

ICBA

INDEPENDENT COMMUNITY BANKERS ASSOCIATION OF NEW MEXICO

NEW MEXICO

November 19, 2007

Governor Bill Richardson
400StateCapitol
Santa Fe, New Mexico 87501

Dear Governor Richardson:

While you are normally accustomed to hearing from us regarding banking issues only, we feel we must speak out on the proposed "Pit Rules" that are currently being considered in Santa Fe. We only became aware of proposed rules a few days ago. It is our considered opinion that the rules (offered by the New Mexico Oil Conservation Division) could cripple the oil and gas industry in our state and severely impact the state's economy.

We are given to understand that the oil and gas industry provides well over \$2.8 billion to the state's treasury annually (that is 35 percent of the state's total budget) and that education receives about 60 percent of the entire state budget. If the proposed rules could cause the detrimental effects the industry is warning state officials of, then it seems only reasonable to conduct an economic impact study of these proposed rules before putting them into effect. The future of our children's education, not to mention the jobs of hundreds of New Mexico citizens, hang in the balance.

Our interest is not only directed to the education (and other state funding) impacts that could occur, but to the fate of families whose existence are dependent on the financial condition of the oil and gas industry and to the locally owned companies who conduct their banking activities with us. These families and business owners are the customers we see in our bank lobbies on a regular basis and to whom we lend money for consumer goods, homes, autos, and business expansion purposes. Loss of good paying jobs to a significant number of oil and gas industry employees will have a trickle-down effect that will be detrimental to all concerned.

We would respectfully ask that you intervene to the extent of asking the Oil Conservation Commission and Division to immediately begin a fiscal impact study that examines the costs vs. benefits of the proposed Pit Rules. Coming from a highly regulated industry, we in banking can attest that sometimes the benefits to the public are not worth the costs involved in compliance.

As always, thank you for your consideration of our request. Please let us know if we can be of assistance to you.

Best Regards,



Jerry C. Walker
Executive Director