

**LINKED MINUTES OF A SPECIAL MEETING OF THE CITY COUNCIL OF THE
CITY OF CARLSBAD, NEW MEXICO, HELD IN THE MUNICIPAL ANNEX
BUILDING ON AUGUST 18, 2017 AT 2:30 P.M.**

Present:	Dale Janway	Mayor
	Lisa A. Anaya Flores	Councilor
	Edward T. Rodriguez	Councilor
	Leo B. Estrada	Councilor
	J. R. Doporto	Councilor
	Wesley A. Carter	Councilor <i>via telephone</i>
	Jason Shirley	Councilor
	Richard Doss	Councilor
	Wanda Durham	Councilor

Absent:

Also Present:	Steve McCutcheon	City Administrator
	Michael Hernandez	Deputy City Administrator
	Eileen P. Riordan	City Attorney
	Annette Barrick	City Clerk
	Patsy Jackson-Christopher	Director of Arts & Culture
	Luis Camero	Director of Engineering Services
	Steve Hendley	Director of Parks & Recreation
	Ron Myers	Director of Utilities
	Wendy Hammett	Finance Director
	Richard Lopez	Fire Chief
	Jeff Patterson	Planning Director
	Kent D. Waller	Police Chief
	Patrick Cass	Public Works Director

Time Stamps and headings below correspond to recording of meeting and the recording is hereby made a part of the official record.

0:00:00 **Call Meeting to Order**

0:00:02 Invocation - Pledge of Allegiance

0:00:32 Mayor Janway welcomed special guests, former Mayor Bob Forrest, former Mayor Pro Tem Dr. Ned Elkins, County Commissioners Suzanne Crockett and Stella Davis, Mr.Saul Alanis with Amec, and Mr. Dave Romero.

0:01:00 **1. APPROVAL OF AGENDA**

0:01:05 **Mayor Janway asked Mr. McCutcheon to give an overview of the Agenda.**

Mr. McCutcheon explained that the two items before Council today have come as a result of the city being approached by Santo Petroleum about the potential of developing mineral rights owned by citizens of Carlsbad. He said Item No. 2 is to allow Santo Petroleum to go door-to-door to solicit those individuals who own the mineral rights. **Mr. McCutcheon** explained Item No. 3 is because the city owns between 160 and 677 acres of mineral rights, this item is asking for Council to allow the Mayor and City Administrator to enter into negotiations to lease the cities minerals to Santo Petroleum subject to Councils approval. He said when the negotiations are finalized they will come back before Council in the form of an Ordinance for consideration.

0:03:18 **Motion**

The motion was made by Councilor Doss and seconded by Councilor Rodriguez to approve the Agenda

0:03:25 **Vote**

The vote was as follows: Yes - Estrada, Rodriguez, Shirley, Carter, Durham, Anaya Flores, Doport, Doss; No - None; Absent- None; the motion carried.

0:03:46 **2. REVIEW AND CONSIDER REQUEST FROM SANTO PETROLEUM FOR PERMISSION TO GO DOOR-TO-DOOR FOR SOLICITATION**

Mr. McCutcheon explained as part of the cities due diligence, staff called Mr. David Romero, with Balleau Groundwater. He said Balleau Groundwater has been the cities hydrologist for many years and have a long history of advising the city regarding city water. He also said the city has had a long relationship with Amec an engineering firm out of Albuquerque. He said staff asked Amec to hear the proceedings and advise the city primarily to protect the citizens and lend their expert opinion. He added that Amec also works with the state and monitors the Brine Well. He explained the city has known the Yates family for a long time and have worked with the Yates on various other projects throughout the years and are pleased to be approached by Yates. He added that staff has also consulted Ms. Riordan and the cities outside council regarding the situation.

0:06:57 **Mr. Peyton Yates**, President of Santo Petroleum, introduced himself, Mr. Hanson Yates, Vice-President of Santo Petroleum, Mr. Mark Ashley, Sr. Staff Geologist, Mr. Gary Waldrop, Manager, and Mr. Gabe Herrera.

