19.2.100.71 TEMPORARY SHUT-IN OF OIL WELLS DUE TO SEVERE REDUCTION IN THE PRICE OF OIL:

A. Basis for allowing shut in of oil wells: After notice and a public hearing pursuant to Section 19-10-6 NMSA 1978, the commissioner has determined that, because of a severe reduction in the price of oil, the beneficiaries of state trust lands will be better served if oil wells are allowed to be temporarily shut in rather than produced at a low price.

B. Effective date/period:

1. Pursuant to Section 14-4-5.6 NMSA 1978 and 19.2.16.14 NMAC, this emergency rule shall be effective immediately upon filing. Pursuant to 19.2.16.14 NMAC, this rule shall not continue in effect longer than 30 days unless within that time period the commissioner commences proceedings to adopt the rule under the normal rulemaking process, in which case the emergency rule shall remain in effect until a rule is adopted under the normal rulemaking process, but in no event shall remain in effect for more than 120 days.

C. Basis for allowing shut in of oil wells: After notice and a public hearing pursuant to Section 19-10-6 NMSA 1978, the commissioner has determined that, because of a severe reduction in the price of oil, the beneficiaries of state trust lands will be better served if oil wells are allowed to be temporarily shut in rather than produced at a low price.

D. If the lessee fails to timely comply with the requirements of Subsection C of 19.2.100.71 NMAC, no action by the commissioner or the state land office or any other representative of the commissioner may ratify, re-grant or revive the expired lease or estop the commissioner from asserting that the lease has expired, unless such relief is granted expressly in writing signed by the commissioner.

E. Under no circumstances will the commissioner refund any portion of the shut-in royalty paid for a shut-in well up to the amount required by Subsection C of 19.2.100.71 NMAC.
F. Upon the termination of 19.2.100.71 NMAC, automatically or by action of the commissioner, a lease maintained in effect by payment of shut-in royalty shall expire unless there is actual production in paying quantities within 90 days thereafter, unless the time is further extended, in writing, on an individual lease basis, upon request and, at the discretion of the commissioner.

[19.2.100.71 NMAC, Rn, SLO Rule 1, Section 1.072, 12/13/2002; Repealed, 6/30/2016; 19.2.100.71 NMAC - N, 10/31/2016]