



San Juan Economic Development Service

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Joanna Prukop
Cabinet Secretary
Energy, Minerals and Natural Resources Department
1220 South St. Francis Drive
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8 October 2007

This letter is intended to serve as the comments of San Juan Economic Development Service, Inc. ("SJEDS") to the draft rule regarding oil and gas drilling pits (the "Pit Rule") recently issued by the New Mexico Oil Conservation Division ("NMOCD").

SJEDS is a New Mexico non-profit corporation whose mission is to assist in the expansion, retention, creation, and recruitment of economic base companies in San Juan County, New Mexico for the purpose of job creation. The oil and gas industry is the foundation upon which the economic vitality of San Juan County and the surrounding areas has been built and is the source of thousands of high-paying jobs. For that reason, SJEDS is extremely concerned about the potential impact on the economic well-being of San Juan County resulting from the adoption and implementation of the Pit Rule.

As a general premise, SJEDS supports the efforts of the NMOCD to regulate the oil and gas industry to mitigate adverse environmental consequences. However, such adverse environmental consequences should be demonstrable pursuant to the application of sound scientific principles as a condition to regulatory intervention. SJEDS believes that the prerequisite scientific basis has not been developed to support the adoption and implementation of the Pit Rule. In fact, the hard scientific data gathered by the Pit Rule Task Force over the past six (6) months appears to support the contention that the Pit Rule is unwarranted.

If the Pit Rule is adopted and implemented in its current form and content, the oil and gas industry in San Juan County will be saddled with huge incremental operating costs with little or no associated benefit to the environment. The incremental costs, however, may very well result in company decisions to cut back exploration and drilling programs, with a corresponding loss of high-paying jobs that are so essential to a strong economy. Such a result would be unfortunate in the context of national, state, and local interests.

Certainly, the adoption of the Pit Rule will appease those in the environmental community who are advocating a governmental policy of zero-tolerance when it comes to the impacts of oil and gas development. But the decision to adopt and implement the Pit Rule should be founded on sound science – not political considerations.

In closing, SJEDS urges the NMOCD to consider and act on the Pit Rule in the light of the scientific data that has been presented to it. If that data supports the adoption and implementation of the Pit Rule, then regulation is appropriate. If it does not, then the Pit Rule should be rejected.

Thank you for your consideration of these comments.

Respectfully submitted,

Tommy Roberts

Tommy Roberts, Board President

Carol Spencer

Dr. Carol Spencer, Vice-President

Keith Johnson

Keith Johnson, Secretary/Treasurer

Judy Reed

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SJEDS Executive Committee

David Velasquez

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cc: Mark E. Fesmire, Director, New Mexico Oil Conservation Division
Ms. Florene Davidson, New Mexico Oil Conservation Division