

Group 1
Santa Fe Not Oil and Other Concerned Citizen Groups

This focus group meeting commenced at approximately 9:10 a.m., June 9, 2008 in the legal conference room at the Old Santa Fe Courthouse, 102 Grant Street, Santa Fe, New Mexico.

The following people were in attendance:

Consultants:

Robert H. Freilich, Special Land Use Counsel
Bruce G. Peshoff, Planning Works

County Staff:

Rachel Brown, Assistant County Attorney
Penny Ellis-Green, Deputy Land Use Administrator

County Citizens:

Betsy Siwula-Brandt
Frank Herdman
Bill Manns
Kim Sorvig
Dianne Elise Strauss
Steven Sugarman
Craig Wingate

[Exhibit 1: Sign-in sheet]

Robert H. Freilich introduced himself as an expert in real estate and land use law. He has tried more than 160 cases and argued more than 100 appeals throughout the country, including several before the U.S. Supreme Court. He said he has developed and implemented land use plans and systems for more than 250 cities, counties, and states.

Dr. Freilich said he reviewed the County's draft gas and oil ordinance during the first part of the moratorium and recognized important elements were missing and suggested the enactment of an interim development ordinance (IDO) rather than a moratorium. He mentioned that he has a deep litigation background especially in the field of takings.

With the State enacting a moratorium to protect the cultural properties in the Galisteo basin, Dr. Freilich suggested the County does not have to rush. The issues facing the Galisteo Basin is to develop a plan that addresses the necessary infrastructure to service new development: fire protection, police, emergency response, water, roads, basic community facilities, and service elements. He said a Needs Issues and Opportunities

(NIO) report will be necessary. Regardless of what happens, the development has to pay for all the services it generates. This may be accomplished through the creation of an improvement district.

Dr. Freilich discussed the environmental resources, environmental footprints, and other components that will require assessment to develop the Galisteo Basin Plan. Two fundamental questions are: Where is the growth occurring in Santa Fe County? Is it occurring in the Basin and if so where?

Referring to the footprint, Dr. Freilich said it was not the number of car-trips but vehicle miles that need to be considered. He mentioned that the current residents in Galisteo are not ranchers.

Dr. Freilich emphasized that nothing would be hidden during this planning process.

Bruce Peshoff, Principal at Planning Works, is the firm hired to help develop an oil-and-gas-extraction ordinance (amendments to the Land Development Code pertaining to public facilities and gas/oil/geo-thermal extraction), develop an area plan for the Galisteo Basin, and finish writing the growth-management amendments to the county general plan. Mr. Peshoff concurred with Dr. Freilich stating that the planning process will be open and transparent.

Mr. Peshoff said that at this point in the process, the consultants are in a "listening tour", meaning they are hearing the citizen concerns. The consultants would continue to present focus groups to develop ideas, one-on-one discussions telephonically and in person, charrettes, and open house discussions with a the goal to extract ideas and information from the public to develop sound strategies and policies. He anticipated holding four to eight public type forums with charrettes and making eight to ten trips to Santa Fe.

The planning process utilizes the CDRC as the advisory committee and developing a special technical team with staff and other experts. Mr. Peshoff said it is imperative that there was trust between the County and the public in this process.

Dr. Freilich said the consultant would be completing the growth management plan to revise the zoning and subdivision ordinance and to make it adoptable.

Kim Sorvig, Professor of architecture and planning at UNM, commented that the oil and gas industry have claims in other parts of the County and Galisteo is not their only interest. Mr. Peshoff said that they were aware of this fact and that Galisteo's management plan will thus be used as template for other communities. He said it was important that the County position itself to avoid acting in reactionary mode and be prepared by having sound policies and strategies.

Steven Sugarman, landowner in the Galisteo Basin and local environmental lawyer, asked how the consultants saw the integration of legal and resource data. Questions on the matter include: Who acquires the data? Who pays for it? He expressed concern that if

it is the permittee paying for the data it may be biased. Dr. Freilich said they would be hiring a hydrologist and using the County's hydrologist. A field and oil engineers will also be part of the technical team. He said the County has agreed to pay for these needed specialists.

Betsy Siwula-Brandt, said she spent 18 years working in the oil and gas exploration business, and she felt a lot more data needed to be compiled on the area.

Dr. Freilich assured her that was part of the plan.

Ms. Siwula-Brandt said the type of drilling Tecton intends to do — which involves injecting pressurized fluids into the ground to fracture surrounding rock so it will relinquish oil — is the riskiest type of drilling in the business, and protective casings designed to guard water sources aren't fool proof. "There is no way they can guarantee there won't be seeping behind the surface casings," Siwula-Brandt said. "Once it gets into the ground water, there is no remediation. There is no way to stop it."

Frank Herdman, local attorney, shared Mr. Sugarman's concerns regarding resource data and expertise. Dr. Freilich said two sets of data will be required: site specific to the drill well area and infrastructure/service data.

Dr. Freilich explained that zoning is not a Gallup poll but rather achieved through careful planning. He reminded the group that oil and gas is an important tax base to New Mexico.

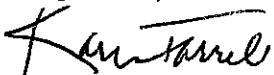
Mr. Sugarman expressed concern that Santa Fe County was not taking an active role in the Rio Arriba law suit.

Dr. Freilich discussed the charges of State and County review agencies and emphasized that the County has zoning jurisdiction.

Mr. Herdman said the residents must be included in the process. He cautioned that closed-door meetings, such as those that occurred in the past, were not good for the process. Dr. Freilich assured him that this process would be transparent.

