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FISCAL IMPACT REPORT

SPONSOR Cheney **DATE TYPED** 3/11/2005 **HB** HJM 106

SHORT TITLE Develop Landowner and Oil and Gas Industry Bill **SB** _____

ANALYST Aguilar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to: HB1015 and HM 34

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

House Joint Memorial 106 requests landowner representatives, the New Mexico Cattle Grower's Association, the New Mexico Farm and Livestock Bureau, the New Mexico Association of Conservation Districts, the New Mexico Home Builders Association, the Realtors Association of New Mexico, the New Mexico Oil and Gas Association and the Independent Petroleum Association of New Mexico to meet and develop a bill on the subject of rights of surface and mineral owners, prior to the 2006 legislative session.

Significant Issues

Under current law, an owner or lessee of minerals including oil and gas has a right to use so much of the surface of the land overlying its minerals as may be necessary to explore for and produce the minerals. The surface owner, absent a contrary agreement, is not entitled to any compensation for loss of use of the portion of the surface reasonably necessary for mineral operations, nor for any diminution in the value of the surface due to such operations. The mineral

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producer is liable only for damages to the surface caused by its negligence, or by unreasonable or excessive use of the surface. This rule of non-liability is mitigated to some degree by a requirement that an oil and gas producer conduct its operations in such manner as to reasonably accommodate existing surface uses.

New Mexico law does not presently require prior notice of operations to the surface owner, or require any security from the operator for damages that may accrue to the surface owner.

The memorial seeks an accommodation of competing interests of surface and mineral owners, leading to the formation of a statutory solution for New Mexico to this persistent issue.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This memorial deals with the same subject matter as HM34 and HB1015. HM34 calls for a federal approach to the split estate issue that would affect only federal lands. HB1015 would enact a state law on the subject.

PA/yr