

Oil Conservation Commission  
1220 South Saint Francis Dr.  
Santa Fe, NM

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June 3, 2012

RE: Proposed revisions to existing Pit Rule

Dear Ms. Bailey (Chair), Mr. Bloom, and Mr. Balch,

Please accept the following statements regarding the proposed revisions to the "Pit Rule".

I am a former employee of the BLM, where I spent years participating in the permitting of oil and gas operations in New Mexico. I gained a wealth of experience working with oil and gas companies operating out of New Mexico, Colorado, Oklahoma and Texas. My experience and training in oil and gas involved every phase of surface operations, as well as compliance and planning for wells, pipelines, fracturing, water, roads, and of course, pit closure. I wish to remain anonymous because I would not want my former co-workers to suffer possible backlash from certain operators because of my comments on these proceedings. And while that possibility is quite small, and would come only from one or two out of a hundred companies, it is worth noting that the BLM has chosen not to provide its expertise to the OCC or participate in the hearings, even though they may have the best and broadest information available.

I observed implementation of the 2007 pit rule on-the-ground with the oil and gas industry. I watched operators, some small, and many quite large, move from uncertainty and disappointment to rapidly planning for, and adapting to New Mexico's Pit Rule. Their efforts, combined with those of NMOCD and the BLM, resulted in a rapid transition to closed-loop drilling.

Oil and gas operators on the whole began to see great advantage to permanently ridding the land and their balance sheets of the liabilities posed by both the potential for pit breaching/leaching and the uncertainty that pits would ever really be a long-term solution. In the same manner, temporary pits were rapidly disregarded as an ultimately ineffective way to deal with fluids.

Liners do break. I have seen temporary pit liners torn by fencing, livestock, mishandling during installation, neglect, the wind, and even from waste material being thrown into pits. The fact that pits leak is not debatable; not even amongst the majority of land-men in the industry.

The Commission should consider the hard work and funds already sunk by industry to comply with the current Pit Rule and to make oil and gas development sustainable and ultimately more desirable to local citizens. I have had the honor of working alongside brilliant, forward-thinking, talented oil men and women for years. This present proposal, while presented by NMOGA, should not lead the Commission to presume this action represents the wishes of NM's industry as a whole. Based on my conversations with industry, landowners, and regulators, most

companies will not revert to prior lower standards, nor appreciate having to guard against less careful practices by their contractors.

Oil and gas operators have spent millions of dollars responding to the needs of citizen-land owners and the public to develop new and more sustainable methods of drilling, fluid-capture, and land restoration. Moving backwards sends mixed signals, causes regulatory uncertainty and effectively punishes those companies who have shown concern for the residents of oil producing regions. When regulatory uncertainty is caused by shifting state politics/policies, oil companies, NMOCD, the BLM, and taxpayers suffer from needless inefficiencies. It is reasonably foreseeable that the next change in New Mexico's leadership will lead to a proposal by environmentally-focused organizations to change the rule back to the way it was in 2007, potentially causing a never-ending flip-flop of regulatory policy.

The proposal before the Commission does not represent the ideas, instincts or values of the oil industry's best and brightest. I believe this rule is ultimately the work of a handful of companies who are bringing up the rear in sustainability and 21<sup>st</sup> Century methods. They have effectively demanded that NMOGA take on an issue which ultimately would prove to work against a healthy and confident oil and gas economy; an economy where it is imperative that companies and NM citizens work together to build a better product for generations to come. The proposed rule change is regressive, divisive, ill-timed and ultimately expensive to those who it purports to serve.

Thank you for your consideration of these comments.