifically with this unit in question;
16 the Escavada Wash flows directly into the Chaco Wash and
17 we are not sure what impacts that may or will have on
18 the park and the UNESCO World Heritage Site as well.

19 So in short, we are basically hoping to
20 involve more community members in this process, make
21 sure that we are doing our due diligence to meet the 600
22 plus allottees that are involved in this area. And
23 having meetings at local chapter houses is imperative to
24 that involvement, getting involved with local community
25 political leaders.

1 I do see some friendly faces in the room. I
2 am not sure if they are going to give comment. But I
3 want to thank you for the opportunity to get on the
4 record and hope that we can continue public engagement
5 on this process. Thank you.

6 EXAMINER GOETZE: Do you have a copy of the
7 statement?

8 MS. SOBEL: I have to get it e-mailed to
9 you. The internet is an issue in the area. Is there
10 someplace I can e-mail it to you; is that okay?

11 EXAMINER GOETZE: Yeah. You can go ahead --
12 before you leave, we will give you a contact for it.

13 MS. SOBEL: Great. Thank you very much.

14 EXAMINER GOETZE: You're welcome. Any other
15 folks who wish to make comment?

16 Please identify yourself to the court
17 reporter.

18 MS. SEAMSTER: My name is Teresa Seamster.
19 I am a resident here in Santa Fe, a retired school
20 administrator. I have a bachelor's in community
21 studies, a master's in education, and an EDS in
22 instructional systems.

23 And I am a member of the Chaco Health Impact
24 Assessment Committee. Other committee members are Dine
25 Care, Sara Wylie, Ph.D. from North Eastern University

1 and Global Community Monitoring. And I can give this to
2 you, so if you would like to take a look.

3 (Ms. Seamster handing paper.)

4 MS. SEAMSTER: I do have a copy for you, but
5 I'm going to have to read from it. You'll get it in
6 just a minute.

7 I am here because the residents of
8 Counselor, Lybrook, Nageezi, and several communities
9 outside of those areas and several rural residents are
10 being asked to accept a lot of risk with the development
11 that is currently going on in that area.

12 I'm not totally clear about pooling
13 agreements, so if I am off base, please correct me.
14 According to a paper from Michigan State University, if
15 landowners and allottees consent to a pooling agreement,
16 then their potential royalties can be significantly
17 reduced. Their other lease provisions can be altered or
18 invalidated. Allottees in this area have said they are
19 generally not informed as to what pooling agreements
20 entail, which is a concern.

21 Also, if the land needs federal
22 communitization agreements, then there are specific
23 reasons why that land cannot be independently developed
24 in conformity with the established well spacing or other
25 practices. And that agreement may or may not be in the

1 public or the tribal best interest.

2 So the agreement for communitization --
3 again, I'm not a lawyer, I'm simply an educator. I
4 looked at it. But it does not spell out any negative
5 consequences for landowners. And they are asked to
6 consent before understanding what they're signing.

7 There are a lot of health and safety impacts
8 and risks that residents have mentioned in the
9 newspaper, in chapter meetings, in private focus group
10 meetings, and just informally.

11 Heavy truck and tanker traffic has gotten
12 much worse on oil fuel roads and rural roads.
13 Congestion makes commuting difficult and hazardous,
14 causes delays to work and school.

15 550 has been closed and slowed down for
16 about a 25-mile area through that section of the
17 highway. It impacts traffic daily. And there are lots
18 of dangerous conditions that have been reported for
19 motorists who commute between Bernalillo and Farmington.

20 Risks for the Lybrook Community School;
21 parents in Lybrook have reported that their children
22 more than once have been kept overnight and not allowed
23 to return home because of problems caused by the various
24 oil field operations. This is a third-hand report by a
25 resident named Robert Kelly.

1 Air quality at the school is a concern.
2 There's a large equipment yard and wells that have
3 continuously flared in April, May and June. It is
4 located less than a mile north of the school property on
5 550.

6 Particulate matter from diesel exhaust, from
7 oil company vehicles, and well equipment poses other air
8 pollution risks for children during the periods when
9 they are outdoors or arriving or leaving the school
10 property. Normally the school offers summer programs
11 and classes. This summer it's closed. And health
12 concerns was one of the reasons.

