

<b>LFC Requester:</b>	
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**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO:**

**AgencyAnalysis.nmlegis.gov**

*{Analysis must be uploaded as a PDF}*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Check all that apply:*

**Original**        **Amendment**      
**Correction**        **Substitute**   

**Date** 1/28/2024  
**Bill No:** SB215

**Sponsor:** Sharer, Jaramillo, Dixon, Chatfield  
**Short Title:** Geologic Carbon Dioxide Sequestration Act

**Agency Name and Code** New Mexico Institute of Mining and Technology (NMIMT)  
**Number:** 962  
**Person Writing** The VPAF Office  
**Phone:** 575-835-5606    **Email** VPAF@nmt.edu

**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		
Not Identified	Not Identified		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		
No Revenue Identified	No Revenue Identified	No Revenue Identified		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>	Not Expected	Not Expected	Not Expected			

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis:

Enacting the Geologic Carbon Dioxide Sequestration Act; Providing for the unitization of formations for subsurface sequestration of carbon dioxide; limiting liability of owners of sequestration facilities following transfer of interests to the state; establishing fees.

**FISCAL IMPLICATIONS**

*Note: Major assumptions underlying fiscal impact should be documented. if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.*

The institution is supportive of the proposed bill regarding pore space and long-term liability.

The proposed fees are reasonable and are not expected to significantly impact the institution's finances.

**SIGNIFICANT ISSUES**

For New Mexico to advance commercial-scale carbon sequestration projects, this bill is a first step in addressing pore space and long-term limited liability issues to stimulate this nascent industry in the state.

The bill covers many aspects of the fundamental issues that need to be addressed to make carbon sequestration successful in the state. It will also facilitate NM's successful application to the Environmental Protection Agency (EPA) for Underground Injection Control (UIC) Class VI.

**PERFORMANCE IMPLICATIONS**

May require some procedural instructions.

**ADMINISTRATIVE IMPLICATIONS**

None for NMIMT.

This bill may help resolve dilemmas and ambiguities related to pore space ownership,

unitization, and long-term limited liability in carbon sequestration management in New Mexico.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None for NMIMT.

## **TECHNICAL ISSUES**

Potential technical issues may include:

- There is a potential to sequester Carbon in a basalt formation through Mineralization, which was not covered under Section 2E.
- More guidance on required documents for injection interval and confining layers, such as core samples, type log, cross sections, isopach maps, structural maps, etc.
- Seismicity issues need to be part of the monitoring activities. Consider adding pre- and during-injection monitoring. Also, the bill may consider adding language for mitigation if seismicity does occur.
- Water well monitoring – pre-, during, and post-injection water well monitoring should be specified.
- All oil and gas wells (plugged or active) in the proposed unitization area need to be identified. All records of completions should be listed.
- Active oil and gas well operators should be notified, as well as pore space owners, of unitization hearings.
- Is there a provision for subdividing units or a change of ownership? Units could be down-spaced with higher injection pressures.

## **OTHER SUBSTANTIVE ISSUES**

The following matters may need to be addressed or clarified:

- Accidental plume trespass onto neighboring sites outside the estimated area of review has not been addressed.
- Transfer liability for the sequestration facility.
- Whether states have the authority to define ownership of pore space on federal and tribal lands.

## **ALTERNATIVES**

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Failure to enact this Bill will retrogress New Mexico's quest to sustain jobs while reducing carbon emissions from fossil fuel-related energy sources.

Through this bill, the state can provide a framework for advancing carbon capture and storage to significantly reduce emissions from anthropogenic sources. This is certainly an important part of an energy transition that reduces emissions. Failure to enact this bill could hamper New Mexico's efforts to reduce carbon emissions from fossil fuel-related energy sources.

## **AMENDMENTS**

The institution recommends considering amending Section 2E of the bill to include basalt sequestration through subsurface mineralization.