The meeting concluded at approximately 10:40 a.m.

Respectfully submitted,



Karen Farrell, Wordswork

9-10:30

SANTA FE COUNTY

MEETING

June 9, 2008

SIGN-IN SHEET

NAME (Please print)

Betsy Siwula Brandt Cerrillos, NM 438-9089

Bill Manns Santa Fe 9950102

Craig Wingate Cerrillos NM 424-9771

Frank Herdman Rubin Katz Law Firm
123 E. Mary St, 982-3610

Kim Sorvig Cerrillos ksorvig@unm.edu 474-8531

Dianne Elise Strauss Santa Fe 988-4060

DR Robert H. Freilich LEGAL
CONSULTANT

Penny Ellis-Green Growth Mgmt.
Division - SFCounty 986-6221

Steven Sugarman landowner 474-7999

Group 2
Environmental Interests

This focus group meeting commenced at approximately 11:00 a.m., June 9, 2008 in the legal conference room at the Old Santa Fe Courthouse, 102 Grant Street, Santa Fe, New Mexico.

The following people were in attendance:

Consultants:

Robert H. Freilich, Special Land Use Counsel
Bruce G. Peshoff, Planning Works

County Staff:

Rachel Brown, Assistant County Attorney
Penny Ellis-Green, Deputy Land Use Administrator

County Citizens:

Sigmund Silber, Sierra Club, Cerrillos Hills Park Coalition,
Dana Myers, San Marcos Association
Jan-Willem Jansens, Galisteo Watershed Partnership, Earth Works Institute

[Exhibit 1: Sign-in sheet]

Bruce Peshoff introduced himself and described his firm, Planning Works, as a growth management boutique firm. He said that he and Robert Freilich, the legal expert in real estate and land use law, will be in Santa Fe for three days with the purpose of identifying issues and collecting data. In addition to meeting staff, the consultants will make presentations to the Board of County Commissioners and the County Development Review Committee tomorrow.

Dr. Freilich said they were happy to answer questions regarding the process and wanted as much input as possible. He spoke about the technical team that includes Professor Bruce Kramer, an expert on oil and gas and Professor at the University of Texas, editor of *Oil and Gas Review*. He anticipated adding a geologist, a hydrologist, and possibly a petroleum engineer to the team.

Dr. Freilich said Galisteo Basin will be the start of a growth management plan that will be used as a template throughout the County. A Capital Improvement Plan (CIP) will be a component of the plan that places the growth related development cost on the developer and not on the tax payer. There will be a series of workshops, charrettes, a website, and the CDRC will serve as the advisory committee during this process. He said the entire process will be transparent.

Dr. Freilich said he drafted the County adopted IDO, interim development ordinance, that identifies what needs to happen over the course of the next year. Introducing his credentials, he said that he has worked in over 250 cities, counties and states in growth management issues and that he won a major Supreme Court case regarding land use. He said his expertise is comprehensive growth management planning and mentioned a book he authored on planning that was recently published.

The CIP will identify how much growth and what type of growth is going to occur in the basin. It will also identify the facilities and services that will be required to accommodate that growth.

The purpose of the Galisteo plan is to review the resources and determine where and whether development is feasible. A total analysis of oil and gas drilling in Galisteo will be developed. Dr. Freilich said today's meeting is to make contacts and begin the process.

Sigmund Silber suggested that the team may have to think beyond Santa Fe County in terms of water pollution. He said there were 16 water regions in the state and Santa Fe was Region 3, Jemez y Sangre (JyS), situated between two mountain ranges. While the water situation in the Española Basin, part of Region 3, looks good, Galisteo Basin does not. Galisteo depends exclusively on groundwater, and "we don't want to see it impaired."

Mr. Silber mentioned that the oil & gas industry provided a well study and said they would not be using much water in the process. He mentioned secondary and tertiary uses that require consideration. The issue is contamination of the groundwater.

Jan-Willem Jansens said that water in Galisteo is spotty and created by volcanoes and fractured disconnected layers. He said water studies are difficult to correlate, and the drought makes the situation that even spotty and fragile.

Mr. Silber pointed out that the oil bearing formation is very close to the water bearing formation. He said the frac'ing process should not be permitted.

Dr. Freilich said he understood the drilling issues in Galisteo to include the scarcity of water, primary recovery issue/drilling wells, pumping water to recovery oil, and frac'ing using chemicals in a subterranean operation.

Mr. Jansens said the drilling of oil and gas will change the surface uses because residential value will be diminished. He anticipated sand, gravel, and rock materials would be mined and needed for roads to access the oil and gas development. This will change the flow of water.

Mr. Silber agreed and said there will be an increase in industrial use. He mentioned that water not used in the Galisteo Basin is used to meet the state's Rio Grande Compact obligations. He recommended the consultants contact Ralph Smith Peterson, Interstate Stream Commission River Water Master for the Rio Grande. He discussed Compact and said the Middle Rio Grande Basin – Otowi Gage to Elephant Butte – has over pumped by 7,100 acre-feet per-year. This over pumping will have an effect and reduce the flows into the Rio Grande. He estimated it would cost the State \$2,500 an acre-foot to make up for the shortfalls in its Compact deliveries. He said the Compact has been running a deficit of 41,000 acre-feet.

Mr. Silber repeated that using more ground water in Galisteo is a problem. He said the County has been using UNM's BBER low growth projections, and he questioned whether that was reasonable.

Mr. Jansensaid the County accepted the growth projections short term; however, it's 2020 to 2040 that requires further review.

Dana Myers said growth and sales in San Marcos have stopped with the looming oil and gas exploration.

