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Sent: Mon 04/06/2018 3:49:42 PM (UTC)
Subject: L48 Bi-Weekly Update - June 1, 2018
[Chaco Cultural Heritage Area Protection Act of 2018.pdf](#)
[BLM Map - Proposed Chaco Cultural Heritage Withdrawal Area.pdf](#)

QUICK NOTES:

- Longmont's City Council members voted 6-1 to give final approval to the city's \$3 million agreement with TOP Operating and Cub Creek Energy that will end oil and gas drilling from the surfaces of properties within the city, as well as city-owned properties east of Longmont.
- BP L48 staff helped support La Plata Energy Council in addressing [misstatements published by the Durango Herald](#) on ozone.
- New Mexico's Two U.S. Senators Introduce Legislation to Codify Moratorium on Energy Development and 10-Mile Buffer Around Chaco Canyon in the San Juan Basin.
- Hilcorp San Juan LP, the largest producer in the San Juan Basin and New Mexico's largest natural gas producer, has "withdrawn a request to replace public hearings with a non-public, administrative approval process to increase the number of wells it drills on existing pads in San Juan and Rio Arriba counties."
- Members of the Texas House Natural Resources Committee met in Brady, Texas for a public hearing to review the status of groundwater policy in Texas.
- In response to the boom in Wyoming wind turbine development, the Wyoming Game and Fish Department, in collaboration with the University of Wyoming's Cooperative Fish and Wildlife Unit, are launching a study at the 500-megawatt TB Flats development to measure big wind's impact on pronghorn from construction to operation.
- Charlie Hardy of Cheyenne, WY who has ran numerous times for elected office as a Democrat in Wyoming has switched his party affiliation to Republican in order to be eligible be on the August primary ballot

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LOWER 48 STATE AFFAIRS: BUSINESS INTELLIGENCE/KEY HIGHLIGHTS FROM REPORT PERIOD (All States)

Colorado

- **Lachelt Recall Falls Short:** A recall effort against La Plata County Commissioner Gwen Lachelt failed to collect enough valid signatures to trigger a recall election. Recall supporters were 36 signatures short. They needed 7,505 valid signatures, but received only 7,469. Three La Plata County residents led the recall effort because, they say, Lachelt's work on environmental lobbying harmed her attendance at county meetings. They also said she leveraged the duties of public office as a county commissioner to advance her interests and the interests of Western Leaders Network. Notably, Conservation Colorado, an environmental nonprofit, was the biggest spender in the citizen-driven effort, contributing nearly \$50,000 to help Lachelt fight back against the recall. By comparison, La Plata County Recall, the committee formed by supporters of Lachelt's recall, show a total of \$5,068 in monetary contributions and \$6,528.42 in non-monetary contributions.

- **Money Pouring in to CO for 2018 Election:** The total poured into elections tracked by the state through May 2 neared \$56 million, according to a Denver Post analysis of campaign finance records from 2017 and 2018. The bulk of the money targets the open governor's race, where four of the 10 top donors are aligned with Democratic candidate Mike Johnston and promote charter schools. Three of the other top donors are oil and gas companies. The top donor so far overall this election cycle is candidate Jared Polis, who wrote a \$2.2 million check to his campaign in March. Second behind Polis is Anadarko Petroleum, which has already given \$2.5 million to Protect

Colorado. PDC Energy has given \$424,000, and Liberty Oilfield Services has given \$359,000. More on the top 10 donors can be found [here](#). Notably, billionaire Tom Steyer has openly declared [he intends to help Democrats in Colorado with control of the state Senate](#).

- **Navajo Nation Question Sand Dunes Leasing:** The Navajo Nation is requesting that the September auction of leases under land within a mile of the Great Sand Dunes National Park and Preserve be postponed. The leases would grant access on land that energy company owners Crystal and David Watts bought last year from shampoo magnate Tom Redmond. Just to the north, the Navajo Nation owns more than 26 square miles, purchased last year from Redmond and another rancher, reclaiming Navajo ancestral land in Colorado. The BLM has not issued a required formal notice. We will continue to monitor.

- **Anadarko Shuts Down Third Creek Gathering System Citing Safety Concerns:** Anadarko is closing a natural gas gathering system in northern Colorado, citing safety considerations. The Third Creek system carries natural gas from wells to processing facilities, and then to market. The system serves dozens of other, smaller energy producers in Adams, Arapahoe, Denver and Elbert counties, providing a crucial link between wells and buyers. The closure will cause producers to shut down wells. Last year producers in the system filed a complaint with Colorado's Public Utilities Commission over Anadarko's decision to close Third Creek. The PUC dismissed the complaint, and a number of operators are now engaged in a lawsuit with Anadarko over the closure.

