SUMMARY MINUTES
PECOS DISTRICT RESOURCE ADVISORY COUNCIL
NOVEMBER 19, 2013
CARLSBAD, NM

RAC Members Present:
- Steve West
- Robert Armstrong
- Reginald Richey
- Greg Fulfer
- Alisa Ogden

BLM Staff/Meeting Support
- Chuck Schmidt
- Christopher Brown
- Howard Parman
- George Veni
- Owen Loften
- Calvin Deal
- David Herrell
- Shiva Achet
- Allison Sandoval

RAC Members Absent:
- Tish McDaniel
- Jack Callaway
- Steve Peerman
- George Farmer

Scribe:
Betty Hicks

Federal Official:
Jim Stovall, District Manager

Public:
Alex Arensberg, Patton Boggs LLD
Catherine Green, Heyco, Roswell

Ugandan Oil & Gas Study Tour Group

NOVEMBER 19, 2013

CALL TO ORDER, WELCOME & OPENING STATEMENTS

The meeting was called to order and Jim Stovall told all that the Carlsbad Field Office was visited by a group from Uganda. They are on an oil and gas study tour learning about oil and gas processes to be able to apply in their country where drilling for oil and gas is a new endeavor. They were introduced and explained what they were hoping to learn from their meetings and tour of an oil field. Mr. Stovall explained the purpose of the RAC and explained their contribution to the business of the BLM.

Chairman West welcomed the group and expressed that the town of Carlsbad as well as the BLM will extend their hospitality to the visitors. Mr. West explained that a quorum is needed to formally conduct the business of the RAC but that several members were unable to attend.

Mr. Ernest N.T. Rubondo, Commissioner of Petroleum and Exploration and Production Department thanked all for the invitation and described that their country is beginning to develop oil and gas. Three companies are currently working. He explained that they believe that 3.5 billion barrels of oil are expected to be recoverable. The government is reviewing plans of the companies that have applied and have issued one license. Others are being reviewed. Some fields are in a very pristine area and much concern is expressed over development of these areas. The department that this group represents is responsible for attracting companies, regulations, etc.. Processes for oil development and production are being worked on. Other arms of

government are now acquiring new responsibilities as well. Working with others who have worked in this area will help with this learning process.

Question: Who owns the mineral rights of an area, the government or individual land owners?
Answer: Hardrock minerals are separated from oil and gas – landowner for hardrock, the local government for oil and gas.

Question: About what depth are wells being drilled where there is production?
Answer: Oil is found at different levels. There are basins within basins, with oil discovered at deep ends, about 3,200-3,500 meters. Some shallow wells have oil found at 220 meters. Depths vary greatly, with oil coming to the surface in some areas.

Question: Are they drilling for natural gas also, or just doing oil now?
Answer: Some fields have gas. There is low gas/oil rations within developed fields so far. Gas will be developed in the future.

Question: Will the product be refined in the area or taken out of the country.
Answer: The country and companies differ in opinions. Uganda would like to refine but the companies feel some exporting is necessary to recover some of their investment. They will be refining in the country in the future.

Question: What type of environmental issues are being looked at? What issues are the most relevant and problematic for Uganda ?
Answer: Water contamination is looked at and they are looking for a balance between these issues and development. This presents a challenge. They are looking at what challenges are being brought to the country by oil and gas development.

Question: Is surface water a primary focus in this country?
Answer: Yes, to some extend but also looking at ground water. The Nile River must supply water to other countries and it must be ensured that contamination does not occur.

Mr. Armstrong mentioned that NM Tech is a University with an excellent petroleum engineering program It is a small school with very high educational skills.

Mr. Rubondo explained that one phase of development is employing blue collar workers and this is also a present challenge. Mr. Fulfer explained that the NM Junior College is developing a workforce program in this area. They have set up a corresponding program in Denmark to be able to interact form Hobbs at the Junior College. It was stated that Uganda is in the process of developing a program with a demonstration of new technology.