Mr. Silber said realistic growth rate projections are needed to make realistic projections in infrastructure. He questioned the hydrology of oil and gas and its connection with fractures. He said it seemed unlikely oil could be drilled without affecting the underground flow of water.

A discussion ensued regarding the State's role in permitting oil and gas exploration. Mr. Jansensunderstood that its role was very limited to safety and specific extraction regulations. Water issues are split in the State: the OSE (Office of State Engineer) is in charge of quantity, and NM ED (Environmental Department) is in charge of quality. The State relies on the EPA for water quality enforcement.

It was mentioned that the State's Oil Conservation Division's original mission was "not one drop left behind." But in recent years however, the mission has broadened to protect the area residents.

During the course of a discussion regarding the Galisteo Creek, it was mentioned that the Corps of Engineers should be take an active role to protect the creek. Mr. Jansens said that Section 404 should be used to protect the tributaries. He also mentioned that the Galisteo Creek is not protected by the Clean Water Act.

Earthworks and other groups have been working on ecological projects in the basin, conducting wetland inventories and determining which areas are ready for rehabilitation/wetland restoration. The wetlands will be affected by the oil and gas project. Drainage from the oil and gas industry into the wetlands – minerals, gas spills, construction debris, gravel, dust, etc. – will impact the riparian area. Mitigation is not the answer. He discussed the watershed restoration strategy that Earthwork Institute and the Galisteo Watershed Partnership have developed.

Ms. Myers mentioned that the San Marcos newsletter has a distribution of 1,800 people. She mentioned that San Marcos developed a community plan, but there is no ordinance to enforce the plan.

Mr. Silber suggested that community plans are very useful, and Tectron's request may be invalid because they applied for a permit before obtaining the necessary zoning. He referred to Code Map 30 which identifies the existing mining districts.

Mr. Jansens said there were three zones in the Galisteo Basin. He mentioned the large ranch zone that is south of the creek (Singleton ranch, which measures 81,000 acres). He said the pastures have dried up. The Galisteo Heritage Sites and other sites of cultural/historical landmarks, ecological diversity, hydrologic beauty, and scenic value that are unique to Galisteo all need to be protected.

Mr. Jansens said that Galisteo has four of the eight ecoregions in the Southwest. There are 65 songbirds that fly over Galisteo, and 24 are threatened or on the endangered list. The area has deer, cougar, bear, badgers, pronghorn antelope and cattle.

Alex Valdez was identified as the County contact for the GIS and overlay maps.

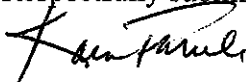
Dr. Freilich said there may potentially be a "takings" issue for the County to deal with, but the utilization of TDRs and assessment districts may relieve it.

Mr. Peshoff said the planning group would block out some time to review the maps. He suggested a teleconference in the next week.

In regards to wildlife migration, Mr. Silber mentioned a resolution passed at the Western Governor Association that New Mexico Fish and Game are currently working on.

The meeting concluded at approximately 12:55 p.m.

Respectfully submitted,



Karen Farrell, Wordswork

This focus group meeting commenced at approximately 4:30 p.m., June 9, 2008 in the legal conference room at the Old Santa Fe Courthouse, 102 Grant Street, Santa Fe, New Mexico.

The following people were in attendance:

Consultant(s):

Robert H. Freilich, Special Land Use Counsel
Bruce G. Peshoff, Planning Works

County Staff:

Steve Ross, County Attorney
Rachel Brown, Assistant County Attorney

County Citizens:

David Bacon	Cynthia Lux
Amy Bertelli	Frank Lux
Deborah Bodt	Johnny Micou
David Coulson	Fred Milder
Bill Dupuy	Ann Murray
Muriel Farillo	Barbara Seitel
Connie Fisher	Kim Sorvig
Leslie Gallery-Dilworth	Joette Tronfinel
Eric Jantz	Alice Van Buren
Edoardo Krasilovsky	Eric M. Xubi Wilson
Ross Lockridge	

[*Exhibit 1: Sign-in Sheet*]

Dr. Robert Freilich, legal expert in real estate and land use law, said he and Bruce Peshoff, planner, will be in Santa Fe for three days with the purpose of identifying issues and collecting data in regards to the Galisteo Basin. He discussed the IDO, interim development ordinance, that he drafted for the County, which identifies what needs to happen over the course of the next year. Studies during the year will review the current facilities – fire, police, EMS and road – the air quality, water supply replenishment of the Rio Grande, and the State’s Compact obligations, habitat corridors, archaeological sites, and the different ecoregions/systems to develop a plan for the Galisteo Basin.

Dr. Freilich said that over the course of the IDO the following documents will be developed: a general plan with a set of goals and policies will be developed to provide the framework for how to regulate oil and gas; a Galisteo Basin area plan; an assessment district to service growth wherever located; and a long term capital development plan:

Along with the consulting team there will be a technical team that includes Professor Bruce Kramer, an expert on oil and gas and Professor at the University of Texas, editor of *Oil and Gas Review*. He anticipated adding a geologist, a hydrologist, a petroleum engineer and possibly an environmental expert to work on the habitat and wetlands. He mentioned the moratorium enacted in Rio Arriba, pending injunction hearing and the challenges to that case.

Dr. Freilich said the Santa Fe BCC has set up a structure for public participation throughout this process. He offered a guarantee that nothing will happen behind closed doors. "There will be no secrets or surprises." The County's CDRC will serve as an advisory planning committee for the process.

