



Texaco Exploration &  
Production Inc.

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P.O. Box 10000  
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September 16, 1999

New Mexico Oil Conservation Commission  
2040 Pacheco Street  
Santa Fe, New Mexico 87505

RE: **PROPOSED RULE 34 REVISIONS**  
**NEW WELL INCENTIVE**

Dear Commissioners:

Texaco Exploration & Production Inc. (Texaco) wishes to comment on the proposed changes to Rule 34 (New Well Incentive) which will be considered at the Oil Conservation Commission hearing on September 23, 1999 in Farmington, New Mexico. Texaco participated in the promulgation of Rule 34 and the latter development of Form C-142.

Texaco wishes to offer comments concerning the proposed revisions to the rule as follows:

- 34.C.(3)(a) – It is recommended that the filing deadline not be changed from 60 days following completion of the well to 90 days following spud date, since the drilling time varies significantly for wells drilled in New Mexico. Due to the many producing intervals, depths, and current shortage of equipment, it is quite likely that some wells will take longer than 90 days to drill, test and complete, particularly if multiple zones are being tested. In such a case, an operator would not be able collect the \$15,000 job creation incentive because the deadline would have passed. Since HB 280 specified that the well must be completed, it is more appropriate to tie the filing deadline to the completion date rather than the spud date. It should also be noted that an application submitted without the completion report should be considered an incomplete filing and returned without action.
- 34.D.(2) – It is requested that the sentence “Any application not acted upon by the Division within thirty (30) days from the date it is filed is deemed denied.” not be deleted from the rule. This sentence has been placed in this and several other rules in order to ensure that applications are handled in a timely manner. The sentence provides an incentive for the party handling this type application to ensure that the matters are handled in a timely manner to avoid a hearing being called due to lack of action in a given period of time. If the NMOCD does not like the idea of the application being deemed “denied”, the sentence might be changed to read “If an application is not acted upon by the Division within thirty (30) days from the date it is filed, the applicant may request and the Division will set the matter for hearing.”.

This language will continue to provide the incentive for the Division to act on the application in a timely manner.

Again, Texaco appreciates the opportunity to participate with the NMOCD in the improvement of the rules that govern production of oil and gas in New Mexico. Please consider these constructive comments in the modification of Rule 34.

Yours respectfully,

A handwritten signature in cursive script that reads "R. Frank Gray".

R. Frank Gray  
Regulatory Compliance Manager

RFG/s

NMOGA – Fred Hanson

NMOGA , Regulatory Practices Committee – Rick Foppiano

Chrono  
File