



PHILLIPS PETROLEUM COMPANY

HOUSTON, TEXAS 77251-1967
BOX 1967

NORTH AMERICA
PRODUCTION DIVISION

BELLAIRE, TEXAS
6330 WEST LOOP SOUTH
PHILLIPS BUILDING

September 14, 1995

RECEIVED
SEP 15 1995

SEP 20 1995

Mr. William J. Lemay
Director, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
P. O. Box 6429
Santa Fe, NM 87505-6429

Re: Proposed Rules and Procedures Implementing the Natural Gas and Crude Oil
Production Incentive Act

Dear Mr. Lemay:

Phillips Petroleum Company (Phillips) appreciates this opportunity to provide comments on the Oil Conservation Division's (OCD) proposed rules and procedures implementing the Natural Gas and Crude Oil Production Incentive Act. Phillips offers the following comments for your consideration.

Section 4.E. of the Natural Gas and Crude Oil Production Incentive Act reads as follows:

“The division shall consider and approve applications for approval of a production restoration project or well workover project without holding hearings on the applications. If the division denies approval of an application pursuant to such a process, the division, upon the request of the applicant, shall set a hearing of the application before an examiner appointed by the division to conduct the hearing. The hearing shall be conducted in accordance with the provisions of the Oil and Gas Act for such hearings.”

Since a requirement for a decision and notification was not provided for in the legislation, we believe that it should be the division's responsibility to approve or disapprove of the application within the 30-day time period and provide the appropriate approval or denial notice to the applicant.

Phillips believes that if an operator makes an effort to file an application with the Division District Office, that office should be required to notify each and every applicant when and why they are being denied so as to be able to remedy the issues causing the denial prior to requesting a hearing.

The proposed rules also provide that “An application which has not been acted upon by the Division District Office within thirty (30) days from the date it is filed with the appropriate Division District

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Office shall be deemed to have been denied for the purpose of this rule.” The act states that “The Division shall consider and approve applications. . . .” The proposed language implies that if the Division is too busy to consider the application within the 30-day period, it is deemed to be denied. Phillips believes that the Division District Office should review each and every application filed and should provide the appropriate notification to the applicant. The applicant should not be left in the dark as to the decision of the Division. Additionally, the proposed “denial after 30 days” would almost guarantee a denial of an application during periods of high division workloads or backlogged paperwork in their offices.

Phillips would like to thank you for this opportunity to offer our comments and suggestions on the Oil Conservation Division’s proposal. If you have any questions, please call me at (713) 669-3590.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tim Turner", with a long horizontal flourish extending to the right.

Timothy J. Turner
State Legislative and
Regulatory Affairs Coordinator

TJT/nn