Question: What is the difficulty with acquiring blue collar workers.
Answer: Need those with technical training to be qualified to work for the companies and also to acquire courses to teach basic knowledge and bring students to a qualifying level.

Question: What is the timeframe for this development – one year or two, five years?
Answer: It is expected that companies will "hit the ground" within the next year.

Question: What is a comparable area in the US to the area Uganda will be working in?
Answer:

Question: Has there been thought of using some of the revenue for training programs?

Answer: The country has started a blue collar institute. It is new in operation for two years but will probably need a second college. On-the-job training will be used also.

Question: How is this development looked at by the public? In some counties looked at as a way to build infrastructure, economy, etc.?
Answer: At present it is mostly expectation. They are beginning to see some things happening, but large impacts are not apparent as yet.

Question: What is the market for the product, as it is a landlocked country.
Answer: The term landlinked, rather than landlocked is preferred and this should bring opportunities for exploration in the future.

Question: What is the current employment base?
Answer: Currently 75% earn their living in agriculture.

Election of Council Chair

As a quorum was not present, Mr. West will continue as the Chair and this will be addressed at the next meeting.

The issue of a misunderstanding about the use of alternates on the RACs was brought up. Mr. West asked what could be done to change the fact that "alternates" are not allowed to be a part of the RAC.

Ms. Allison Sandavol of the BLM NM State Office will look into the process and advise Chairman West as to the procedure.

Carlsbad Land Use Plan Revision – Owen Lofton

Mr. Loften explained that he would be updating all on the on-going Land Use Plan revision. The latest news letter was distributed and another is scheduled to be issued soon. He explained that a Resource Management Plan has four categories.

Allocate resources and determine appropriate multiple uses for the public lands
Develop a strategy to manage and protect resources and
Establish systems to monitor and evaluate

The RMP manages entire planning area of the Field Office. The Decision categories include Resource Use and Resources. Within the resource use category are Mineral Development, Recreation Opportunities and Travel Management just to name a few. The mineral development and recreation opportunity areas are subject to many open/closed decisions. Travel Management Planning is deferred until the implementation stage of the RMP.

Travel decisions for the CFO Plan will be limited to existing routes and later will be specifically designated for different types of routes (limited open regulations).

Grazing, Land Use Authorizations and Land Tenure are areas subject to use regulations and, in some cases, exclusions. Sales, exchanges and disposal of lands are also included.

ACEC's, Lands with Wilderness Characteristics, Wild and Scenic Rivers and Visual are allocations for natural resources.

A report of lands with wilderness characteristics evaluations will be forthcoming. Eligibility and suitability reports for wild and scenic rivers will also be available soon. Visual areas are allocated in Classes I through IV. A map of many allocation areas (from the 1988 RMP) was shown.

Question: Are the maps of the current Draft RMP available on the internet?
Answer: They are on the Carlsbad Web Site.

The process of drafting an RMP/EIS was reviewed. This is also listed on the handout provided. The scoping and analyzing process was explained, as well as hosting workshops and formulating alternatives.

Alternatives are developed and a preferred alternative selected. The Draft RMP/EIS is prepared and shared with specific entities. An NOA is published and a 90-day public comment period occurs. A proposed RMP/Final EIS is then sent out for a comment period, followed by a Record of Decision/Approved RMP.

Changes that have been implemented have presented new challenges in developing this Plan. These challenges were listed for the group.

Resources and Resources Uses are pulled together in the EIS. When all is done will come up with a preferred alternative.

Alternatives have been developed, inventories completed, reports compiled, analysis of the management situation is completed. Chapter 3 and Chapter 4 should be completed soon.

A project schedule from start to finish including dates was presented. The Final RMP and ROD to the public will hopefully be September 2015.

Question: If the Governor has issues with various parts what is done?
Answer: Depends on whether or not it is substantive. If necessary responses are done.

