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October 3, 2022

New Mexico and Texas Execute Memorandum of Agreement Governing the Development of Interstate Oil and Gas Wells

Santa Fe, NM – The Oil Conservation Division of the New Mexico Energy, Minerals, and Natural Resources Department (“OCD”) and the Texas Railroad Commission (“RRC”) recently finalized a Memorandum of Agreement (“MOA”) governing the development, operation, and maintenance of oil and gas wells that cross the border between New Mexico and Texas and produce minerals from each state using the same wellbore.

The MOA announced today arose out of a case before the New Mexico Oil Conservation Commission (“OCC”) which sought to permit a cross-border well in September of 2021. The OCC issued a conditional approval (OCC Order No. R-21831-A) for the well, finding that the proposal was consistent with its obligation to prevent the waste of oil and gas resources and protect correlative rights but found that before such a well could be developed OCD and the RRC had to enter into an MOA governing the development of such facilities.

The MOA satisfies all the requirements of OCC’s order and is intended to facilitate the collaboration and coordination necessary between the OCD and RRC to properly oversee their respective authority over the drilling, completing and production from cross-border wells. The MOA, [available here](#), addresses the allocation of production from such wells, as well as applicable reporting, permitting and operational requirements for each state.

“This agreement is a landmark development between the two states holding the Permian Basin, America’s largest and most productive onshore oil basin,” said OCD Director Adrienne Sandoval. “It effectively responds to unique development scenarios that have arisen due to modern drilling practices and the cross-border nature of the resource. We appreciate the partnership from our colleagues in Texas in reaching this agreement and want to emphasize that it includes appropriate safeguards to ensure that New Mexico resources are not wasted regardless of where producing facilities are located.”

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