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I am writing with regard to the Oil Conservation Division's (OCD) proposed pit rule changes that will substantially change the existing requirements concerning the permitting, design, construction and operation of pits and below-grade tanks used in oil and gas operations, and require the permitting of, and prescribe rules concerning design, construction, operation and closure of, closed loop systems or other alternative methods for use in lieu of pits or below-grade tanks.

If these pit rules are adopted as written, the oil and gas industry will experience a drastic cut in the number of wells drilled due to the added costs - between \$150,000 - \$300,000 per site - associated with the OCD's proposal. At the same time, this will result in the loss of approximately \$800 million in revenue for the state.

The New Mexico Oil and Gas Association (NMOGA) is asking for flexibility in pit lining rules rather than imposing a one-size fits all standard and mandating loop systems. I support NMOGA's request and position on the pit rule issue and request that you urge the Oil Conservation Commission to consider the same.

Randall McCormick
Lea County Commissioner
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