

# CARLSBAD NEW MEXICO department of development

January 14, 2021

Commissioners,  
Oil Conservation Commission  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Sarah Cottrell  
Cabinet Secretary  
Energy, Minerals, and Natural Resources Department  
1220 South St. Francis Drive  
Santa Fe, NM 87505

Adrienne Sandoval  
Division Director  
1220 South St. Francis Drive  
Santa Fe, NM 87505  
Oil Conservation Division, NMEMNRD

Dear Honorable Members of the Commission, Secretary Cottrell, and Director Sandoval:

The regulatory requirements placed on oil and gas producers in New Mexico is a matter of great importance for the state generally, and particularly for the economy of southeastern New Mexico. The Carlsbad Department of Development's members needed the opportunity to weigh in on this each from their own business perspectives. This necessitated bringing our comments before the full Board of Directors for their consideration. Unfortunately, orchestration of such a meeting caused us to miss the official deadline for submission of comments.

Nonetheless, at the Carlsbad Department of Development Board of Directors meeting conducted yesterday, January 14, the Board voted unanimously in favor of sending this letter. Thank you for considering the attached letter from the Carlsbad business community. I do apologize for the tardiness of the letter. Whether or not the record can be reopened to admit this, the Carlsbad Department of Development wanted the commission and leadership at the OCD and ENMRD to know where our business community sits on this and related issues.

Thank you again for what you all do and our apologies for any troubles this late comment has created.

Sincerely,



Larry Mitchell  
President, Board of Director

The logo for the Carlsbad New Mexico Department of Development features the word "CARLSBAD" in large, bold, black capital letters. To its right, "NEW MEXICO" is written in smaller, red capital letters. Below "CARLSBAD", the words "department of development" are written in a smaller, black, lowercase sans-serif font. A yellow and green curved line arches over the text, and a blue wavy line is positioned below it.

# CARLSBAD NEW MEXICO

department of development

January 8, 2021

## **Oil Conservation Commission**

Florene Davidson, Clerk  
1220 South St. Francis Drive  
Santa Fe, New Mexico, 87505  
[florene.davidson@state.nm.us](mailto:florene.davidson@state.nm.us)

Dear Members of the Oil Conservation Commission,

**As you are no doubt aware, the** oil and natural gas production is one of New Mexico's most important contributors to our state's budget and economy. Prior to the pandemic in 2019, an estimated 44% of New Mexico's general operating fund and over 90% of New Mexico's severance tax funding for capital projects came from revenues derived from minerals produced as a result of our oil and gas industry. Even after the pandemic began in 2020, oil and gas still provided \$2.8 billion to the state budget, including \$1.4 billion for public schools and higher education. In addition, oil and natural gas production and processing is responsible for more than 134,000 New Mexico jobs and \$17 billion in economic activity.

Because of the vast potential of New Mexico's resources, the state is poised to return to growth as global demand for oil and gas recovers.

It is vitally important to our organization of businesses in southeastern New Mexico that any rules promulgated by the state allow this industry to grow, create jobs, attract investment, and provide critical funds for our state budget and public schools. We believe that the State of New Mexico can and should work with industry and provide reasonable and appropriate flexibilities to help achieve the state's ambitious and challenging proposal for a 98% gas capture requirement.

As stakeholders in our community's future, the oil and natural gas producers are investing in new technologies and proactively working to reduce the risks of climate change by taking action to limit emissions of methane and other greenhouse gases. To help facilitate this investment in our future, it is imperative that flexible regulations be promulgated to promote this problem-solving creativity and allow producers to develop and implement cutting-edge technologies. This will result in a continuous cycle of environmental research and innovation. As implied above, this approach is already driving environmental progress through the adoption of new best practices and information sharing among producers and other business partners.

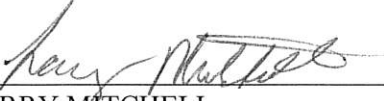
Thus, it is in consideration of above that the Carlsbad Department of Development (CDOD), a 501 C6 non-profit economic development organization, encourages the Commission to ensure that any state

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regulation allow policymakers to meet their policy objectives while supporting economic growth and job creation. The CDOD further encourages the Commission to work to achieve a balance between mitigating risks associated with climate change and ensuring the continued strength of oil and gas as the state's largest and most successful private industry.

Sincerely,

A handwritten signature in cursive script, appearing to read "Larry Mitchell", written over a horizontal line.

LARRY MITCHELL,  
President of the Board of Directors,  
Carlsbad Department of Development