

**STATE LAND OFFICE COMMENT ON PROPOSED OCD PIT RULE**

~~This statement is presented on behalf of~~  
~~I am Jerry King, Assistant Commissioner for Surface Resources speaking on behalf of~~  
~~JERRY King, Asst Commissioner for Surface Resources,~~  
~~Patrick H. Lyons, Commissioner of Public Lands, our Oil, Gas, and Minerals Division~~  
~~and our Field Operations Division.~~ I would like to convey the State Land Office's

commitment to providing optimum customer service to all of our lessees while ensuring that all surface and water resources in these areas will be protected for the perpetuity of the trust. Part of our agency's mission is to strive to build partnerships to conserve, protect and maintain the highest level of stewardship for State Trust Lands while generating sustainable revenues to support our public education institutions.

In general, the SLO supports and encourages any attempt by OCD to reduce the environmental impact of oil and gas activities on all surface and subsurface resources. As such, the proposed OCD rule for regulating the placement, design, construction use and closure of pits and below grade tanks represents a significant improvement in the protection of water resources. The SLO concurs with much of the proposed rules <sup>however,</sup> there is some concern that the rule does not go far enough in regard to: (1) Siting restrictions, and (2) The disposition of existing pits.

With regard to the first concern, siting restrictions, the SLO feels that under 19.15.2\_C

(2)(a);(sic) [exclusionary] OCD should consider <sup>REQUIRING additional exclusionary ZONES</sup> requiring zones for public water supply

~~to include the following.~~  
~~wells.~~

- Sensitive aquifer (recharge zones)
- Private water supply wells

- Wetlands (ACOE defined)
- Intermittent Streams
- ~~Perennial~~ <sup>PERENNIAL</sup> STREAMS
- 100 year flood plains
- Significant cultural and archeological resources
- Critical habitat of Threatened and Endangered Species

With regard to the second concern, the disposition of existing pits the SLO suggests that OCD consider an accelerated schedule for closure and remediation of all unlined pits.

There is, in general, no environmentally sound justification for the continued use of unlined pits. <sup>IN</sup> any geohydrological regime within the state, unlined pits are essentially de facto disposal units that translate operational <sup>savings</sup> for oil and gas operators into collective environmental costs for the citizens of New Mexico. These cost shifts are typically referred to as environmental externalities. The extent to which the proposed pit rule reduces those externalities will determine the extent to which the rule will be considered good regulatory policy.