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AN ACT

RELATING TO GEOTHERMAL RESOURCES; ADDING A CENTER OF EXCELLENCE FOR GEOTHERMAL RESOURCES AT THE NEW MEXICO INSTITUTE OF MINING AND TECHNOLOGY; AMENDING THE DUTIES OF THE ENERGY CONSERVATION AND MANAGEMENT DIVISION OF THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT; CREATING THE GEOTHERMAL PROJECTS DEVELOPMENT FUND; AUTHORIZING GRANTS; CREATING THE GEOTHERMAL PROJECTS REVOLVING LOAN FUND; AUTHORIZING LOANS.

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

SECTION 1. Section 21-1-27.11 NMSA 1978 (being Laws 2019, Chapter 60, Section 1) is amended to read:

"21-1-27.11. CENTERS OF EXCELLENCE.--

A. A "center of excellence" is established at the following higher education institutions:

(1) the New Mexico institute of mining and technology to work toward developing and promoting innovation in and expanding cybersecurity industries;

(2) the New Mexico institute of mining and technology to work toward developing and promoting innovation in and expanding geothermal resources;

(3) New Mexico state university to work toward developing and promoting innovation in and expanding sustainable agricultural industries;

1 (4) San Juan college to work toward
2 developing and promoting innovation in and expanding
3 sustainable and renewable energy industries; and

4 (5) the university of New Mexico health
5 sciences center-affiliated entity, the New Mexico bioscience
6 authority, to continue its work toward developing, promoting
7 innovation in and expanding the bioscience industry in New
8 Mexico.

9 B. Each center of excellence provided for in
10 Subsection A of this section shall foster excellence in the
11 noted fields through:

12 (1) collaboration among leaders of the
13 state's agencies, higher education institutions, business
14 sector, national laboratories and community organizations;

15 (2) the development by those leaders of
16 strategies to accomplish that aim; and

17 (3) the execution of those strategies.

18 C. Each center of excellence provided for in
19 Subsection A of this section shall:

20 (1) actively seek, and may accept, public
21 and private funding for its work;

22 (2) establish short- and long-term goals for
23 job creation, business creation and private equity investment
24 outcomes of its work; and

25 (3) beginning in 2020, report annually to

1 the higher education department and the legislative finance
2 committee on its goals and achievements."

3 SECTION 2. Section 71-9-1 NMSA 1978 (being Laws 2016,
4 Chapter 71, Section 1 and Laws 2016, Chapter 78, Section 1)
5 is amended to read:

6 "71-9-1. SHORT TITLE.--Chapter 71, Article 9 NMSA 1978
7 may be cited as the "Geothermal Resources Development Act"."

8 SECTION 3. Section 71-9-3 NMSA 1978 (being Laws 2016,
9 Chapter 71, Section 3 and Laws 2016, Chapter 78, Section 3)
10 is amended to read:

11 "71-9-3. DEFINITIONS.--As used in the Geothermal
12 Resources Development Act:

13 A. "correlative rights" means the opportunity
14 afforded, insofar as is practicable, to each owner or
15 leaseholder in a geothermal reservoir to produce the owner's
16 or leaseholder's just and equitable share of the geothermal
17 resources within such reservoir, being an amount, so far as
18 can be practicably determined and so far as can be
19 practicably obtained without waste, substantially in the
20 proportion that the recoverable geothermal resources of such
21 ownership or lease interest bear to the total recoverable
22 geothermal resources in the reservoir and, for such purpose,
23 to use the owner's or leaseholder's just and equitable share
24 of the natural heat or energy in the reservoir;

25 B. "division" means the energy conservation and

1 management division of the energy, minerals and natural
2 resources department;

3 C. "geothermal development project" means a
4 project using the heat of the earth above one hundred degrees
5 Fahrenheit to generate electricity or otherwise support
6 industrial, commercial or residential uses;

7 D. "geothermal reservoir" means an underground
8 reservoir containing geothermal resources, whether the fluids
9 in the reservoir are native to the reservoir or flow into or
10 are injected into the reservoir;

