HOUSE BILL 30
56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY
Debra M. Sariñana and Tara L. Lujan

AN ACT
RELATING TO NATURAL RESOURCES; PROHIBITING CERTAIN USES OF
FRESH WATER IN OIL AND GAS OPERATIONS; REQUIRING AN ANNUAL
WATER USE REPORT; ALPHABETIZING DEFINITIONS AND ADDING
DEFINITIONS FOR "FRESH WATER", "RECYCLED PRODUCED WATER",
"TREATED PRODUCED WATER" AND "WATER POLLUTION" TO THE OIL AND
GAS ACT.

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

SECTION 1. A new section of the Oil and Gas Act is
enacted to read:

"[NEW MATERIAL] FRESH WATER USE--PROHIBITION.--

A. For oil and gas well drilling and development at
depths lower than fresh water zones, an operator shall use
produced water, recycled produced water or treated produced
water in lieu of fresh water.

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B. Use of fresh water in contravention of this section is a violation of the Oil and Gas Act."

SECTION 2. Section 70-2-33 NMSA 1978 (being Laws 1935, Chapter 72, Section 24, as amended) is recompiled as Section 70-2-1.1 NMSA 1978 and is amended to read:

"70-2-1.1. DEFINITIONS.--As used in the Oil and Gas Act:

[A.] "person" means:

(1) any individual, estate, trust, receiver, cooperative association, club, corporation, company, firm, partnership, joint venture, syndicate or other entity; or

(2) the United States or any agency or instrumentality thereof or the state or any political subdivision thereof;

B. "pool" means an underground reservoir containing a common accumulation of crude petroleum oil or natural gas or both. Each zone of a general structure, which zone is completely separate from any other zone in the structure, is covered by the word "pool" as used in the Oil and Gas Act.

"Pool" is synonymous with "common source of supply" and with "common reservoir";

C. "field" means the general area that is underlaid or appears to be underlaid by at least one pool and also includes the underground reservoir or reservoirs containing the crude petroleum oil or natural gas or both. The words "field" and "pool" mean the same thing when only one underground
reservoir is involved; however, "field", unlike "pool", may relate to two or more pools;

D. "product" means any commodity or thing made or manufactured from crude petroleum oil or natural gas and all derivatives of crude petroleum oil or natural gas, including refined crude oil, crude tops, topped crude, processed crude petroleum, residue from crude petroleum, cracking stock, uncracked fuel oil, treated crude oil, fuel oil, residuum, gas oil, naphtha, distillate, gasoline, kerosene, benzine, wash oil, waste oil, lubricating oil and blends or mixtures of crude petroleum oil or natural gas or any derivative thereof;

E. "owner" means the person who has the right to drill into and to produce from any pool and to appropriate the production either for the person or for the person and another;

F. "producer" means the owner of a well capable of producing oil or natural gas or both in paying quantities;

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

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

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

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

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

L. "commission" means the oil conservation
commission; and

M. "division" means the oil conservation division
of the energy, minerals and natural resources department

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D. "division" means the oil conservation division of the energy, minerals and natural resources department;

E. "field" means the general area that is underlaid or appears to be underlaid by at least one pool and also includes the underground reservoir or reservoirs containing the crude petroleum oil or natural gas or both. The words "field" and "pool" mean the same thing when only one underground reservoir is involved; however, "field", unlike "pool", may relate to two or more pools;

F. "fresh water" means:

1. water and underground waters containing less than ten thousand milligrams per liter of total dissolved solids;

2. water in lakes and playas, regardless of quality, unless the water exceeds ten thousand milligrams per
liter of total dissolved solids and it can be shown that
degradation of the particular water body will not adversely
affect hydrologically connected fresh ground water; and

(3) the surface waters of streams regardless
of the water quality within a given reach;

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O. "recycled produced water" means produced water that is reconditioned by a recycling facility permitted by the division;

P. "treated produced water" means produced water that is reconditioned by mechanical or chemical processes into a reusable form; and

Q. "water pollution" means the introduction into
water, either directly or indirectly, of any substance that
could alter the physical, chemical, biological or radiological
qualities of the water in such quantity and of such duration as
may with reasonable probability injure human health, animal or
plant life or property, or unreasonably interfere with the
public welfare or the use of property."

SECTION 3. A new section of the Oil and Gas Act is
enacted to read:

"[NEW MATERIAL] WATER USE REPORT.--

A. An operator drilling, developing or recompleting
a well shall submit an annual water use report to the division
prior to October 1 of each year. A water use report shall:

(1) provide complete information on the type,
    volume and origins of fresh water, recycled produced water and
treated produced water used in the oil and gas operation;

(2) specify the depth of the drilling and the
    fresh water zone in the area of the drilling; and

(3) specify whether fresh water, recycled
    produced water or treated produced water was used for drilling
    and the volume and origin of each water used.

B. The division shall review a water use report for
completeness and accuracy and notify the operator of any
deficiencies. Within thirty days of an operator's receipt of
the division's notification that the water use report is
deficient, the operator shall submit to the division any
additional information required by the division.

C. The division shall post an operator's water use report on the division's website.