



State of New Mexico  
**House of Representatives**  
Santa Fe

**RAY BEGAYE**

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December 13, 2007

Governor Bill Richardson  
STATE OF NEW MEXICO  
State Capitol Suite 400  
Santa Fe, New Mexico 87501

The Honorable Governor Richardson:

I have received a copy of the Honorable New Mexico State Representative Patricia Lundstrom letter address to you regarding her position on the new Pit Rule being imposed on the oil and gas industry in New Mexico. I too raise the same concern Governor, because I serve District 4 in San Juan County that extends into the City of Farmington. San Juan Basin is home to me and many of my relatives work in the oil & gas industry.

There are 22,000 wells in San Juan Basin that contributes over \$2.8 billion or thirty-five to forty-three percent of needed revenue into the State treasury. The newly drafted Pit Rule, if put into regulation, will do injustice to the industry. The ruling will only increase the cost of drilling new oil and gas wells by as much as \$150,000 to \$300,000 per well.

Recently, Honorable Representative James Strickler and I visited with the Navajo Nation Department of Justice on behalf of a small oil & gas company over similar matter and we came upon a compromise. Similar to our meeting on behalf of this small company, the new Pit Rule within San Juan Basin will greatly impacted small oil & gas operators statewide.

I think before New Mexico Oil Conservation Division incorporate this ruling; a scientific study is needed that is fair and impartial to the oil and gas company operating in New Mexico. I understand that the prerequisite scientific basis has not been develop that will support adoption and implementation of the Pit Rule. Lastly, the Pit Rule Task Force has been purported to not warrant the Pit Rule contention.

Sincerely,

A handwritten signature in black ink, appearing to read "Ray Begaye", is written over a horizontal line.

Ray Begaye  
State Representative for District 4