

NEW MEXICO OIL AND GAS ACT

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Water and Natural Resources Committee

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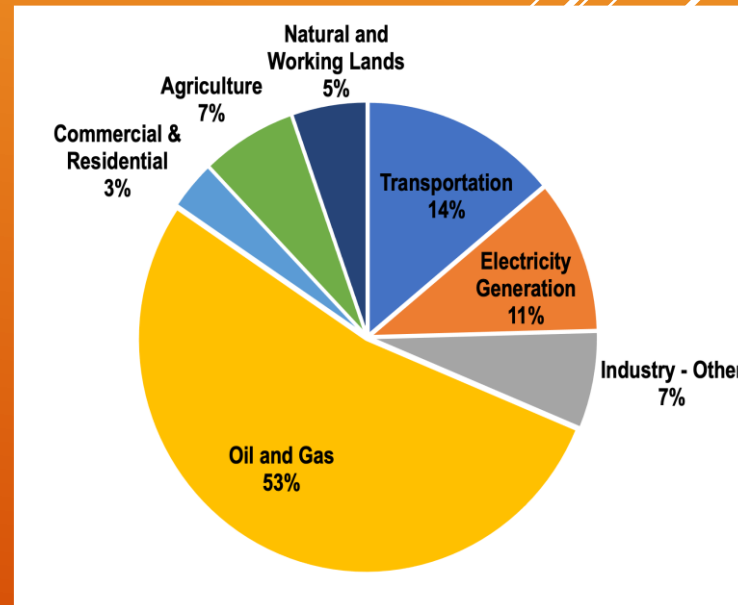
SB 418

Introduced by Senator Jaramillo

- **Expanded OCC/OCD authority to protect environment and public health, and promote involvement of EJ communities**
- **Expanded OCC to include representation of environment/public health interests and EJ communities**
- **Reformed financial assurance provisions to address insufficient bonding**
- **Authorized OCC to establish setbacks from “occupied areas”**
- **Deleted \$200,000 limit on civil penalties**

EXPANDED AUTHORITY AND EXPANDED OCC

- Oil and Gas Act passed in 1935, when development of the resource was the paramount public interest
- The world has changed since 1935
- GHG emissions from oil and gas contribute significantly to climate change
- New Mexico – 53%



EXPANDED AUTHORITY AND EXPANDED OCC

Air pollutants from oil and gas create serious public health risks

- **VOC emissions from O&G can adversely affect human health. Many VOCs are hazardous air pollutants. One review identified 61 HAPs near upstream oil and gas sites.**
- **Risks include cancer; impacts to the central nervous system; adverse impacts to the liver, kidney, and endocrine system; eye, skin and respiratory tract irritation.**
- **Risks increase the closer people live, work, and go to school to oil and gas facilities.**



EXPANDED AUTHORITY AND EXPANDED OCC

Communities of color, indigenous people, low-income persons, and vulnerable populations are disproportionately impacted

EDF estimates over 35,000 New Mexicans live within 1,000 feet of a well regulated under NMED's Ozone Precursor Rule.

- **Over half, 19,000, are people of color, including over 5,800 Native Americans**
- **More than 5,700 are living in poverty**
- **Over 2,700 are children under age 5**
- **More than 4,500 are adults 65 or older**

None of these impacts was at issue in 1935. The Oil and Gas Act has not kept pace with today's realities.

SETBACKS

- **Setbacks should protect occupied areas: schools, healthcare facilities, homes, businesses**
 - **To protect frontline communities, including EJ communities that are disproportionately impacted**
- **Setback distances should be based on science**
 - **SLO: 1 mile for schools**
 - **Colorado: 2,000 feet**
 - **California: 3,200 feet (suspended)**
- **Setbacks should protect eco-sensitive areas, e.g., riparian areas, wetlands**
- **Exceptions should not swallow the rule**

FINANCIAL ASSURANCE

- **General acknowledgement that FA provisions are insufficient**
 - **SLO study: \$8 billion gap between liabilities and FA in place**
 - **O&G Act caps blanket bonds for active wells at \$250,000**
 - **Average cost to P&A > \$100,000**
- **Focus on at-risk wells through single well bonding:**
 - **Inactive wells, marginal wells, undercapitalized companies,⁷ bad actors**

AT RISK WELLS

[10/3/23]

- **3,388 inactive wells (71,067 total wells)**
 - <https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/Reporting/Compliance/InactiveWells.aspx>
- **549 approved temporary abandoned wells**
- **261 expired temporary abandoned wells**
 - <https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/data/wells.aspx>

CIVIL PENALTIES

Oil and Gas Act	Comparable Acts
Penalty for violation \$2,500 per day	Penalty per violation \$10,000-\$15,000 per day
Penalty for noncompliance \$10,000 per day	Penalty per noncompliance \$25,000 per day
Limitation on total penalty \$200,000 (administrative)	Limitation on total penalty None

Thank you!

