

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

MEMORANDUM

GARREY CARRUTHERS
GOVERNOR

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

TO: NEW MEXICO OIL PRODUCERS

FROM: WILLIAM J. LeMAY, Director, Oil Conservation Division *WJL*

SUBJECT: REGULATORY INITIATIVES TO INCREASE NEW MEXICO'S OIL PRODUCTION

DATE: SEPTEMBER 6, 1990

In response to the crisis in the Middle East, the Secretary of the Energy has asked oil producing states to take initiatives to increase domestic oil production.

To meet the Secretary's request, the New Mexico Oil Conservation Commission has placed on the **September 24, 1990**, docket a hearing to receive comments and suggestions from the oil industry on steps which the Division or the Commission might take to increase New Mexico's oil production immediately, and in the short term (3 to 6 months) and longer time frames.

The Commission is particularly interested to learn if producers see any Oil Conservation Division regulatory impediments which hinder drilling and/or production, whether oil allowables could be increased or eliminated, without violating correlative rights or creating waste, if there are any rule changes which could promote additional oil production and suggestions from industry relating to the Energy Secretary's directive. The Commission is soliciting comments only on actions which it or the Division might take and not on legislative initiatives or actions which would necessarily have to be taken by other governmental agencies, such as the Bureau of Land Management or Internal Revenue Service.

While no order will be issued as a result of this hearing, the Commission will utilize industry input in the implementation of regulatory policy which will allow or encourage higher production levels, either from existing wells or from new developments, without causing waste or impairing correlative rights.

PROPOSED NEW RULE 1135

Each gas transporter from a prorated gas well shall give notice to the Division within 30 days of new connection, reconnection or disconnection of a well to, or from, the gathering transportation system by filing Form C-135, in duplicate, with the appropriate District office of the Division, as required by the appropriate order of the Division (Order R-8170, as amended).