



For Immediate Release  
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## **Governor Bill Richardson Proposes Modifications to New Mexico's Oil Field Pit Rule**

*Governor meets with oil and gas industry reps, changes will moderate fiscal impact of compliance*

SANTA FE – Governor Bill Richardson today announced that he is directing Energy, Minerals and Natural Resources Department Secretary Joanna Prukop to work with the oil and gas industry to modify several provisions of the state's Pit Rule. The proposed changes would allow oil and gas companies to better absorb the costs associated with the stronger regulations, which were implemented last year. Governor Richardson personally met recently with leaders of the oil and gas industry as well as oil patch legislators to discuss their concerns about the financial impact of the rule.

"The oil and gas industry is critical to New Mexico's economy and these changes will help producers weather the financial storm while still protecting the environment," said Governor Richardson.

The Pit Rule was revised last year with the input of industry, the environmental community and many other stakeholders. It is designed to protect the State of New Mexico and its citizens from any future ground water or other environmental contamination from oil field waste pits, and also to protect the operators from the potentially crippling liability of major environmental impacts.

"We are not doing anything to diminish the environmental protections gained by the Pit Rule, but we are going to work with industry to ease the financial burden of compliance," stated Joanna Prukop, Cabinet Secretary, New Mexico Energy, Minerals and Natural Resources Department.

Since it went into effect on June 16, 2008, oil prices hit an all time high of \$147 per barrel in July 2008 and have since dropped towards \$34 a barrel today. The oil and gas industry plays a critical role in the State of New Mexico, and it is important that government and the private sector work together during these difficult economic times.

Therefore, the Oil Conservation Division will propose six changes to the Pit Rule to support the oil and gas industry as they move forward in complying with the Pit Rule:

Proposal #1

**Below-grade tanks**

The Oil Conservation Division will propose allowing industry to use less expensive field screening techniques instead of in-laboratory testing. This proposal will save substantial operator costs and allow industry to close below-grade tanks faster. This proposal requires administrative action by the Oil Conservation Division, to establish approved alternative testing methods.

Proposal #2

**Six month extension for removal of free liquids and closure completion regarding temporary pits**

The Oil Conservation Division will propose allowing industry two (2) extensions of three months each, for a total of six months, which extends the timeframe in which free liquids must be removed from a temporary pit and the closure completion timeframe for temporary pits and drying pads for closed-loop systems. This proposal requires administrative action by the Oil Conservation Division.

Proposal #3

**Pit Rule Exceptions and Administrative Approvals**

The Oil Conservation Division will work with the oil and gas industry to grant exceptions to the Pit Rule where they are warranted. The pit rule provides for an exception to any provision except the requirement of a permit, exceptions and modification or transfer requirements. To date, there has been no application for an exception from the Pit Rule and only one application for administrative approval in a field office. In order to receive an exception to the rule, an operator must make application to the Santa Fe office, provide public notice and show that the exception will provide equivalent or better protection of fresh water, public health and the environment.

Proposal #4

**Below-grade tanks and/or lined permanent pits**

The Oil Conservation Division will propose changes to extend the application submittal dates for existing below grade tanks and lined permanent pits for two years (19.15.17.17 NMAC). This will allow operators more time to amortize the costs related to generating applications and completing associated construction modifications or retrofits. This proposal will require action by the Oil Conservation Commission.

Proposal #5

**Below-grade tanks**

The Oil Conservation Division will propose an amendment to the Pit Rule that allows most below-grade tanks that existed prior to June 2008 to be retrofitted or closed upon final closure, sale, or transfer. This proposal will require action by the Oil Conservation Commission.

Proposal #6

**Waste material burial closure standards for chloride with regard to on-site trench burial**

The Oil Conservation Division proposes to increase the content (waste) burial standard for chlorides and to also include a comparison to background concentrations at the site with regard to the implementation of on-site trench burial closure method pursuant to Paragraph (3) of Subsection F of 19.15.17.13 NMAC. This proposal will require action by the Oil Conservation Commission.

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