A resident asked whether the technical team will review the impact oil and gas drilling has had in Wyoming and Colorado. Dr. Freilich responded in the affirmative. He said it was important that the County review the public safety issues. He envisioned the designation of a couple of liaisons for different community groups rather than working in large groups.

Concern was raised from a resident that the CDRC lacked the expertise to make decision on this matter. Dr. Freilich said the CDRC will serve as an advisory panel outside of the political arena. However, all binding decisions will be made by the BCC.

Dr. Freilich assured the participants that the oil and gas industry will not serve as an advisory board; instead, the consultants will hire their own technical team.

Mr. Peshoff said the CDRC has experience in land use and zoning issues and their deliberations will be supplemented by the technical team.

Mr. Peshoff said he would be the lead planner in this process and encouraged the participants to email, phone or contact him in any way to provide information. (Business cards were distributed) He discussed a website that will have a map, interactive capabilities, the listings of meetings, and he mentioned it has been proven very useful with other planning groups. He reiterated that this will be a transparent open process. The planning team will return to Santa Fe in July and hold a series of compact intense workshops and charrettes in a few day period. The workshops are open to the public and are scheduled throughout the day and evening. He said the groups will allocate land uses and identify no build area, determine adequate public facilities and the level of services, how much it will cost, and, draft a plan that will make new development pay for the improvements instead of the current tax paying base. Ultimately what comes out of these challenging meetings is one consensus of a "preferred growth scenario."

Mr. Peshoff requested that citizens forward any pertinent information his way.

In response to the question of whether the oil and gas industry was included in the workshops, Dr. Freilich said the process is all-inclusive and no one will be excluded. There will be no back door information. The industry is a voice at the table. Dr. Freilich said it was important that there is trust in the professional integrity of the team.

A resident argued that it should be citizens rather than the oil and gas industry who should participate in the development of the Galisteo Plan. Mr. Peshoff said the groups will be facilitated and the industry will not run the meeting.

In response to a louder outcry that the oil and gas industry should not be included in the process, Dr. Freilich stated that to insure procedural due process all interested parties can have a seat at the table. The more inclusive the process the more likely a strong result will be achieved. He pointed out that the State depends heavily on oil and gas revenues.

Mr. Micou said oil and gas will be lobbying the state legislators. He said Tectron does not deal in good faith.

Dr. Freilich said the most important component is to have a comprehensive analysis/plan. He said it was in "your best interest to participate; for everyone to participate...that's the democratic society." He noted that this is a terribly difficult issue for communities throughout the United States.

A discussion regarding permitting, surface and subsurface rights, split estates, etc., with Dr. Freilich concluded that the regulations can exclude oil and gas drilling. However, if all valuable use of the lease are removed the County will need an alternative – TDRs.

It was mentioned that the country should begin researching alternatives to oil, gas and coal rather than depending on oil. Dr. Freilich didn't dispute the notion, but said the question is what can Santa Fe County do at this point.

Mr. Coulson said Tectron's plan for frac'ing will contaminate the groundwater. He expressed concern that the toxics they'll inject in the ground will pollute the water and food. "The officers of the corporate board should be held accountable."

Dr. Freilich asked that the participants get together and select a liaison to represent them. The consultants will need a contact person. Mr. Peshoff agreed and said having one person would streamline communications.

Dr. Freilich discussed zoning and explained it was not a granting of uses but instead a restriction.

Ross Lockridge mentioned ecologist Bill McKibben, and said the County should consider restricting carbon emissions.

Mr. Micou suggested the County establish an energy plan rather than a growth management plan.

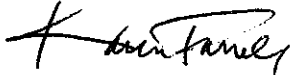
Mr. Jantz asked whether TDRs were possible, and Dr. Freilich responded in the affirmative, stating that there needs to be a market. Donating the property provides a tremendous tax credit that industry may find attractive.

Mr. Bacon expressed concern about the distribution of misinformation. He mentioned counties that have expressly prohibited oil and gas drilling and prevailed in court. Dr. Freilich said he was interested in reviewing that data and requested the case be forwarded his way.

The consultants repeated that the process would be transparent and urged the citizens to bring whatever data they felt pertinent to the table.

The meeting concluded at approximately 5:50 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Karen Farrell".

Karen Farrell, Wordswork

SANTA FE COUNTY

MEETING

June 9, 2008 - 4:00-5:50

SIGN-IN SHEET

NAME (Please print)

Edoardo KRASILOVSKY - 17 Lucero Rd.

Bill Dupuy KSFZ News 428-1383

Alie van Buren - 15 Nova Road SF 471-8255

Johnny Mccon DSF 474-3061

Ann Murray RCA 471-9182 Cerrillos NM

FRED MUDER Galisteo Resident 955-8936

Gette Trujillo " " " 466-3099 882 Camino

Muriel Ferriello " " " 466-4763 35 Camino Los Angeles Galisteo

Barbara Seiter Galisteo Resident 466-4767 35 Camino Los Angeles Galisteo

Kim Sorvig resident 474-8531

AMY BERTELLI 3 AZUL PL

Ross Lockridge, RCA, Cerrillos, 471-9182

Cynthia e Frank Lux 466-2121

Leslie Gallery-Dilworth 466 0102 61 Cam. San Cristobal Galisteo NM

Eric Janta ejanta@nmelc.org

Group 4
Friends of Capitalism
Business Arena

This focus group meeting commenced at approximately 8:15 a.m., June 10, 2008 in the legal conference room at the Old Santa Fe Courthouse, 102 Grant Street, Santa Fe, New Mexico.