Mr. Peyton Yates explained the concept of drilling horizontal wells has been done safely in a lot of other communities. He added he was born in Eddy County and said if Santo Petroleum is successful in this effort and initiating a well, he assured the community the process will be done with the greatest of care and concern about the citizens of Eddy County with successful results.

0:19:57 **Mr. Hanson Yates** explained that much thought and many man hours of effort have gone into understanding and assessing the safety and feasibility of the project. He said Santo Petroleum would not be present if research and planning had not shown the project can be accomplished safely and in a way that is mutually beneficial for the city, the residents, and Santo Petroleum.

Mr. Hanson Yates began the presentation highlighting:

- General area of interest
 - locations for surface facilities
 - Timeline
- Overview of oil and gas leasing process
 - lease bonus
 - shares of royalty
- Drill Wells
- Safety
 - Environment
 - Potential economic benefits

0:37:57 **Mr. Gary Waldrop** said he has worked with the Yates family for many years on projects in many states. He said his job is the land man and he has been doing this type of work for 40 years and this project really excites him. He said Santo Petroleum has opened an office at 108 S. Canyon Street and have a staff of 20 and will have approximately 30 once the project begins. He explained lease buyers will be designated per area to make contact with the land owners and explain the lease agreements. He said all of the leasing agents will wear a picture badge with a Santo Petroleum logo and a phone number. He explained if no one is home a door hanger will be left with contact information.

0:45:27 **Mr. Hanson Yates** said Santo Petroleum is the type of business that wants to develop lasting relationships and will always be open and accessible. He said Carlsbad has been in the middle of the oil field for many years and this type of project is an opportunity to have a broader distribution of the drilling activity that takes place. He reiterated that this type of project has been done safely thousands of times. **Mr. Hanson Yates** said lastly, he believes Santo is the right partner to work with the city and the residents of Carlsbad to help bring the project to fruition and benefit everyone.

0:47:28 **Mayor Janway** asked **Ms. Riordan** for her review of the project. **Ms. Riordan** said she was asked what role the city has in regulating this project. She explained the city is also a mineral owner that may be involved in the project. She said the city also has police powers which are to protect the health and safety of our residents, but the state regulates the drilling through the OCD, so the cities authority is somewhat limited.

0:49:16 **Motion**

The motion was made by Councilor Doss and seconded by Councilor Rodriguez to approve request from Santo Petroleum for permission to go door-to-door for solicitation

0:50:10 **Vote**

The vote was as follows: Yes - Estrada, Rodriguez, Shirley, Carter, Durham, Anaya Flores, Doporto, Doss; No - None; Absent- None; the motion carried.

0:50:32 **3. CONSIDER APPROVAL TO AUTHORIZE THE MAYOR AND CITY ADMINISTRATOR TO ENTER INTO NEGOTIATIONS WITH SANTO PETROLEUM FOR THE LEASE OF CITY OWNED MINERAL RIGHTS**

0:50:43 **Motion**

The motion was made by Councilor Shirley and seconded by Councilor Anaya Flores to approve to authorize the Mayor and City Administrator to enter into negotiations with Santo Petroleum for the lease of City owned Mineral Rights

0:50:49 **Vote**

The vote was as follows: Yes - Estrada, Rodriguez, Shirley, Carter, Durham, Anaya Flores, Doporto, Doss; No - None; Absent- None; the motion carried.

0:51:18 **4. ADJOURN**

0:51:20 **Motion**

The motion was made by Councilor Anaya Flores and seconded by Councilor Durham to Adjourn

0:51:27 **Vote**

The vote was as follows: Yes - Estrada, Rodriguez, Shirley, Carter, Durham, Anaya Flores, Doporto, Doss; No - None; Absent- None; the motion carried.

0:51:53 **Adjourn**

There being no further business, the meeting was adjourned at 3:21 p.m.

_____/s/Dale Janway_____
Mayor

ATTEST:

_____/s/Annette Barrick_____
City Clerk