

(Continued)

"As a candidate for governor one of the most important elements of my platform was the adoption of tax exemptions for marginal oil and gas wells. Last year, I proposed similar provisions in my budget message and this year I have done the same. The debate for gross production tax exemptions is over and I am pleased to see the Democrats responding to my message. I urge the legislature to adopt these measures that are in the best interest of Oklahoma's faltering oil industry," said Keating.

"Oklahoma's oil industry is a \$5 billion dollar a year industry which employs around 60-thousand Oklahomans. The oil industry generates over \$1-million dollars per day in gross production taxes. What we are trying to do is save an industry that is plugging 3 to 4 wells per day," Secretary of Energy Mike Smith noted.

"The oil and gas infrastructure is eroding and the declining livelihood of this industry and potential job loss is a serious threat to one of our state's largest industries and a major tax base. The Oklahoma Legislature must pass tax exemptions for marginal oil wells. Otherwise many important jobs will be lost and economic activity in our rural communities will be devastated. It is time to help this important part of our economy to prevent any further loss of jobs and assist the economies of our rural communities," Keating said.

AUDIO TAPE ON THIS SUBJECT IS AVAILABLE BY CALLING THE GOVERNOR'S AUDIO LINE AT 405-523-4202

FROM: OFFICE OF THE GOVERNOR

DATE: 03/05/96

OCC SEEKS SUGGESTIONS ON NEW SALTWATER DISPOSAL TECHNOLOGY

■(OKLAHOMA CITY) The Oklahoma Corporation Commission is seeking information and suggestions from well operators, engineers, geologists and other petroleum technology specialists on how the regulatory agency could help encourage use of a new method of disposing of salt water that is a byproduct of oil and gas production.

Presently, the salt water is separated at the wellhead and pumped into approved underground formations through licensed disposal wells.

Some companies have started using a new technology called simultaneous injection and production which separates the petroleum from the salt water underground at the reservoir and pumps the salt water directly into an approved deeper disposal reservoir in the same well.

"Simultaneous injection reduces disposal costs and is environmentally safer because the salt water is never brought to the surface where there is a risk of accidental spillage and soil contamination, and production economics are improved because the petroleum does not have to be forced to the surface through standing water at the perforation point," Dr. Bruce Langhus, Corporation Commission underground injection control manager, said.

But commission rules that prescribe environmental safety requirements for subsurface disposal of salt water don't recognize simultaneous disposal as an option, so operators can't realize full economic benefits from the new technology, Langhus said.

Langhus said the Corporation Commission is seeking suggestions on how its underground injection rules could be revised to encourage use of the new technology.

Langhus said the Corporation Commission plans to change its underground injection rules. "But right now, we want to collect ideas and suggestions to help make sure that proposed rule changes will be helpful to the oil and gas industry and will continue to protect the environment," he said.

FROM: OKLAHOMA CORPORATION COMMISSION

DATE: 03/06/96