11 E. "geothermal resources" means the natural heat
12 of the earth in excess of two hundred fifty degrees
13 Fahrenheit, or the energy, in whatever form, below the
14 surface of the earth present in, resulting from, created by
15 or that may be extracted from this natural heat in excess of
16 two hundred fifty degrees Fahrenheit, and all minerals in
17 solution or other products obtained from naturally heated
18 fluids, brines, associated gases and steam, in whatever form,
19 found below the surface of the earth, but excluding oil,
20 hydrocarbon gas and other hydrocarbon substances and
21 excluding the heating and cooling capacity of the earth not
22 resulting from the natural heat of the earth in excess of two
23 hundred fifty degrees Fahrenheit, as may be used for the
24 heating and cooling of buildings through an on-site geo-
25 exchange heat pump or similar on-site system; and

1 F. "person" means an individual or other legal
2 entity, including federal, state or local governments or
3 their agents or instrumentalities."

4 SECTION 4. Section 71-9-5 NMSA 1978 (being Laws 2016,
5 Chapter 71, Section 5 and Laws 2016, Chapter 78, Section 5)
6 is amended to read:

7 "71-9-5. GENERAL DUTIES, JURISDICTION AND AUTHORITY OF
8 THE DIVISION.--

9 A. The division shall regulate the exploration,
10 development and production of geothermal resources on public
11 and private land for the purposes of conservation; protection
12 of correlative rights; protection of life, health, property,
13 natural resources, the environment and the public welfare;
14 and encouraging maximum economic recovery of the geothermal
15 resources. The division may require persons seeking to
16 explore, develop or produce geothermal resources to obtain
17 permits from the division.

18 B. The division has jurisdiction over all matters
19 relating to the exploration, development and production of
20 geothermal resources. It has jurisdiction, authority and
21 control of all persons, matters and things necessary or
22 proper to enforce effectively the provisions of the
23 Geothermal Resources Development Act, including making
24 investigations and inspections of geothermal projects,
25 facilities and wells.

1 C. The division may limit and allocate production
2 of geothermal resources as needed to prevent waste whenever
3 the total amount of geothermal resources that may be produced
4 from a geothermal reservoir is limited. The division shall
5 allocate and distribute the allowable production, insofar as
6 is practicable, to afford each ownership or lease interest in
7 a geothermal reservoir the opportunity to produce its just
8 and equitable share of the geothermal resources in the
9 reservoir.

10 D. The division shall have exclusive authority to
11 regulate injection into geothermal wells pursuant to the
12 Geothermal Resources Development Act and shall have exclusive
13 authority over matters related to the protection of natural
14 resources, property, health and public welfare as they relate
15 to geothermal injection wells.

16 E. The division shall:

17 (1) administer laws and rules relating
18 to geothermal resources, except those laws specifically
19 administered by another authority;

20 (2) administer the geothermal projects
21 development fund and the geothermal projects revolving loan
22 fund and ensure that all applicable state economic
23 development incentive programs are used for grants and loans
24 from those funds;

25 (3) apply for federal grants related to

1 geothermal resources development; and

2 (4) foster the growth of geothermal
3 resources in New Mexico."

4 SECTION 5. A new section of the Geothermal Resources
5 Development Act is enacted to read:

6 "GEOHERMAL PROJECTS DEVELOPMENT FUND CREATED--STUDY
7 GRANTS--PROJECT GRANTS--ANNUAL REPORT.--

8 A. The "geothermal projects development fund" is
9 created in the state treasury. The fund consists of
10 appropriations, income from investment of the fund and any
11 other money distributed or otherwise allocated to the fund.
12 Balances in the fund at the end of any fiscal year shall not
13 revert to the general fund. Money in the fund is subject to
14 appropriation by the legislature.

15 B. Money in the geothermal projects development
16 fund may be used to make grants of up to two hundred fifty
17 thousand dollars (\$250,000) for the purposes of studying the
18 costs and benefits of a proposed geothermal development
19 project as approved by the secretary of energy, minerals and
20 natural resources.

21 C. Money in the geothermal projects development
22 fund may be used to provide grants for financing a geothermal
23 development project approved by the secretary of energy,
24 minerals and natural resources.

