

PERMIAN BASIN PETROLEUM ASSOCIATION  
COMMENTS AND CONCERNS  
PROPOSED ADMINISTRATIVE PROCEDURES  
TO BE ADOPTED BY THE NMOCC  
FOR HIGH ANGLE/HORIZONTAL/DIRECTIONAL WELLS

Good Morning/Afternoon. My name is Larry Sanders. I am currently employed by Phillips Petroleum Company as a Regulation Specialist. I am here representing the Permian Basin Petroleum Association. I have just recently been appointed as Chairman of the PBPA Regulatory Affairs Committee formed by Executive Vice-President Robert D. Kiker. The PBPA wishes to thank the NMOCC for the opportunity to present our comments and concerns.

The Regulatory Affairs Committee has reviewed the proposed changes being discussed here today and wishes to commend the persons that took the initiative to start the process to provide an administrative approval procedure. We, as an Industry, need as many administrative approval procedures as possible to curtail our ever escalating costs. It is felt by the PBPA that the proposal being offered here today does not fully achieve that goal.

An administrative approval process should not be more complicated, or as complicated, as the process of preparing for and attending a hearing. In fact, the proposed rule changes being offered is nearly identical to what is necessary for preparation of a hearing. The procedure for administrative approval should be more streamlined, require less information, and be easier for both Industry and the Division to process.

Instead of going into detailed discussion of what is good or bad about the proposed changes to Rule 111, the PBPA would recommend the Commissioners form a small working Task Force to discuss, review, and revise the proposal as offered. It is felt by members of the PBPA, the procedure could be discussed, reviewed, and rewritten in a short period of time, but we feel it is imperative that a sit-down, face-to-face, meeting be held to revise this proposed rule.

The PBPA Regulatory Affairs Committee and other members of the PBPA will be more than willing to provide the necessary assistance to the NMOCC in drafting and adopting a rule for administrative approval to drill horizontal wells in the State of New Mexico. It is felt by the members of the PBPA there is a future in oil and gas production in New Mexico and horizontal wells will be a part of this future.

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