



State Land Office Initiates Emergency Rulemaking Process to Allow Temporary Shut-In of Oil Wells

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Stephanie Garcia Richard, Land Commissioner

State of New Mexico

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SANTA FE, NM – Today the State Land Office announced that it would initiate emergency rulemaking processes to allow oil lessees to temporarily stop producing without penalty for at least thirty days, with a possible extension up to 120 days when Commissioner Garcia Richard initiates a longer-term rule change process.

“The COVID-19 pandemic brought home, almost overnight, the risks of our dependence on oil and gas. This was compounded by Russia and Saudi Arabia’s relentless price war intended to bankrupt American producers. Here in New Mexico, the ripples of this situation hits hard, not only when thinking about the state budget, but within communities where people rely on the boom for jobs to support their families,” Commissioner Garcia Richard said. “Due to these factors, I’ve determined that it is in the best interest of the beneficiaries of state trust land – our public schools, hospitals, and universities – as well as the employees dependent on this industry, that we allow companies to apply for these temporary shut-ins until we can better predict the future of the Permian Basin.”

The overproduction of oil in the world market has not only drastically reduced the price of oil, but it has also created a situation where some U.S. companies are being forced to scale

back production because pipelines and storage facilities are at holding capacity.

[Public comment](#) is encouraged and will be accepted for two business weeks, until Friday, April 17, 2020.

A tele-hearing to discuss the rule and hear further public comment will take place Friday, April 17, 2020 at 1:00 pm.

[Click here](#) for details of the tele-hearing and to read the emergency rule draft.

Oil, gas, and mineral production, ranching and farming, and commercial development on State Trust Lands support public schools, seven universities, New Mexico Military Institute, New Mexico School for the Deaf, New Mexico School for the Blind and Visually Impaired, three hospitals, correctional facilities, water conservation projects, and public building construction and repair. In fiscal year 2019, the State Land Office collected \$1 billion from lease payments, oil and gas lease sale earnings, rights-of-way, permits, interest, fees, and oil, gas and mineral royalties.

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