



New Mexico State Senate

State Capitol
Santa Fe

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Smith - FYI

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November 21, 2007

Secretary Joanna Prukop
Energy, Minerals & Natural Resources
1220 Soth St. Francis Drive
Santa Fe, New Mexico 87505

Re: Proposed rule change Case No. 14015 (Pit Rule Amendments)

Dear Secretary.Prukop,

I strongly recommend the proposed rule changes NOT be adopted. If the administration wishes to proceed, I would suggest these be submitted in proposed legislation to the 2008 Legislature, and not circumvent the elected body that represent the citizens across all of New Mexico.

In my opinion the proposed changes to the existing Pit Rule are unnecessary, arbitrary and will be detrimental to the overall good of the State of New Mexico. We are already seeing the industry moving investment from New Mexico to states that are more business friendly. Oil prices have hit a new high this past week, yet New Mexico has seen a decline in drilling rigs at this same time. We are seeing servicing units (pulling units) parked in the yard for the first time in 3 years.

It is my desire to have a safe clean environment and I am sure it is the wishes of the constituents that I serve. The proposed change in rules will have little or no benefit for the environment but it will add a minimum to \$150,000+ to the costs of drilling each new oil or gas well. If these changes go forward, I expect to see a mass exit of expansion capital in oil & gas.

New Mexico has been fortunate to have adequate revenues in our budget these past years to put additional funds into our schools, our colleges and universities, health and human services and the other needs of our citizens while we have cut income tax rates. The impact of these rule changes will greatly impact our funding and we will have no choice except to incur cuts throughout our budget which will impact every citizen of our state. I urge the administration to decline the rules changes, but to enforce the current rules in place that protect our environment.

Sincerely,

Carroll H. Leavell

cc: The Honorable Bill Richardson
Governor, State of New Mexico

Mr. Mark Fesmire
Director, Oil Conservation Division