

Comments on behalf of Lea County, NM for DOE's Quadrennial Energy Review

Public Meeting

August 11, 2014

Thank you for inviting me here today. It is a pleasure to have you here in our great state. Thanks also to Senator Heinrich for being with us today.

My name is Gregg Fulfer and I have been working in the oil and gas industry for over 30 years. I am the Chairman of the Lea County Commission. I also serve on the boards of the New Horizons Foundation- a Non Profit, technology Transfer Corporation funded jointly by Lea County and New Mexico Junior College. And the New Mexico Environmental Improvement Board, the New Mexico Economic Commission, and the American Counties for Energy Independence- an association dedicated to all oil and gas producing counties in advancing conventional and un-conventional energy in the US- and the BLM Resource Advisory Council.

I am here today to discuss the oil and gas industry in

New Mexico and more so in the Energy Plex of Lea County.

Oil and gas is a major part of our state's economy. A recent USA Today article called New Mexico one of the top 10 oil rich states with 965 million barrels of oil reserves, and 14.6 trillion cubic feet of natural gas.

Last year, production was up 17 percent for the state and is expected to see an 18 to 20 percent increase in 2014 resulting in production of 320 thousand barrels per day. One of my fellow commissioners at a hearing before the Committee on Natural Resources, Subcommittee on Energy and Mineral Resources put that number in perspective by noting that "if New Mexico was a COUNTRY, our oil production would rank 35th in the world."

Lea County sits atop one of the largest oil and gas deposits in the world – the Permian Basin - in the far southeast corner of New Mexico.

In 2013, Lea County:

- Had over 15,000 producing wells
- Produced over 43 million barrels
- Had close to 14,000 residents working in petroleum related jobs with an average salary of 80 thousand dollars per year
- Paid over 900 million dollars in Federal, State, and local taxes

The revenue from natural resources has allowed us to invest in our community. With these funds we have invested in infrastructure projects, schools, a new judicial complex and recreational facilities.

To often we forget to invest back into what is providing the jobs and economic stability and what provides for a robust family to grow for generations. .

We understand the nature of booms is that a bust eventually follows them. We are working to build lasting infrastructure and a diversified economic base in the community.

Lea County and the New Mexico Junior College created the New Horizons Foundation; a 501(c)(3) organization whose mission is to form partnerships between regional entrepreneurs and the technology and applied development capabilities located at our national laboratories.

As we have looked at strengthening our community, we developed a Quality of Life Committee to explore at economic development, health care, recreation and housing to improve the services and opportunities available to our families.

This current energy boom has created many opportunities but has also brought several challenges.

Like other boom communities, we have a critical housing shortage. Our hotels have become residences resulting in exorbitant room rates and limited availability. As we attempt to attract new and diverse businesses, it can be difficult for those interested in relocating to Lea County to find a local hotel room. Affordable housing is an urgent challenge.

One example would be the Federal tax credits administered through MFA would be an avenue to bolster housing in our area if the right incentives were to be put in place.

We need Washington to pass legislation that would assist communities coping with shortages in workforce housing. We must find a way to provide affordable housing as communities grow.

Increased vehicle traffic is causing accelerated road deterioration due to both heavy

trucks involved in construction and oil and gas operations as well as the increase in population. We have public safety concerns due to traffic and need funds for road repair.

Finally, there is a need for infrastructure improvements, better health care, and additional resources for public safety to keep pace with our growing population.

A re-investment of some of the present tax dollars created by the new found resources into infrastructure could return many times into the countries energy independence.

We need to ensure our domestic production increases are not threatened by burdensome regulations. To ensure sustained growth, we support production tax incentives, approval of LNG exports and responsible approaches to endangered species and environmental regulation.

We see the energy industry taking responsible environmental steps in protecting environment and the native species. Industry and local government needs to be a part of the conversation and regulatory solutions.

Finally, we need federal agencies to consider local impact as they roll out new regulations. Recently the Bureau of Land Management (BLM) altered the schedule of auctions for oil and gas leases in contradiction to suggestions from local authorities. Changing from four auctions per year to one is detrimental to New Mexico oil and gas production because it impairs our ability to remain competitive with Texas where there is considerably less federal ownership of land and mineral rights.

Regulations such as these and all regulations must take into account local sensitivities and not be one-size-fits-all.

In closing, I would like to thank you again for your time and for allowing me the opportunity to talk about Lea County. We appreciate your interest in our community and we appreciate you allowing us to share our vision to ensure continuing success in the future.