The following people were in attendance:

Consultant:

Bruce G. Peshoff, PlanningWorks

County Staff:

Rachel Brown, Assistant County Attorney

County Citizens:

John Onstad
Malcolm Glenn
James B. Tayloor
Gary Miller
Leon Romero
Josh Gonze

[Exhibit 1: Sign-in Sheet]

Those attending the meeting introduced themselves. Bruce Peshoff stated he was from Planning Works in Kansas. Rachel Brown said she was with the County Attorney's office. Josh Gonze said he represented the Friends of Capitalism, a group of 110 participants dedicating to defending and protecting the rights of private property owners and in support of limited government.

Gary Miller said he was in the mortgage business. Malcolm Glenn indicated he was a businessman. Jim Taylor stated he was a geological consultant in oil and gas. Leon Romero introduced himself as being in the energy business, including oil, gas, renewables, and power plants. John Onstad indicated he was with Hubble Electric.

Mr. Peshoff began the discussion stating Santa Fe County was going to do an area plan to promote a reasonable growth pattern and determine what type of regulations would be necessary. This will result in amendments to the general plan, the creation of an improvement district, and identification of costs, resulting in a capital improvements plan. The CIP is intended to describe the facilities needed, i.e., public safety requirements and roads, initially, followed by facilities such as parks.

Additionally, the area plan will result in changes to the Land Development Regulations. Mr. Peshoff mentioned Dr. Robert Freilich, who will be working on the legal aspects of the plan, whom he described as the “father of growth management planning”. Also involved on the team will be Dr. Bruce Kramer, who will be bridging the legal and technical aspects. Santa Fe County will also be hiring a technical consultant, a hydrologist and a geologist. He noted that an interim development ordinance (IDO) is currently in place.

Mr. Peshoff stated that there are plans underway to conduct four public workshops and two multi-day charettes to gather public input. Focus groups and interviews will also be conducted to this end. He introduced the initial website: ourplanningworks.com/santafe, where it will be possible to provide comments. A survey is an additional possibility. He emphasized the County was open to flexibility and having a transparent process.

Mr. Gonze asked about opportunities for public input, and whether there will be meetings with Dr. Freilich and Dr. Kramer. Mr. Peshoff said there would be, adding they were avoiding meetings with the press at this time due to time considerations.

Mr. Gonze stated he appreciated Mr. Peshoff’s position and explained the group present was on a different side from the residents. They are pro-Tecton. They find the moratorium to be “arbitrary, broad and vague”. The industry wants input into what is ultimately drafted. Mr. Peshoff noted that at previous meetings participants had said that the industry should not be at the table. In response, Dr. Freilich said that they have to be, and there will be no preconceptions.

Noting other counties have been through this, Mr. Gonze spoke against reinventing the wheel. He pointed out La Plata County and Lee County in Colorado have done something similar, and Mr. Peshoff stated his company represented Durango. Mr. Gonze said there should be allowance for exploration with environmental protections in place. Mr. Peshoff assured him they would not be starting from scratch, and are seeking consensus.

Mr. Onstad asked if the IDO was countywide. Mr. Peshoff said it was limited to the Galisteo Basin. The statewide moratorium has another four months to run and is a reaction to Tecton. He added an IDO is a common response as it gives the governing body a time out. This one is well-defined and of limited duration.

Mr. Romero pointed out the moratorium could be extended at their discretion. Mr. Peshoff stated he didn’t believe that would be necessary as they intend to have the process wrapped up by the end of the year.

Mr. Gonze said regulations were already in place from the State OCD; there should not be an overlay. Mr. Miller questioned whether regulation fell within the County’s purview. Mr. Peshoff said although the regulatory jurisdictions vary from county to county, they typically are allowed to control things like drainage and wetlands. Communities are given such authority, which overrides federal regulations.

Mr. Gonze brought up the subject of pending lawsuits from leaseholders dealing with Tecton, noting it would be the taxpayers who would foot the bill for litigation. Mr. Peshoff said the new ordinance should protect the interests of the taxpayers and will identify alternatives.

Mr. Peshoff said there are three potential courses: do nothing, prohibit drilling entirely, or impose reasonable regulations. All have risks and opposition, but reasonable regulation should minimize litigation costs.

Mr. Onstad said there should be a regulatory platform that would allow Tecton to proceed to do business. Mr. Peshoff said there ought to be a middle ground. Mr. Gonze asked that the County and its advisors be intellectually honest and not impose such onerous limitations that drilling would be impossible.

Mr. Miller asked if the area plan included housing developments and if Mr. Peshoff had heard from that sector. Mr. Peshoff said housing would be a part of the plan, including affordable housing, and there is hope this will become a template for other County plans. He said the County has designated growth management areas.

Mr. Taylor said there has been a very short time frame and asked who would be making the decision. Mr. Peshoff said it would be the BCC. He noted that during the workshops they will do allocation exercises to decide which areas to protect, corridors, etc., and the results will be distilled into a preferred growth scenario. Acting in an advisory capacity will be the consultants, County staff and the County Development Review Committee.

Regarding the first draft of the ordinance, Mr. Romero noted that it had seemed reasonable and then was scrapped for the moratorium. Mr. Miller asked if there had been holes in the original. Mr. Peshoff said he didn't know.

Mr. Miller asked who was advising on potential liability. Mr. Peshoff said his organization is dedicated to planning, but risks are figured in. Dr. Freilich is more on the legal side of things.

Mr. Peshoff asked that a liaison from their group be established to facilitate communication, and Mr. Gonze said he would assume that role. Mr. Gonze also added that gas prices were painfully out of sight, a situation exacerbated by restrictions. He said the severance tax is a huge source of income for the state, and the oil and gas industry provides jobs. He didn't want to see it stamped out.