Question: What is the goal behind reduced grazing alternatives?
Answer: A Court decision related to the issue requires this be looked at.

Question: If an area is designated as a wilderness area will it have specific management.
Answer: If an area meets the criteria an agency can manage as lands with wilderness characteristics, or not, and workshops will be done.

Question: How is NM's cultural properties incorporated into planning?
Answer: A Class I inventory was completed for the planning area; it will be looked at and decisions then made.

Question: Is economics considered?
Answer: Socio-economics is considered, which includes what contributes to the area.

Rapid Ecological Assessments – Calvin Deal

Mr. Deal explained that an REA's overview and data products will be discussed; what its purpose is and what we will have when completed. An REA is a data exercise. Goals and Objectives were listed on the screen.

An REA is a rapid assessment of an eco-regions's conservation elements, the change agents that impact them and their current status.

Change elements, conservation elements and status are all considered and management questions are developed to support and assist with decisions. Currently there are 14 REAs in various stages of completion. BLM's landscape approach was defined. The entire process is based on science research. When all data for the eco-region was compiled the Field Office contracted with the Jornada to help with the process. The goal is to have about 10 data sets to work with.

The REA data portal was discussed and that all information is available to the public. The page showing how to access this will be printed and provided to the RAC.

The Carlsbad Office was commended and congratulated at the way they have enhanced communications with all stakeholders.

Chuck Schmidt, Roswell Field Office Manager advised the RAC that the Roswell Office is working with a team on the Southern Great Plains area and that the Carlsbad Field Office is assisting.

It was stated that a process is being worked on with the National Operations Center to have all data available to all interested in all of the REA area.

LUNCH

Update on the Rob Jaggers Campground Business Plan – Ft. Stanton NCA - Chris Brown

Mr. Brown explained that in February 2013 a draft business plan to be able to charge fees for amenities that have been requested by the public and to be able to expand further, if necessary was presented to the Council for review and comments. These amenities have been installed at the expense of BLM and volunteers and hopefully these fees will be able to offset costs of providing these. Mr. Brown suggested that the RAC possibly convene a meeting at Ft. Stanton to be able to visit the campground and then make a recommendation as to whether or not the Plan should be implemented.

A total of eight (8) comments have been received. It has been commented that the dump station fee seems a little high and there has been a concern about affecting special recreation permits. These comments will be analyzed and decisions made.

Mr. Richey discussed the area being considered and told of the many uses that he had observed personally. His opinion was that the fees being considered are very low.

Mr. Brown responded that the proposed fees are for amenities and that there are options to designate an area for a special fee. Those are not being considered in this Plan.

Mr. Fulfer suggested that there should be different fees set for different uses. All should not be charged alike.

Question: Are other groups collaborating on this effort?
Answer: All Special Recreation permittees and the Western Slope No Fee Coalition have been consulted

Chris stated that all agencies, (Park Service, Fish & Wildlife Service) are bound by the same regulations regarding the charging of fees. He left material with the members for further review.

Mr. Richey mentioned that a former BLM employee, Mr. Bill Murry, very instrumental in the development of the camping area passed away recently. He asked that it be entered into these minutes that he was very involved with the creation of several trails in this area and that his contributions were recognized by this RAC. Field Manager Schmidt stated that there are plans being made to name one of these trails after Mr. Murry.

Water Use and Mineral Development – David Herrell

Mr. Herrell discussed hydraulic fracturing, water use and mineral development. He explained that fracturing technology has revolutionized the oil and gas industry. The Permian basin is in a long term boom due to hydraulic fracturing.

New Mexico Tech was commissioned to do a reasonable foreseeable development (RFD) plan for the area. This RFD is being accepted for the next 20 years. Air emissions are also being looked at in the RFD area.

There were issues and concerns with this BLM Proposed Rule. 177,000 comments were received. The NM State Office is working on guidelines and the CFO is working on incorporating language addressing hydraulic fracturing issues in the Potash areas through Cooperative Agreements. They are also working with industry to improve environmental stewardship.

