

From: [Cha Abe](#)
To: [Apodaca, Sheila, EMNRD](#)
Subject: [EXTERNAL] Public Comment Re. Case No. 24683
Date: Thursday, November 6, 2025 7:47:48 PM

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Dear Ms. Sheila Apodaca,

Please make sure you are making informed, responsible choices for those who you represent and your children who WILL be impacted by every decision you make.

I support strengthening the financial assurance rules for oil and gas operators in New Mexico, and believe that rules should go even further to protect New Mexico taxpayers against bad operators. The rule should make sure it has proper plans and financing for ANY future issue that arises from oil and gas operation. It's that simple. Do it RIGHT.

Sincerely,
Cha Abe
Santa Fe, NM 87505

November 7, 2025

Via Electronic Mail occ.hearings@emnrd.nm.gov

Sheila Apodaca, Commission Clerk
New Mexico Oil Conservation Commission
Wendell Chino Building
1220 S. St. Francis Dr.
Santa Fe, NM 87505

RE: Revised Application for Rulemaking from Western Environmental Law Center, Citizens Caring for the Future, Conservation Voters New Mexico Education Fund, Diné C.A.R.E, Earthworks, Naeva, New Mexico Interfaith Power and Light, San Juan Citizens Alliance, and Sierra Club (collectively "Applicants"); Case No. 24683

Dear Clerk Apodaca,

The Surety & Fidelity Association of America ("SFAA")¹ appreciates the opportunity to provide written comments regarding the Applicant's revised application submitted in response to the alternative proposals the Oil Conservation Division submitted on February 12, 2025. SFAA urges the Oil Conservation Commission ("Commission") to reject the amendments proposed explicitly to 19.5.8.9 NMAC-Financial Assurance, notably the addition of a new category of financial assurance for certain operators based on the types of wells they hold.

While SFAA recognizes the need to address the projected oil and gas cleanup liabilities New Mexico faces and appreciates the good intentions behind the proposed amendments to protect the state and its citizens, the additional financial assurance requirements proposed for certain operators are problematic and create adverse selection against smaller operators based on their current portfolios. Additionally, recent market events have already reduced surety appetite and are likely to diminish it further if the proposed amendments are adopted; any remaining appetite will likely be offered on more restrictive terms. Based on SFAA's general understanding of the market, many operators would not qualify for the increased liabilities associated with marginal wells. Therefore, SFAA welcomes the opportunity to engage with the Commission and the industry to find a better solution that benefits all stakeholders while protecting New Mexico's interests.

¹ SFAA is a national trade association of more than 400 insurance companies that write 98 percent of surety and fidelity bonds in the U.S. SFAA is licensed as a rating or advisory organization in all states, and it has been designated by state insurance departments as a statistical agent for the reporting of fidelity and surety experience.

Clerk Apodaca
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The proposed amendment to 19.15.8.9 NMAC recommends additional financial assurance requirements beyond the current standards for certain operators, based on the makeup of their portfolios, particularly the percentage of marginal wells they hold. This creates adverse selection against these operators. Furthermore, these wells are in the poorest condition and demand the most significant financial investment for plugging and abandonment, thereby increasing their financial risk. Because this presents more immediate and substantial exposure and, given the nature of the risk, the surety industry would regard these bonds as high-risk obligations, requiring stricter underwriting scrutiny.

As mentioned earlier, the market has recently shrunk further due to adverse developments. If sureties continue issuing these bonds under the proposed changes, they will raise their underwriting standards for operators seeking bonds for these obligations, likely making only the largest operators eligible. As a result, the proposed rules could reduce competition by excluding all but the biggest oil and gas operators from the pool of eligible operators. Small and medium-sized operators might be effectively shut out of this market, as sureties are likely unwilling to issue bonds for them because they often lack enough financial capital to demonstrate their fiscal strength and ability to handle the increased risks to the Commission over time.

For these reasons, SFAA urges the Commission to reject the proposed amendments to 19.15.8.9 NMAC and instead encourages the Commission to work with SFAA and its members to find a better, more effective solution that minimizes impact on current operators in the New Mexico oil and gas industry while safeguarding the state's interests, a shared common goal.

Respectfully submitted,



Julie Alleyne
Senior Vice President & General Counsel
The Surety & Fidelity Association of America
jalleyne@surety.org
202.702.8865

Good morning, Chair and Commissioners—thank you for the opportunity to comment.

My name is Michelina Paulek, the executive director of the Energy Council, and I represent operators who live, work, and raise their families right here in New Mexico. We take pride in being responsible stewards of both our energy resources and our communities.

Let's start with a simple truth: more than \$60 million has already been collected and is waiting in the Oil & Gas Reclamation Fund, money that could be used right now to plug wells. Industry has done its part. We've paid in, complied, and continue to invest in reclamation. What's missing isn't more financial assurance, it's action. Holding responsible operators accountable for the agency's inaction is misplaced and counterproductive.

Next, let's remember the framework of authority. Portions of this rulemaking reach well beyond the Oil Conservation Commission's statutory scope. The Legislature, not the Commission, holds the constitutional power to appropriate funds and adjust bonding requirements. When an administrative body begins to legislate through rulemaking, it not only risks litigation but also undermines trust in the process.

