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AN ACT

RELATING TO PRODUCED WATER; ALLOWING FOR THE DISPOSITION OF
PRODUCED WATER WITHOUT STATE ENGINEER APPROVAL.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. DISPOSITION OF PRODUCED WATER--NO PERMIT
REQUIRED.--No permit shall be required from the state engineer for the disposition
of produced water in accordance with rules promulgated pursuant to Section 70-2-
12 NMSA 1978 by the oil conservation division of the energy, minerals and natural
resources department.

Section 2. Section 70-2-12 NMSA 1978 (being Laws 1978, Chapter 71,
Section 1, as amended) is amended to read:

"70-2-12. ENUMERATION OF POWERS.--

A. Included in the power given to the oil conservation division of the
energy, minerals and natural resources department is the authority to collect data;
to make investigations and inspections; to examine properties, leases, papers,
books and records; to examine, check, test and gauge oil and gas wells, tanks,
plants, refineries and all means and modes of transportation and equipment; to hold
hearings; to provide for the keeping of records and the making of reports and for the
checking of the accuracy of the records and reports; to limit and prorate production
of crude petroleum oil or natural gas or both as provided in the Oil and Gas Act; and
to require either generally or in particular areas certificates of clearance or tenders
in connection with the transportation of crude petroleum oil or natural gas or any
products of either or both oil and products or both natural gas and products.

B. Apart from any authority, express or implied, elsewhere given to
or existing in the oil conservation division by virtue of the Oil and Gas Act or the
statutes of this state, the division is authorized to make rules, regulations and

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1 orders for the purposes and with respect to the subject matter stated in this
2 subsection: S
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3 (1) to require dry or abandoned wells to be plugged in a way 3
4 to confine the crude petroleum oil, natural gas or water in the strata in which it is 1
5 found and to prevent it from escaping into other strata; the division shall require a 3
6 cash or surety bond in a sum not to exceed fifty thousand dollars (\$50,000) P
7 conditioned for the performance of such regulations; a
8 (2) to prevent crude petroleum oil, natural gas or water from g
9 escaping from strata in which it is found into other strata; e

10 (3) to require reports showing locations of all oil or gas wells 2
11 and for the filing of logs and drilling records or reports;

12 (4) to prevent the drowning by water of any stratum or part
13 thereof capable of producing oil or gas or both oil and gas in paying quantities and
14 to prevent the premature and irregular encroachment of water or any other kind of
15 water encroachment that reduces or tends to reduce the total ultimate recovery of
16 crude petroleum oil or gas or both oil and gas from any pool;

17 (5) to prevent fires;

18 (6) to prevent "blow-ups" and "caving" in the sense that the
19 conditions indicated by such terms are generally understood in the oil and gas
20 business;

21 (7) to require wells to be drilled, operated and produced in
22 such manner as to prevent injury to neighboring leases or properties;

23 (8) to identify the ownership of oil or gas producing leases,
24 properties, wells, tanks, refineries, pipelines, plants, structures and all transportation
25 equipment and facilities;

 (9) to require the operation of wells with efficient gas-oil
ratios and to fix such ratios;

1 (10) to fix the spacing of wells; S
2 (11) to determine whether a particular well or pool is a gas or B
3 oil well or a gas or oil pool, as the case may be, and from time to time to classify 3
4 and reclassify wells and pools accordingly; 1
5 (12) to determine the limits of any pool producing crude 3
6 petroleum oil or natural gas or both and from time to time redetermine the limits; P
7 (13) to regulate the methods and devices employed for a
8 storage in this state of oil or natural gas or any product of either, including g
9 subsurface storage; e
10 (14) to permit the injection of natural gas or of any other 3
11 substance into any pool in this state for the purpose of repressuring, cycling, 3
12 pressure maintenance, secondary or any other enhanced recovery operations; P
13 (15) to regulate the disposition of water produced or used in a
14 connection with the drilling for or producing of oil or gas or both and to direct
15 surface or subsurface disposal of the water, including disposition by use in drilling
16 for or production of oil or gas, in road construction or maintenance or other
17 construction, in the generation of electricity or in other industrial processes, in a
18 manner that will afford reasonable protection against contamination of fresh water
19 supplies designated by the state engineer; 3
20 (16) to determine the limits of any area containing
21 commercial potash deposits and from time to time redetermine the limits;
22 (17) to regulate and, where necessary, prohibit drilling or
23 producing operations for oil or gas within any area containing commercial deposits
24 of potash where the operations would have the effect unduly to reduce the total
25 quantity of the commercial deposits of potash that may reasonably be recovered in
commercial quantities or where the operations would interfere unduly with the
orderly commercial development of the potash deposits;

1 (18) to spend the oil and gas reclamation fund and do all
2 acts necessary and proper to plug dry and abandoned oil and gas wells and to
3 restore and remediate abandoned well sites and associated production facilities in
4 accordance with the provisions of the Oil and Gas Act, the rules and regulations
5 adopted under that act and the Procurement Code, including disposing of
6 salvageable equipment and material removed from oil and gas wells being plugged
7 by the state;

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8 (19) to make well price category determinations pursuant to
9 the provisions of the federal Natural Gas Policy Act of 1978 or any successor act
10 and, by regulation, to adopt fees for such determinations, which fees shall not
11 exceed twenty-five dollars (\$25.00) per filing. Such fees shall be credited to the
12 account of the oil conservation division by the state treasurer and may be expended
13 as authorized by the legislature;

14 (20) to regulate the construction and operation of oil treating
15 plants and to require the posting of bonds for the reclamation of treating plant sites
16 after cessation of operations;

17 (21) to regulate the disposition of nondomestic wastes
18 resulting from the exploration, development, production or storage of crude oil or
19 natural gas to protect public health and the environment; and

20 (22) to regulate the disposition of nondomestic wastes
21 resulting from the oil field service industry, the transportation of crude oil or natural
22 gas, the treatment of natural gas or the refinement of crude oil to protect public
23 health and the environment, including administering the Water Quality Act as
24 provided in Subsection E of Section 74-6-4 NMSA 1978."

25 Section 3. Section 70-2-33 NMSA 1978 (being Laws 1935, Chapter 72,
Section 24, as amended) is amended to read:

"70-2-33. DEFINITIONS.--As used in the Oil and Gas Act:

1 natural gas or both in paying quantities;

2 G. "gas transportation facility" means a pipeline in operation serving
3 gas wells for the transportation of natural gas or some other device or equipment in
4 like operation whereby natural gas produced from gas wells connected therewith
5 can be transported or used for consumption;

6 H. "correlative rights" means the opportunity afforded, so far as it is
7 practicable to do so, to the owner of each property in a pool to produce without
8 waste his just and equitable share of the oil or gas or both in the pool, being an
9 amount, so far as can be practicably determined and so far as can be practicably
10 obtained without waste, substantially in the proportion that the quantity of
11 recoverable oil or gas or both under the property bears to the total recoverable oil or
12 gas or both in the pool and, for such purpose, to use his just and equitable share of
13 the reservoir energy;

14 I. "potash" means the naturally occurring bedded deposits of the
15 salts of the element potassium;

16 J. "casinghead gas" means any gas or vapor or both indigenous to
17 an oil stratum and produced from such stratum with oil, including any residue gas
18 remaining after the processing of casinghead gas to remove its liquid components;
19 and

20 K. "produced water" means water that is an incidental byproduct
21 from drilling for or the production of oil and gas."

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