There was concern expressed that it is difficult to determine where water is coming from that is being used by the oil and gas companies.

The average hydraulic fracturing is about 2,000,000 gallons per well ft.. Shallow water is about 200 ft. It is felt that with the depth of drilling it could not impact this shallow water.

Three things in the Proposed Rule that will come out are chemical disclosure, well construction and flowback management. All have been discussed previously.

There have been hydraulic fracturing spills, resulting in bad management/bad engineering.

Fear of the unknown has been a concern. Disclosure of chemicals used druing a frac job is being worked on, possibly on the website FracFocus.

Mr. Fulfer stated that the Rulemaking should be left at the State level rather than be done by BLM.

Todd Suter, realty specialist in the Carlsbad Field Office discussed water reuse for hydraulic fracturing. A company from Texas wants to re-use water. Most companies have figured out that they can frac wells at 300 feet. A company is coming in December that will use 30% fresh and 70% reuse water. They will be striving to be using all reuse water. After a 2-week period on two wells, they will be evaluating.

With fresh water frac, new technology allows doing one frac and no repeat.

Question: What is the percentage of water used for fracing?
Answer: This is not known but the largest percentage is used by agriculture.

Pilots have been set up in many other states regarding hydraulic fracing.

Question: Has anyone done studies regarding the concern of the effect on fresh water supply.
Answer: Two models have been done in the area and BLM will look at these.

New Potash Mine Development – David Herrell/Shiva Achet

Mr. Herrell explained that ICP submitted a proposed action to mine polyhalite ore in this area of NM. Many things must be done and many teams were established. The BLM ID team and consultants were listed.

Requirements of BLM were looked at and listed, including agencies, formal MOU's signed, and tribal consultations. T hBLM must decide at conclusion of EIS process whether to approve ICP's Ochoa Mine Operation and Closure Plan, requested rights of way, and issue preference right leases and if so, under what terms and conditions.

Information on the project area size, surface disturbances, surface land ownership and the approximate percentage of the minerals owned by the federal government was shown.

A map of the Secretary's Potash area was shown. The Ochoa mine area is outside this area.

The proposed action processes were listed, including development of an underground mine, processing facilities, brackish water wells to supply process water.

A water model was created and posted on web site of BLM CFO.

ICP's Proposed Action contains plans for management of co-development and these were listed. They are proposing co-development with operators at the local level.

Alternatives for the EIS have been developed. These include No Action Alternative; Alternative B, which is concerning the issue of visual impact; and options for reducing volume or height of dry stack tailings. Alternative C looks at managing co-development from regulator's point of view. A local Potash Order or something similar would be developed. Standards for this co-development were listed. These included some of what is contained in the Secretary's Potash Order currently. Alternative D analyzes an alternative location, in response to a comment received.

After publication, over 200 comments were received. BLM held some public meetings. Issues and concerns were listed. Water demand and waste water was addressed. A model was created and recommended to the State Engineer. Subsidence was also addressed, as well as visual resources and dust and socioeconomics.

Those agencies/companies submitting comments were listed. Final EIS Draft will be given to the State Office for review. It will be published in February with 30-day comment period and will be published with Record of Decision in March. A Preferred Alternative will be chosen this week and this will be used in the Final EIS publication by January 2014. A Record of Decision will be developed and published by March 2014.

The process for selecting the Preferred Alternative was shown. Four criteria were developed and ranked from 0-4. The contractor did a quantatative evaluation.

The Preferred Action being proposed is a combination, called a Mixed Alternative.

Lessons learned in the development were listed.

Public Comment Period –

The public comment period was called as scheduled but there were no comments made.

Next Meeting Date: Wednesday March 12, 2014, CVE building in Artesia, NM.

Approved:

Steve West

Steve West, Chairman

12 March 2014

Date