

THE DAILY TIMES FARMINGTON NEW MEXICO

Gallagher pulls no punches in oil and gas conference address

By Cornelia de Bruin The Daily Times

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FARMINGTON — Keynote speaker Bob Gallagher hit the floor running Wednesday during the official opening of the Four Corners Oil and Gas Conference, leaving his audience in stitches by the time he finished his talk, "The Good, the Bad and the Ugly."

Gallagher, president of the New Mexico Oil and Gas Association, also gave the oil and gas industry a well-placed verbal slap upside of the head for not reaching out more to educate the public about the industry's needs and challenges.

He used Fort Worth, Texas-based Approach Resources as an example of how not to do business in New Mexico. The company's attempt to pinpoint nine well sites it wanted to use for oil exploration east of Tierra Amarilla resulted in the four-month drilling moratorium Rio Arriba County commissioners unanimously voted to impose on part of the county's lands April 24.

The Texas company knew nothing about Reyes Lopez Tijerina, who led a land rights revolution during the early 1960s. Approach Resources' lack of understanding about the value of land to Rio Arriba County residents resulted in their closing ranks and voting to halt drilling, Gallagher said.

"The industry has been under attack," he said. "There has been only one significant rule change during the last eight and one-half years, but in the last 18 months, we've had three changes."

His comments came days before the anticipated ruling that will authorize stricter drilling regulations for the industry. The new pit rule, posted on the state's Oil Conservation Division's Web site, is somewhat of a compromise between the original version proposed and the rule counter-proposed by industry reps who testified during the 18 days of hearings held last fall in Santa Fe.

Nonetheless, many in the industry continue to maintain a new rule, which mandates how drilling by-products are disposed, simply was not necessary.

"The hearing ended Dec. 17 of 2007, and they're ruling Friday," Gallagher said. "What that shows me is that we need a more effective OCD, not a new pit rule."

The oil and gas association Gallagher heads does not like the result.

"We don't need it, but we were going to get the pit rule shoved down our throats," he said. "They weren't going to listen to the testimony, but I think there were significant changes made to the pit rule."

Despite the industry's massive contribution to New Mexico — \$2.8 billion of the state's \$5.8 billion budget in 2006 — Gallagher assured his audience that the state will want more from it.

"We will have a \$600 million surplus in the state this year, and you should be proud," he said. "Why will the Legislature want more money? To pay for universal health care, the GRIP (highway repair) program, the Road Runner (train) and the school funding formula."

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virtually everything) and NOPE (Not on planet earth) attacks on the oil and gas industry make Gallagher twitch.

"Where do they think the gas comes from?" he said. "But they are better funded than the oil and gas industry, they're all over the West and they're kicking our backsides."

Gallagher urged industry reps to reach out to the public with information to allay its fears about oil and gas drilling. That tactic, more than anything else the industry might consider, will help to further its cause during a time of East Coast-funded opposition and high energy prices, he said.

The conference, which attracts thousands for the two-day event, concludes at noon today, although its several hundred exhibits remain open until 2 p. m.

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