25 D. Except as provided in Subsection E of this

1 section, money in the geothermal projects development fund
2 may be used pursuant to Subsections B and C of this section
3 only for grants to a political subdivision of the state or to
4 a state university for a geothermal development project.

5 E. Money in the geothermal projects development
6 fund may be used for grants to an Indian nation, tribe or
7 pueblo for the development of a geothermal development
8 project only if the grant application is approved by the
9 secretary of energy, minerals and natural resources.

10 F. Geothermal development projects approved by the
11 secretary of energy, minerals and natural resources under
12 this section shall not be exempt from any required permits or
13 permissions under New Mexico or United States law.

14 G. Money in the geothermal projects development
15 fund may be used for administrative and reimbursable costs
16 incurred by the energy, minerals and natural resources
17 department.

18 H. Disbursements from the geothermal projects
19 development fund shall be made by warrant of the secretary of
20 finance and administration pursuant to vouchers signed by the
21 secretary of energy, minerals and natural resources or the
22 secretary's authorized representative.

23 I. By December 1, 2023, and by December 1 of each
24 year thereafter, the secretary of energy, minerals and
25 natural resources shall provide a report to the governor, the

1 legislative finance committee and the library of the
2 legislative council service regarding:

3 (1) grants approved by the secretary
4 pursuant to Subsections B and C of this section;

5 (2) the status of studies funded in part by
6 grants made pursuant to Subsection B of this section;

7 (3) the status of projects funded in part by
8 grants made pursuant to Subsection C of this section;

9 (4) money used for administrative and
10 reimbursable costs pursuant to Subsection G of this section;
11 and

12 (5) the status of the geothermal projects
13 development fund."

14 **SECTION 6.** A new section of the Geothermal Resources
15 Development Act is enacted to read:

16 "GEOTHERMAL PROJECTS REVOLVING LOAN FUND CREATED--
17 PROJECT LOANS--ANNUAL REPORT.--

18 A. The "geothermal projects revolving loan fund"
19 is created in the state treasury. The fund shall consist of
20 appropriations, federal funds received for the purpose of
21 making loans, repayment of loans and interest, gifts, grants
22 and donations made to the fund. Income from the fund shall
23 be credited to the fund, and money in the fund shall not
24 revert or be transferred to any other fund at the end of a
25 fiscal year. Money in the fund is subject to appropriation

1 by the legislature.

2 B. Money in the geothermal projects revolving loan
3 fund may be used to provide revolving loans to political
4 subdivisions of the state, state universities, Indian
5 nations, tribes or pueblos, nonprofit organizations and
6 private entities for financing a geothermal development
7 project approved by the secretary of energy, minerals and
8 natural resources. Loans from the fund are to be made at the
9 lowest legally permissible interest rates.

10 C. Geothermal development projects approved by the
11 secretary of energy, minerals and natural resources under
12 this section shall not be exempt from any required permits or
13 permissions under New Mexico or United States law.

14 D. Money in the geothermal projects revolving loan
15 fund may be used for administrative and reimbursable costs
16 incurred by the energy, minerals and natural resources
17 department.

18 E. Disbursements from the geothermal projects
19 revolving loan fund shall be made by warrant of the secretary
20 of finance and administration pursuant to vouchers signed by
21 the secretary of energy, minerals and natural resources or
22 the secretary's authorized representative.

23 F. By December 1, 2023, and by December 1 of each
24 year thereafter, the secretary of energy, minerals and
25 natural resources shall provide a report to the governor, the

1 legislative finance committee and the library of the
2 legislative council service regarding:

3 (1) loans approved by the secretary pursuant
4 to Subsection B of this section;

5 (2) the status of repayment obligations for
6 revolving loans made pursuant to Subsection B of this
7 section;

8 (3) money used for administrative and
9 reimbursable costs pursuant to Subsection D of this section;
10 and

11 (4) the status of the geothermal projects
12 revolving loan fund."

13 SECTION 7. EFFECTIVE DATE.--The effective date of the
14 provisions of this act is July 1, 2023. _____

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