13 One of the biggest concerns that the health
14 impact assessment committee that I serve on has is that
15 there are increasing public health risks throughout the
16 well development area. This is not just limited to the
17 communities. It is widespread for anybody who is in the
18 vicinity of an oil well.

19 Residents of all ages have experienced the
20 following symptoms in the vicinity of the wells
21 currently operating near their homes or community
22 areas -- nausea, sudden and severe headaches, fullness
23 and tightness in the chest, chest pain, throat
24 irritation, burning sensation in the eyes, nose and
25 throat and lungs, stiffness in the neck, a sudden runny

1 nose, dizziness, and a feeling of collapse.

2 These symptoms are consistent with a widely
3 cited and very recent University of Pennsylvania Report
4 on hospitalization rates.

5 Hospitalization rates were compared with the
6 number of gas and oil units in 67 different zip code
7 areas in Pennsylvania. This is really relevant to where
8 we are, because a lot of these areas are very rural.
9 However, they are not as widely spaced and as lightly
10 settled as the area we are talking about here. So they
11 were able to get much higher numbers than we would get
12 if we did a similar study here. And this report just
13 came out in July of -- July 15th of this year, so about
14 eight days ago.

15 If you are in an area that has around 79
16 wells for every hundred kilometers squared, that's
17 considered a high density of oil and gas wells. The
18 number of hospitalizations went up dramatically in those
19 zip code areas as compared to counties where there were
20 no oil and gas wells.

21 There are also higher numbers, particularly
22 in cardiology inpatient cases. Neurological inpatient
23 cases were the highest numbers, but they also had
24 hospitalizations related to dermatology problems,
25 endocrine disorders, urology and cancer.

1 And the article is cited here in case you
2 want to read it. There are studies also from 2011 in
3 Colorado that have linked benzine exposure from flaring
4 with severe birth defects, that includes low birth
5 weight babies with heart defects, neurological damage,
6 and that results in extensive surgeries or the baby not
7 surviving.

8 The Mancos Shale area is under intense
9 pressure by the oil companies. They want the leases,
10 they want the permits to drill, they want variances and
11 other approvals for additional development. As the
12 witness before me testified, BLM has not completed the
13 process which requires a review of the 2003 resource
14 management plan and has not studied the specific impacts
15 of hydraulic fracturing, specifically health impacts.

16 There is currently the request for the
17 injunction which was filed Monday that was also
18 mentioned by the Environmental Law Center on behalf of
19 Dine Care and other litigants in the Tenth Circuit Court
20 asking that all new drilling be halted until BLM has
21 completed the preliminary study.

22 Our request is that the decision on
23 applications by WPX to expand its drilling be tabled
24 until the injunction is decided on in the next several
25 weeks and until the BLM's RMPA is completed.

1 Just to mention about the cost of illness,
2 the cost of illness hospitalization in New Mexico
3 averages, even with a short stay, about \$30,000 per
4 patient. It is much higher if it is cancer related. It
5 is also much higher if a chronic condition is developed
6 which requires many treatments and many stays.

7 So please be proactive. Your decisions here
8 have direct impacts on the community, and please wait
9 for all the facts before making a decision. Thank you.

10 EXAMINER GOETZE: Thank you. Any other
11 comments?

12 (No response.)

13 EXAMINER GOETZE: With that, we will take
14 case No. 15348 under advisement. And let's take a
15 15-minute break and be back here at a quarter of please.

16 (Pause.)

17 EXAMINER GOETZE: Back on record. It is
18 continued for two weeks until August 6th for
19 notification. My error. So noted. And then we are
20 done. Let's go ahead and take a break.

21

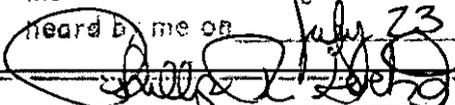
22 (Time noted 9:27 a.m.)

23

24

25

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 15348
heard by me on July 23 2015.

 Examiner

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, July 23,
 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


ELLEN H. ALLANIC, CSR
 NM Certified Court Reporter No. 100
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