Mr. Miller asked how many state-controlled areas there were. Mr. Peshoff said they were working with County GIS and Earthwork to identify BLM, SLO and other jurisdictions. Mr. Romero stated he had an excellent map, and Mr. Peshoff asked him to provide it as soon as possible.

Mr. Taylor pointed out that in Fort Worth they have developed unobtrusive drilling techniques, suitable even for urban areas. Mr. Peshoff said he heard an example the previous day, Turner's Ranch, which is very subdued and aesthetic. He would be looking into that further.

Mr. Romero encouraged Mr. Peshoff to take field trips to Raton and Trinidad where one can't even find the wells. There are modern techniques using closed loops. He lamented the hysteria surrounding hydraulic fracturing, a technique that's been in place since the 1960s. Mr. Taylor said that issue was a red herring. Mr. Romero noted OCD regulates all of those concerns. He said Tecton was offering to cement the wells. Mr. Peshoff asked the attendees to send him examples of success stories.

Mr. Romero urged Mr. Peshoff to avail himself of the Colorado School of Mining in order to avoid the perception of bias.

Mr. Miller asked if SLO land was exempt from County regulations. Mr. Taylor spoke in favor of using petroleum geologists and engineers rather than academics because they have worked in the field.

Mr. Miller said the outcry is emotion-driven. He asked how much can the County be swayed by public opinion, which would lead to litigation. He said the City is currently paying out \$60 million per year in lawsuits and settlements. He asked if the planners were subject to liability. Mr. Peshoff said "anybody can sue anybody" adding, however, Dr. Freilich would be providing good, reasonable advice. It is up to the County whether they follow it. He gave an example of a residential development where connecting streets had been prohibited due to neighbors' protests, resulting in overly long trips for the new residents. He cited this as an example of irresponsible oversight and not looking at the big picture. He speculated that the ordinance would be satisfactory for 99 percent of the people, and that lawsuits would not be occasioned.

Mr. Onstad asked if specific drilling procedures would be referenced. Mr. Peshoff speculated that the "best practices" and examples would be cited. He added that they take advice from the technical consulting team.

Mr. Gonze asked to whom they should bring specific information on spacing, decibel levels, etc. Mr. Peshoff said he would receive that information and pass it on if necessary.

Mr. Miller asked if there were examples of models in the county that this was similar to. Mr. Peshoff indicated this is unlike previous County activity. Santa Fe County has the trust of the community, but they don't want to take too long. More meetings aren't necessarily better. He said, "The IDO is not going to get extended."

Mr. Onstad pointed out that dragging the process out could be part of the strategy. Mr. Peshoff said this issue is how the County reviews development. He said Dr. Freilich will streamline the process and there will be less public review. It is now unwieldy in general. He spoke of consolidating the current local development review committees into one

planning committee. The system needs to be predictable and flexible. Developers want to know where the bar is.

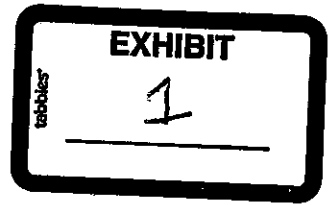
Mr. Taylor agreed, saying they want to know what the rules are and don't want to deal with moving targets.

Mr. Peshoff said they would be doing research on other communities. Environmentalists cloud the date, making it less useful. He said they would build on previous information. He counseled the attendees to attend the workshops and spread out among the different groups. He stressed they were seeking data.

The meeting ended at 9:25.

Respectfully submitted,

 (RD)
Debbie Doyle Wordswork



SANTA FE COUNTY

MEETING

June 19, 2008

SIGN-IN SHEET

NAME (Please print)

JOHN ONSTAD

MALCOLM GLENN

James B. TAYLOR

Gary Miller

LEON ROMERO

JOSH GONZE

This focus group meeting commenced at approximately 1:30 p.m., June 10, 2008 in the legal conference room at the Old Santa Fe Courthouse, 102 Grant Street, Santa Fe, New Mexico.

The following people were in attendance:

Consultants:

Bruce G. Peshoff, PlanningWorks

County Staff:

Karen Torres, County Hydrologist

Rachel Brown, Assistant County Attorney

County Citizens:

Bruce Black

[*Exhibit 1: Sign-in sheet*]

Bruce Peshoff, Principal of Planning Works, provided an overview of the project that his firm and Dr. Robert Freilich will undertake. He outlined the IDO, interim development ordinance, explained what will occur over the course of that next year from that February date. He said there were four products the consultants would facilitate: an area plan for the Galisteo Basin, an improvement district for the Galisteo Basin that would include a CIP, a capital improvement plan. The purpose for that is to identify how much growth and what type of growth is going to occur in the basin, and then what are the facilities and services that are going to be required to accommodate that growth.

Mr. Peshoff outlined the technical team and mentioned Professor Bruce Kramer an expert on oil and gas, professor at the University of Texas, editor of *Oil and Gas Review*. He also mentioned the possibility of adding technical a team to include a geologist, a hydrologist, and possibly a petroleum engineer

Mr. Peshoff discussed the possibility of creating an improvement district that would address road and public safety issues. The idea is to pass the growth related development cost to new development instead of the tax payer.

He stressed that the entire process will be open and transparent and discussed the workshops, charrettes, CDRC, webpage, etc.