New Mexico

- **New Mexico's Two U.S. Senators Introduce Legislation to Codify Moratorium on Energy Development and 10-Mile Buffer Around Chaco Canyon in the San Juan Basin:** According to a [joint news release](#) issued on May 22, U.S. Senators Tom Udall (D-NM) and Martin Heinrich (D-NM) have introduced the "[Chaco Cultural Heritage Area Protection Act](#)," a Senate bill to withdraw lands around Chaco Canyon from further energy development. The bill would "ensure the protection of Chaco ruins and the greater landscape surrounding the Chaco Culture National Historical Park by preventing any future leasing or development of minerals owned by the U.S. government that are located within a protected radius around Chaco," according to the news release. The release added that the Chaco Cultural Heritage Area Protection Act would "withdraw minerals owned by the U.S. Government from future leasing and development that are located within the [Proposed Chaco Protection Zone \(map\)](#) – which surrounds the Chaco Culture National Historical Park – protecting the remaining Chaco ruins and landscape nearest the park. The bill withdraws 316,076 acres of minerals from the 909,000 acres of the Proposed Chaco Protection Zone of oil, natural gas, coal, gold, silver and other minerals owned by the federal government. In respecting Tribal self-determination, only minerals owned by the federal government are subject to withdrawal - excluding minerals in the area that are owned by private, state, and Tribal entities." *A PDF of the proposed legislation and a BLM-generated map of the acreage proposed for withdrawal from federal mineral leasing is attached to this email.*

- **Taking Heat from Environmental Groups and the New Mexico Attorney General, Hilcorp "Drops Request for Non-Public Process to Drill More Wells" in the San Juan Basin:** The *Albuquerque Journal* [reported](#) on May 30 that Hilcorp San Juan LP, the largest producer in the San Juan Basin and New Mexico's largest natural gas producer, has "withdrawn a request to replace public hearings with a non-public, administrative approval process to increase the number of wells it drills on existing pads in San Juan and Rio Arriba counties." The New Mexico Oil Conservation Division (OCD) had planned to hear Hilcorp's request at a public hearing on June 1, but a coalition of environmental groups – including the San Juan Citizens Alliance, the Oil and Gas Accountability Project and Rio Arriba County rancher/activist Don Schreiber – had filed to intervene and requested a two-week delay on Hilcorp's request. "It's a complicated issue that concerns how many wells are drilled in a given area," said Mike Eisenfeld of the San Juan Citizens Alliance, in an interview with the *Journal*. "We respectfully want to be included, because it's a significant issue that people need to look at." Hilcorp withdrew its request to OCD on May 30. Additionally, the environmentalist-backed DeSmogBlog [claims](#) that Hilcorp dropped its request in part "following reports that the New Mexico Attorney General's office planned to become

involved” in the situation. “The Office of the Attorney General is monitoring this issue and will always take appropriate action to ensure that government agencies and processes are transparent and open to the public,” said James Hallinan, communications director for the New Mexico Attorney General's office, in a statement to DeSmogBlog. In an email to the *Journal*, Hilcorp spokesman Justin Furnace said the company “still plans to file a ‘revised application’ with the OCD at a later time that addresses some ‘misnomers’ raised by intervening parties.”

• **Albuquerque Journal Poll: “Lujan Grisham Holds Commanding Lead” in Democratic Primary for Governor:** The *Albuquerque Journal* released its pre-primary poll of likely primary voters on May 27, [reporting](#) that “Fifty-seven percent of proven Democratic voters surveyed last week said they would vote – or had already voted – for [Congresswoman Michelle] Lujan Grisham, a former state Cabinet secretary who is giving up her Albuquerque-area congressional seat to run for governor. Former Albuquerque media executive Jeff Apodaca trailed Lujan Grisham, with the support of 15 percent of voters surveyed, while 9 percent said they would vote for state Sen. Joseph Cervantes of Las Cruces. The remaining 19 percent of voters were undecided or would not say for whom they planned to vote. U.S. Rep. Steve Pearce of Hobbs, who represents southern New Mexico in Congress, is unopposed for the Republican nomination for Governor in the June 5 primary. New Mexico’s current Governor, Susana Martinez (R), is term-limited. In addition to being the frontrunner for the Democratic nomination, Lujan Grisham is widely viewed as the frontrunner for Governor in the November general election as well. The *Journal* poll was conducted on May 20-24 and based on a sample of 444 registered Democratic voters who cast ballots in the 2014 and/or 2016 primary elections and said that they were very likely to vote in this year’s primary election. The poll has a margin of error of plus or minus 4.6 percentage points.