The Commission's mission is clear: to prevent waste and protect correlative rights. Yet this proposed financial-assurance policy does neither. In fact, it does the opposite, tying up capital that could otherwise fund production, compliance, and well plugging. It creates barriers for the good operators who already meet or exceed environmental and reclamation standards.

And to be candid, no data supports the need for these sweeping changes. Multiple reviews, including the Legislative Finance Committee's Policy Spotlight: Orphaned Wells, show that bonding shortfalls primarily arise from legacy and non-compliant wells, not from the responsible operators who continue to maintain, plug, and reclaim their sites. Increasing financial assurance on operators who are already compliant doesn't solve that problem; it magnifies it.

Groups such as Western Energy Law Center portray this as a fix-all solution, but that's simply not true. Their proposal disregards the fact that New Mexico's existing bonding, conservation tax, and reclamation systems already exceed those of most energy-producing states. Encouraging higher bonding for everyone could be seen as asking individuals to contribute to a cost that has already been covered multiple times. It might be more beneficial to reassess our approach to ensure fairness and efficiency for all involved.

Our industry isn't asking for less accountability; we're asking for better accountability. The focus should be on efficiently deploying the funds already in the Reclamation Fund, targeting a minimal number of non-compliant operators, being accountable, and streamlining the plugging process, not layering new costs on the very people who are doing things right.

New Mexico's oil and gas industry is the financial backbone of this state. We generate the revenue that funds schools, hospitals, and infrastructure. We are partners in progress, not

adversaries. Overregulation doesn't just stifle production; it jeopardizes the very public services these revenues support.

Today, I urge this Commission to take a balanced, lawful, and data-driven approach. Use the resources already collected. Strengthen enforcement where it's genuinely needed. And work with the operators who are committed to doing the right thing, not against them.

Thank you for your time and for the opportunity to provide public comment.

Sincerely,

Michelina Paulek
Executive Director
Energy Council
(970)769-2416
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New Mexico State Senate

State Capitol Santa Fe

SENATOR MIMI STEWART

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November 6, 2025

New Mexico Oil Conservation Commission
1220 S. St. Francis Drive
Santa Fe, NM 87505

RE: Public Comment to New Mexico Oil Conservation Commission Case No. 24683

To the New Mexico Oil Conservation Commissioners:

As both a state senator and a former educator, I've spent my career focused on building a stronger future for New Mexico's children. That future depends on two things: a strong public education system and a healthy, sustainable environment. Right now, both are being undermined by outdated bonding rules that allow oil and gas companies to neglect their cleanup obligations, leaving taxpayers, our most vulnerable communities, and the health of our environment to carry the costs.

New Mexico currently faces between \$700 million and \$1.6 billion in oil and gas well cleanup liabilities. Yet under current rules, an operator can drill dozens or even hundreds of wells while posting only \$250,000 in total bonding. That barely scratches the surface when the average cost to plug and restore a single well is \$163,000, and some cost far more. When these wells are abandoned, public dollars are used to clean up the mess – that's over \$100 million in state and federal funds in just the last five years.

Abandoned wells also leak methane – a powerful greenhouse gas and leading contributor to climate change – and toxic substances that contaminate groundwater and threaten public health, particularly in rural and Tribal areas. These environmental harms ultimately circle back to our communities and our kids.

As a state, we value fairness, fiscal responsibility, and supporting our communities. The principle is simple: if you drill it, you clean it. Companies that profit from our shared resources must take full responsibility for restoring the land. Strengthening bonding requirements is not only sound environmental policy; it's sound economic and educational policy.

I urge the Commission to adopt stronger bonding rules that protect taxpayers, safeguard our natural resources, and ensure that New Mexico's next generation can live in healthy, thriving communities.

Sincerely,

Senator Mimi Stewart

COMMITTEES:

CHAIR:

- Committees' Committee

MEMBER:

- Rules
- Judiciary

INTERIM COMMITTEES:

CO-CHAIR:

- Legislative Council

MEMBER:

- Legislative Education Study Committee
- Public School Capital Outlay Oversight Task Force

ADVISORY MEMBER:

- Courts, Corrections & Justice Committee
- Water & Natural Resources Committee

Document for oil/gas hearing -

Good day and thank you for receiving my comments. My name is Paul McSherry. I'm a Retired USPHS commissioned officer and I'm a fourth generation New Mexico resident. Each generation on both sides has been involved in agriculture for well over 100 years and has also been personally involved in education. We have lived and worked in 9 NM counties. Two brothers are involved in petroleum and mining from entry to executive level.

I am particularly interested in ensuring funding for education in NM. Our education system has allowed my family to become successful professionals and businesses people. Four of my immediate family have served on boards of education. I have personal interests in supporting education particularly in rural counties. Seeing that the oil and gas industry is a significant support of the education program, it's imperative to support and not interfere with their productivity and positive impact in NM.

Additionally, further success in agriculture requires economical petroleum energy sources. The current cost of energy for agriculture is astronomical. Increased costs will cause producers to go out of business. I am particularly concerned about the production of chile, dairy, and beef all of which are energy dependent and significant supporters of New Mexico culture and economy.

Please consider the long term effects of your decisions on the citizens of NM as short term theoretically good solutions often cause adverse long term outcomes.

A handwritten signature in black ink, reading "Paul McSherry". The signature is written in a cursive, flowing style with a large, sweeping initial "P".

Luna, Doña Ana, Grant, Otero, Lea, Bernalillo, Sandoval, Socorro