Bruce Black introduced himself as a geologist. He was born and raised in New Mexico and worked in exploration geology for the Colorado Plateau Geological Survey. He said there has been drilling in Santa Fe County since 1919: "Drilling is not new to Santa Fe."

Mr. Black said he consulted on or was the principal in drilling about 85 percent of the wells in the Santa Fe Basin. He identified himself as the most knowledgeable person on the issue of drilling in this region. In fact, it is his well, Black Oil Feral #1, that began this issue before the County.

Mr. Black explained that his Black Oil Feral #1 was drilled in 1986. While he knew the well had a good reservoir, it wasn't properly seated and the price of oil had plunged so pumping was minimal. He mentioned that during that period he accepted the position as the Deputy Naval Reserve Intelligence in Dallas. Since that period, Tectron bought the well and with the new deal in economics -- \$150 barrel -- it's worth it for Tectron to improve the well.

Speaking as a private individual, Mr. Black expressed concern that the County was taking his personal property rights. "If they take my rights they'll have to pay for it."

Mr. Peshoff said the IDO was not infinite and a time out to identify a range of alternatives for planning. The goal is to find a middle ground with reasonable regulations.

Mr. Black said a reasonable need is to include height variations to install a rig for extraction. He said the oil and gas industry is made up of reasonable people who want their rights protected, access to their minerals, the establishment of a mining district with grandfathered areas (the Cash Ranch), and respect for the 14th Amendment. Mr. Black recited a letter that he hand-delivered to the County Attorney following this meeting.

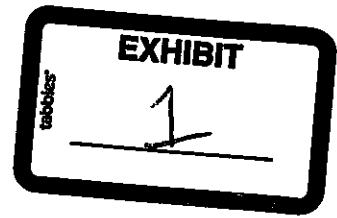
Mr. Peshoff said the process will be open and transparent to insure that the BCC makes a will-informed decision. He thanked Mr. Black for attending and said they would be using him as their local expert.

The meeting concluded at approximately 2:30 p.m.

Respectfully submitted,



Karen Farrell, Wordswork



SANTA FE COUNTY

MEETING

June 10, 2008

SIGN-IN SHEET

NAME (Please print)

Karen Torres County Hydrologist
BRUCE BLACK

Multiple sets of horizontal lines for signing in.

Group 6
Fundraisers

This focus group meeting commenced at approximately 2:00 p.m., June 11, 2008 in the Commission Conference room at the Old Santa Fe Courthouse, 102 Grant Street, Santa Fe, New Mexico.

The following people were in attendance:

Consultant(s):

Bruce G. Peshoff, Planning Works

County Staff:

Karen Torres, County Hydrologist

County Citizen(s):

Terry Smith, Santa Fe Conservation Trust Board Chairman
[*Exhibit 1: Sign-in sheet*]

Bruce Peshoff, Planning Works, provided an overview of the project that his firm and Dr. Robert Freilich will undertake. He said the entire process will be open and transparent. He mentioned the website that contains a map commenting center and summaries and outlines of meetings. He outlined the four products for the planning process: an area plan for Galisteo Basin that will be used as a template for the rest of the County; amendment to the general plan; a special improvement district; and a CIP Plan.

Terry Smith said the Santa Fe Conservation Trust works with communities and landowners to protect lands that promote the spirit of northern New Mexico. Throughout his meeting with Mr. Peshoff he suggested that consultant contact the following experts:

- Alan Ragins, NPS director of open space in the western states
- Jan-Willem Jansens, an ecological expert of the Galisteo Basin
- Ted Harrison, conservationist and developer of Galisteo Basin Preserve
- Warren Thompson, property owner and realtor
- Lucy Lippard, Galisteo archaeologist/activist
- Sig Silber, Quivera Coalition
- Steve Sugarman, environmental lawyer
- Tom Simons, local lawyer
- Nancy Zuckendorf, philanthropist

Mr. Peshoff outlined the technical team and mentioned Professor Bruce Kramer, an expert on oil and gas, professor at the University of Texas, and editor of *Oil and Gas*

Review. He mentioned the possibility of adding a technical team to include a geologist, a hydrologist and possibly a petroleum engineer

Mr. Peshoff discussed the possibility of creating an improvement district that would address road and public safety issues. The idea is to pass the growth related development cost to new development instead of the tax payer. He stressed that the entire process will be open and transparent and discussed the workshops, charrettes, CDRC, website, etc.

Mr. Smith offered to set up a link from the SFCT webpage to Planning Works.

Mr. Smith said he'd like the outcome to regulate oil and gas to the maximum. He discussed the lifestyle that Santa Fe offers, which brought many people to relocate here. He felt confident that the community will contribute the necessary money to keep oil and gas out of their backyard.

Mr. Peshoff said the general plan and area plans will create the regulations and the IDO provides the time to conduct the necessary studies. He said clean water was clearly a component to the regulations.

Mr. Smith mentioned the tremendous turndown in the Galisteo area real estate market since Tectron announced its drilling plans.

Mr. Smith mentioned a film he was able to premier for the Trust on oil and gas: *Split Estate*, created by Debra Anderson of Santa Fe, which is about the oil and gas boom in the western U.S. and its effects on the land and people of the Rocky Mountains. The film links the oil industry to consequences in human health. Mr. Smith suggested airing the film would be beneficial to promote the workshops. In fact, he thought the film provided enough data that the State's Department of Health could step in and prohibit frac'ing.

A discussion regarding the press in Santa Fe ensued and Mr. Peshoff said his firm would be contacting the papers to ensure the meetings/workshops were well noticed and covered.

Mr. Peshoff encouraged Mr. Smith to provide any data he had to the consultants.