• **NMOGA Convenes Methane Work Group in Advance of Possible Statewide Regulation in 2019:** Controlling emissions from the oil and gas sector is a top priority for environmental groups active in New Mexico, including the Environmental Defense Fund (EDF) and Conservation Voters New Mexico. If the Democratic nominee for Governor is elected in November, as is widely expected by local political observers and confirmed by recent polling data on the race, a statewide methane regulation patterned after Colorado’s Regulation 7 is likely to be promulgated by state regulators under the new, progressive administration. The adoption of Colorado’s EDF-backed methane regulation divided and ultimately harmed the state’s oil and gas industry, and EDF is now employing the same strategy and tactics in New Mexico. EDF is actively seeking to identify major oil and gas companies that will “break from the pack” and publicly support a Colorado-like state methane rule in New Mexico in advance of a possible rulemaking in 2019. While NMOGA’s members will ultimately chart their own course with regard to state methane regulations, the organization’s Board of Directors has agreed unanimously with a recommendation from association staff seeking to ensure that member companies refrain from making “side deals” with environmental groups in advance of the administrative rulemaking process. The NMOGA Board of Directors believes that industry’s leverage in any future negotiations will be stronger if oil and gas companies maintain a united front on this issue. In addition, the organization asserts that experience gained in New Mexico and elsewhere shows that there are few benefits to preemptively making side deals with environmental groups on proposed state regulations or legislation, and that it is far more advantageous for industry to work directly and collaboratively with state officials – regardless of their political affiliations – on these matters. Accordingly, in order to prepare for a potential methane rulemaking in New Mexico in 2019, the NMOGA Board of Directors has formed a Methane Work Group.

Texas

TX House Natural Resources Committee: On May 23, members of the Texas House Natural Resources Committee met in Brady, Texas, for a public hearing to review the status of groundwater policy in Texas. Specifically, the committee plans to discuss emerging issues tied to groundwater and surface water interaction, with particular focus on areas of increasing competition for scarce resources. Representatives of the Comptroller’s Office, TPWD and TWDB also provided testimony about their respective agency’s work with

endangered species and coordination with U.S. Fish and Wildlife Service. They also discussed the listing of the Texas hornshell mussel as endangered and noted that 11 other Texas mussels are being considered for listing.

The committee also will continue its examination of this interim charge two weeks later on Tuesday, June 5th in Canyon, Texas. During the June 5th hearing, members intend to take up the following items:

- Progress and challenges in encouraging coordination and consistency in aquifer-wide management and permitting practices;
- Developments in case law regarding groundwater ownership and regulation;
- Potential improvements to the existing groundwater permitting process, including those contemplated in H.B. 31 (85R);
- The appropriate consideration of the service area of a water supplier when groundwater resources are allocated based on surface ownership;
- The designation of brackish groundwater production zones and related research;
- Groundwater data and science needs
- Emerging issues in groundwater and surface water interaction, in particular in areas of increasing competition for scarce resources.

• **Railroad Commission (RRC):** Drilling permits in Texas were up 34 percent in April compared to a year ago, according to new statistics released from the Texas Railroad Commission. The agency says it issued a total of 1,221 drilling permits last month compared to 909 in April 2017. The Midland region accounted for the most drilling permits issued in the state in April, with 573 permits issued to drill oil and gas holes.

Through Friday, June 1, the Texas Railroad Commission is accepting public comments on the agency's latest regulatory proposal to amend §3.52 and §3.53, which would update testing requirements for oil wells. The regulatory changes, if approved, would allow operators to choose not to file an annual well production capability test after an initial test has been filed with the commission. The measure is part of Texas Oilfield Relief Initiative led by commission Chairman Christi Craddick.

• **Eminent Domain:** The Texas House Committee on Land & Resource Management held a hearing in Houston last Wednesday, May 9th to discuss its interim charge relating to eminent domain statutes in Texas. The committee has been tasked with examining the current eminent domain structure to ensure there is a balance between necessary infrastructure growth and fair compensation for landowners. Invited testimony panelists included representatives from the Texas Department of Transportation (TxDOT) and various agricultural/landowner groups, as well as members for local government, pipelines, electric companies, and the oil and natural gas industry. The discussion during the hearing was mainly centered on the costs associated with eminent domain proceedings, with some focus on legislation that failed to pass during the 85th Legislative Session in 2017. The committee has announced it may hold at least one more hearing on this issue in the coming months, at another location around the state.

Wyoming

• **Year Round Drilling/ Converse County EIS:** In order to increase efficiencies and limit rig moves, oil and gas companies in Converse County Wyoming are proposing allowing for year-round drilling as much as possible within the project area. The Bureau of Land Management, in a draft environmental impact statement released in January, noted this was the agency's preferred route, too. We will continue to monitor.

• **Wyoming Public Records Request:** Lawmakers are eyeing changes to public records law after a national group dedicated to government transparency flooded 800 Wyoming agencies with records requests last spring. openthebooks.com, a project of Illinois-based 501(c)(3) organization American Transparency, filed the requests to collect Wyoming data for an online repository of spending by state, local and federal governments. Its requests went to more than 800 agencies, districts, boards and other municipal and state government entities, Wyoming Liberty Group executive director Jonathan Downing said. His organization, a conservative think tank in Cheyenne, assisted Openthebooks.com with the requests. The inquiry has sparked a review of public records law by the Legislature's Joint Corporations, Elections & Political Subdivisions Committee, even as the state implements new

rules to charge its citizenry for accessing public records.

LOWER 48 STATE AFFAIRS: ADDITIONAL ITEMS

- Jared Polis reiterated his support for local control in an interview with Colorado Public Radio.
- Anadarko reached a settlement with families of men killed in Firestone home explosion. The Denver Post also had coverage.
- Ultra Petroleum is relocating its home base to Denver from Houston.