

MERIDIAN OIL

October 6, 1995

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Oil Conservation Division

Mr. Bill LeMay, Director
Oil Conservation Division
Energy, Minerals & Natural Resources
2040 South Pacheco
Santa Fe, New Mexico 87505

Dear Bill,

At the September 28, 1995 Oil Conservation Commission hearing, the Commission considered draft rules implementing House Bill 65. There were two items discussed at that hearing on which Meridian submits these additional comments.

First, at that hearing El Paso Natural Gas Company submitted testimony and exhibits supporting its position that compression which is paid for by a producer to increase oil or gas production from one or more than one well should be entitled to the incentive tax rate. Meridian believes that this clarification that multiple well compression may be entitled to the incentive tax rate will benefit producers and the State of New Mexico and believes that this clarification is in conformance to the understanding of the legislature during its consideration of House Bill 65.

During the September 28th hearing, the Commission asked if it would be helpful to expand the definition of "workover" to make it clear that removing equipment or debris from a wellbore, or the producing formation adjacent to a producing wellbore, would be a workover entitled to the incentive tax rate. Meridian suggests that a subparagraph be added to the workover rule to clarify this understanding. We suggest the following be added as paragraph 11H:

Performing any operation to remove debris from a wellbore or producing formation adjacent to a wellbore in order to improve the capacity of the well to produce crude oil or natural gas.

As one of the participants on the rule making task force and as an active producer in the State of New Mexico, Meridian requests that the draft rule considered at the September 28th hearing be amended to include these two items.

Thank you in advance for your consideration of and attention to these requests.

Sincerely,



W. Perry Pearce
State Affairs Director

cc: Darwin Van De Graaff
William F. Carr