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11 December 2008

Mark Fesmire, Chairman
Jami Bailey, Commissioner
Bill Olson, Commissioner
New Mexico Oil Conservation Commission
1220 S St. Francis Drive
Santa Fe, NM 87505

Public Comment in the matter of the Oil Conservation Division's application for amending 19.15.39 NMAC to add two new Sections setting out provisions applicable to Santa Fe County and the Galisteo Basin.

My name is Deborah Seligman, and I am the Vice President of Governmental Affairs for the New Mexico Oil and Gas Association. We are a not-for-profit trade association representing over 350 companies interrelated to the exploration, production, processing and transporting of oil and gas within the state of New Mexico.

Our comments on the proposed Rule which sets out special provisions for Santa Fe County and the Galisteo Basin will be brief.

NMOGA is unaware of any reason for additional rules for Santa Fe County/Galisteo Basin. Nothing, other than local politics, differentiates this area from other areas of New Mexico, particularly Northern New Mexico. There is nothing unique about the area, including soils and ground water, which necessitates more stringent regulation and oversight than required elsewhere in the state.

The programs and regulations proposed and implemented by the Oil Conservation Division and the Oil Conservation Commissions have managed over the past several years to become the largest single impediment to the development of proven and unproven oil and gas reserves in New Mexico. NMOGA believes that Division and Commission have consistently ignored their statutory "duty" to prevent waste and to protect correlative rights.

President
Bob Gallagher

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NMOGA member companies believe that it is incumbent on the Division and Commission to prevent waste and protect correlative rights, and at the same time *reasonably* protect against contamination of fresh water supplies and to protect public health and the environment. Yet, the oil and gas industry in New Mexico is held to a stricter standard than any other industry doing business in the state by the Divisions' self-decreed no degradation policy.

The proposed rule neither prevents waste nor protects correlative rights, nor is it *reasonable* in the protection of fresh water, public health or the environment. NMOGA contends that the real purpose of these regulations is to eliminate development of oil and gas reserves in Santa Fe County and the Galisteo Basin and preclude mineral estate holders' of their rights to develop their property interests. The proposed regulations effectuate a taking of those rights; if this is the case, the state should be honest about its intent rather than using the regulatory process to accomplish that end.

The ponderous rules being proposed by the Division and adopted by the Commission over the past several years has only been effective in making New Mexico "no growth" in the development of proven and unproven oil and gas reserves in the lower 48 producing states.

We believe that the Division's and Commission's position has been contrary to Legislative direction and sound public policy, and that the proposed rule should not be adopted.

Thank you.

A handwritten signature in black ink, appearing to read "Deborah Seligman", written in a cursive, flowing style.

Deborah Seligman