Mr. Smith offered his credentials stating he has been staff director for the National Governors' Association's Executive Management and Fiscal Affairs Committee and later developed a Washington-based government affairs consulting firm. Following that he worked for National Geographic Society fund-raising operations and moved to New Mexico in 1995.

Mr. Smith expressed concern that the County was not well informed, and Mr. Peshoff said the consultants will rely heavily on the community to participate and bring forward whatever data they have. He said the consultants were aware of the cynical and suspicious view the residents had on the process, but he assured Mr. Smith that the entire

process would be open and transparent. He commented that both sides – the oil industry and citizens – have already established that they intend to sue.

There was mention of the second Sagebrush rebellion and its relevance to the Galisteo situation.

Mr. Smith said he could offer assistance as an advocate, spokesman and fundraiser. Mr. Peshoff said the next public step is getting people to attend the workshops planned in mid-July. Mr. Smith recommended Radio Free Santa Fe.

The meeting concluded at approximately 3:15 p.m.

Respectfully submitted,


Karen Farrell, Wordswork

This focus group meeting commenced at approximately 3:30 p.m., June 11, 2008 in the Commission Conference room at the Old Santa Fe Courthouse, 102 Grant Street, Santa Fe, New Mexico.

The following people were in attendance:

Consultant(s):

Bruce G. Peshoff, Planning Works

County Staff:

Andrew Jandacek, Planner

Rachel Brown, Assistant Attorney

County Citizen(s):

Anna Cardenas

Barbara Pfeiffer

Frank Hirsch

Lucy Lippard

[Exhibit 1: Sign-in sheet]

Bruce Peshoff, Planning Works, provided an overview of the project that his firm and Dr. Robert Freilich expert in growth management will undertake. He said the entire process will be open and transparent. He outlined the four products for the planning process: area plan for Galisteo Basin that will be used as a template for the rest of the County; amendment to the general plan; a special improvement district plan; and a CIP Plan. He discussed participation through workshops and the website that contains a map commenting center and summaries and outlines of meetings. He said the workshop participants will be divided into groups, and from the work of those groups one scenario will be compiled.

He discussed the credentials of the team members: Robert Freilich, Bruce Kramer, Bob Burcell. He also noted that a petroleum engineer, geologist and hydrologist will be retained for the project. He explained the importance of obtaining all pertinent information from the participants.

Ms. Lippard recommended a review of the archaeological data from the area.

In response to whether TIFs could be used, Mr. Peshoff said it was certainly a tool within the toolbox.

There was mention of the different mining operations that have occurred in northern New Mexico and the damage they caused.

It was recommended that the consultant contact a representative from the 285 Corridor Coalition and review their plan. Ms. Pfeiffer said the County's postponing improvements to CR42 appeared suspicious to the residents. There is concern that the County is prepared to improve the road to exceed rural road standards in order to enable heavy mining related trucks to use it.

Ms. Lippard mentioned two historical bridges in Galisteo both listed on the National Register.

Mr. Jandacek said access is an issue and a portion of CR41 has been designated as a scenic highway. He understood that the buildings on the DOT right-of-way were considered to contribute to the historic designation.

Mr. Peshoff said transportation and access routes are clearly an issue that will need to be addressed. He advised the participants that no one will come out of the process as 100 percent winner or 100 percent loser – there have to be some compromises.

Mr. Peshoff said the consultants met with OCD (Oil Conservation Division), and he felt it was a productive meeting.

Referring to the mid-July workshops, Mr. Peshoff said it was imperative that people participate and come prepared to work.

Ms. Lippard mentioned the viewshed and said that must be considered.

For the record, Ms. Lippard said they were opposed to the drilling. Mr. Peshoff said he appreciated that but the group needs to determine what it's going to cost for the County to say no drilling. He said for the County to purchase the 65,000 acres of land leased by Tectron would cost the County 10 to 20 years of its entire budget and a complete loss of bonding revenues.

Mr. Peshoff said obtaining the best and most accurate data is important for the process. Mr. Jandacek said the County had some exceptional fine GIS resources, and he would make sure the consulting had those available to them. He mentioned Jan-Willem Jansen and the maps developed by his group.

Mr. Peshoff said the maps must be qualified with a proven methodology. While discussing land inspection, Mr. Peshoff said the County may need to explore increasing its permitting fees to fund staff conducted inspections. An environmental coordinator may be an important component to the County's land management division.

Ms. Pfeiffer agreed and said there needs to be monitoring of the air and water quality.

Mr. Peshoff asked the participants to keep a list of “what the County ought to do.”

Mr. Peshoff suggested that the greatest risk to Galisteo from oil and gas drilling is not the frac’ing but the increase in surface activities. There will be more truck traffic. The trucks will require facilities for repairs. The drilling equipment will need repair and parts, and people working on the sites will need meals, which will bring fast food to the area. These workers will need housing and transportation. The community will need to discuss protecting the existing developed area and how they are prepared to deal with additional growth. Where do they want it? Mr. Peshoff said something will change. That’s a given.

Ms. Lippard said, “Planning is the only hope.”

The meeting concluded at approximately 4:40 p.m.

Respectfully submitted,



Karen Farrell, Wordswork



SANTA FE COUNTY

MEETING

June 11, 2008

SIGN-IN SHEET

NAME (Please print)

Anna Cardenas ↗
Barbara Pfeiffer - Galisteo Planning Committee
FRANK HIRSCH - " " "
Ivy Higgard ↘ " "
ANDREW JANDACEK - SANTA FE COUNTY - PLANNING