SENATE BILL 592

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY
Antoinette Sedillo Lopez

AN ACT
RELATING TO NATURAL RESOURCES; PROVIDING FOR THE REGULATION OF
PRODUCED WATER; REQUIRING REPORTING; REPEALING SECTION
70-2-12.1 NMSA 1978 (BEING LAWS 2004, CHAPTER 87, SECTION 1);
MAKING AN APPROPRIATION.

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

SECTION 1. [NEW MATERIAL] DISPOSITION OF PRODUCED
WATER--REPORTING.--

A. In accordance with Article 20, Section 21 of the
constitution of New Mexico, the collection, transportation,
transfer, storage, treatment or disposition of produced water
shall be performed in accordance with rules promulgated by the
department of environment; provided that such rules shall
require:

(1) maintaining records concerning the origin
and final delivery points of produced water;

(2) testing of the produced water and disclosure of the composition of the produced water, including levels of radioactivity and pollutants;

(3) proper disposal of produced water to protect the public health, water and environment; and

(4) other rules as deemed necessary by the department to protect the public health, water and environment.

B. Annually, prior to November 1, the department of environment shall provide a report to the governor and the appropriate legislative interim committees that includes:

(1) the actual and potential environmental impact of produced water, including the current usage and composition of the produced water; and

(2) recommendations for:

(a) legislation and regulations regarding produced water; and

(b) funding to complete research necessary for the reporting requirement listed in this subsection.

C. As used in this section, "produced water" means water that is an incidental byproduct from drilling for or the production of oil and gas."

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. The oil conservation division of the energy, minerals and natural resources department may:

   (1) collect data;

   (2) make investigations and inspections;

   (3) examine properties, leases, papers, books and records;

   (4) examine, check, test and gauge oil and gas wells, tanks, plants, refineries and all means and modes of transportation and equipment;

   (5) hold hearings;

   (6) provide for the keeping of records and the making of reports and for the checking of the accuracy of the records and reports;

   (7) limit and prorate production of crude petroleum oil or natural gas or both as provided in the Oil and Gas Act; and

   (8) 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. The oil conservation division may make rules and orders for the purposes and with respect to the subject matter stated in this subsection:
(1) to require dry or abandoned wells to be plugged in a way to confine the crude petroleum oil, natural gas or water in the strata in which it is found and to prevent it from escaping into other strata; pursuant to Section 70-2-14 NMSA 1978, the division shall require financial assurance conditioned for the performance of the rules;

(2) to prevent crude petroleum oil, natural gas or water from escaping from strata in which it is found into other strata;

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

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

(5) to prevent fires;

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

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

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

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

(10) to fix the spacing of wells;

(11) to determine whether a particular well or pool is a gas or oil well or a gas or oil pool, as the case may be, and from time to time to classify and reclassify wells and pools accordingly;

(12) to determine the limits of any pool producing crude petroleum oil or natural gas or both and from time to time redetermine the limits;

(13) to regulate the methods and devices employed for storage in this state of oil or natural gas or any product of either, including subsurface storage;

(14) to permit the injection of natural gas or of any other substance into any pool in this state for the purpose of repressuring, cycling, pressure maintenance, secondary or any other enhanced recovery operations;

[(15) to regulate the disposition of water produced or used in connection with the drilling for or producing of oil or gas or both and to direct surface or}
subsurface disposal of the water, including disposition by use in drilling for or production of oil or gas, in road construction or maintenance or other construction, in the generation of electricity or in other industrial processes, in a manner that will afford reasonable protection against contamination of fresh water supplies designated by the state engineer;

(15) to determine the limits of any area containing commercial potash deposits and from time to time redetermine the limits;

(16) to regulate and, where necessary, prohibit drilling or producing operations for oil or gas within any area containing commercial deposits of potash where the operations would have the effect unduly to reduce the total 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;

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

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

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

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

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

SECTION 3. APPROPRIATION.--Three hundred thousand dollars
($300,000) is appropriated from the general fund to the department of environment for expenditure in fiscal years 2020 and 2021 to perform the requirements listed in Section 1 of this act. Any unexpended or unencumbered balance remaining at the end of fiscal year 2021 shall revert to the general fund.

SECTION 4. REPEAL.--Section 70-2-12.1 NMSA 1978 (being Laws 2004, Chapter 87, Section 1) is repealed.

SECTION 5. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2019.

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