



April 11, 2018

New Mexico Energy, Minerals and Natural Resources Department
Oil Conservation Division
1220 South St. Francis Drive
Santa Fe, NM 87505

Re: Application Of The New Mexico Oil Conservation Division To Amend Rules Of The Commission Concerning The Drilling, Spacing, And Operation Of Horizontal Wells And Related Matters By Amending Various Sections Of Rules 19.15.2, 19.15.4, 19.15.14, 19.15.15, and 19.15.16 NMAC; Statewide.

These comments are filed by the Permian Basin Petroleum Association (PBPA) on behalf of itself and its members. The PBPA is greatly appreciative of the opportunity to submit comments to the New Mexico Oil Conservation Division regarding the proposed amendments to Rules 19.15.2, 19.15.4, 19.15.14, 19.15.15, and 19.15.16 of the Commission Concerning the Drilling, Spacing, and Operation of Horizontal Wells (Proposed Amendments).

The PBPA is the largest regional oil and gas association in the United States. We represent the men and women who work in the oil and gas industry in the Permian Basin of West Texas and southeastern New Mexico. Established in 1961, the PBPA's mission is to promote the safe and environmentally responsible development of oil and natural gas resources. The PBPA represents oil and natural gas explorers and producers, as well as the service and supply industries that support their efforts in the largest inland oil and natural gas reservoir and the largest oil and natural gas-producing region in the world.

PBPA strongly supports the Proposed Amendments referenced above. These changes are the logical extension of New Mexico's regulatory scheme and represent the fact that horizontal drilling has truly come of age in New Mexico. The proposed changes are protective of correlative rights, while allowing the recovery of additional resources that otherwise would remain unrecovered and lost forever. The proposed changes will make New Mexico more competitive with Texas in attracting oil and gas development. This increased development will lead to increased tax revenue and royalty revenue for the U.S., the State and private property owners.

PBPA commends the Division, the Secretary, and industry for coming together for a solution to the regulatory issues that horizontal drilling and production introduce. The Proposed Amendments are a success for the State and introduce a fair set of rules for those utilizing horizontal techniques in New Mexico.

Regards,

Ben Shepperd
President
Permian Basin Petroleum Association