

1 AN ACT

2 RELATING TO GEOTHERMAL RESOURCES; AMENDING THE DUTIES OF THE
3 ENERGY CONSERVATION AND MANAGEMENT DIVISION OF THE ENERGY,
4 MINERALS AND NATURAL RESOURCES DEPARTMENT; CREATING THE
5 GEOTHERMAL PROJECTS DEVELOPMENT FUND; AUTHORIZING GRANTS;
6 CREATING THE GEOTHERMAL PROJECTS REVOLVING LOAN FUND;
7 AUTHORIZING LOANS.

8
9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

10 SECTION 1. Section 71-9-1 NMSA 1978 (being Laws 2016,
11 Chapter 71, Section 1 and Laws 2016, Chapter 78, Section 1)
12 is amended to read:

13 "71-9-1. SHORT TITLE.--Chapter 71, Article 9 NMSA 1978
14 may be cited as the "Geothermal Resources Development Act".

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

18 "71-9-3. DEFINITIONS.--As used in the Geothermal
19 Resources Development Act:

20 A. "correlative rights" means the opportunity
21 afforded, insofar as is practicable, to each owner or
22 leaseholder in a geothermal reservoir to produce the owner's
23 or leaseholder's just and equitable share of the geothermal
24 resources within such reservoir, being an amount, so far as
25 can be practicably determined and so far as can be

1 practicably obtained without waste, substantially in the
2 proportion that the recoverable geothermal resources of such
3 ownership or lease interest bear to the total recoverable
4 geothermal resources in the reservoir and, for such purpose,
5 to use the owner's or leaseholder's just and equitable share
6 of the natural heat or energy in the reservoir;

7 B. "division" means the energy conservation and
8 management division of the energy, minerals and natural
9 resources department;

10 C. "geothermal development project" means a
11 project using the heat of the earth above one hundred degrees
12 Fahrenheit to generate electricity or otherwise support
13 industrial, commercial or residential uses;

14 D. "geothermal reservoir" means an underground
15 reservoir containing geothermal resources, whether the fluids
16 in the reservoir are native to the reservoir or flow into or
17 are injected into the reservoir;

18 E. "geothermal resources" means the natural heat
19 of the earth in excess of two hundred fifty degrees
20 Fahrenheit, or the energy, in whatever form, below the
21 surface of the earth present in, resulting from, created by
22 or that may be extracted from this natural heat in excess of
23 two hundred fifty degrees Fahrenheit, and all minerals in
24 solution or other products obtained from naturally heated
25 fluids, brines, associated gases and steam, in whatever form,

1 found below the surface of the earth, but excluding oil,
2 hydrocarbon gas and other hydrocarbon substances and
3 excluding the heating and cooling capacity of the earth not
4 resulting from the natural heat of the earth in excess of two
5 hundred fifty degrees Fahrenheit, as may be used for the
6 heating and cooling of buildings through an on-site geo-
7 exchange heat pump or similar on-site system; and

8 F. "person" means an individual or other legal
9 entity, including federal, state or local governments or
10 their agents or instrumentalities."

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

14 "71-9-5. GENERAL DUTIES, JURISDICTION AND AUTHORITY OF
15 THE DIVISION.--

16 A. The division shall regulate the exploration,
17 development and production of geothermal resources on public
18 and private land for the purposes of conservation; protection
19 of correlative rights; protection of life, health, property,
20 natural resources, the environment and the public welfare;
21 and encouraging maximum economic recovery of the geothermal
22 resources. The division may require persons seeking to
23 explore, develop or produce geothermal resources to obtain
24 permits from the division.

25 B. The division has jurisdiction over all matters

1 relating to the exploration, development and production of
2 geothermal resources. It has jurisdiction, authority and
3 control of all persons, matters and things necessary or
4 proper to enforce effectively the provisions of the
5 Geothermal Resources Development Act, including making
6 investigations and inspections of geothermal projects,
7 facilities and wells.

8 C. The division may limit and allocate production
9 of geothermal resources as needed to prevent waste whenever
10 the total amount of geothermal resources that may be produced
11 from a geothermal reservoir is limited. The division shall
12 allocate and distribute the allowable production, insofar as
13 is practicable, to afford each ownership or lease interest in
14 a geothermal reservoir the opportunity to produce its just
15 and equitable share of the geothermal resources in the
16 reservoir.

17 D. The division shall have exclusive authority to
18 regulate injection into geothermal wells pursuant to the
19 Geothermal Resources Development Act and shall have exclusive
20 authority over matters related to the protection of natural
21 resources, property, health and public welfare as they relate
22 to geothermal injection wells.

23 E. The division shall:

24 (1) administer laws and rules relating
25 to geothermal resources, except those laws specifically

1 administered by another authority;

2 (2) administer the geothermal projects
3 development fund and geothermal projects revolving loan fund
4 and ensure that all applicable state economic development
5 incentive programs are used for grants and loans from those
6 funds;

7 (3) apply for federal grants related to
8 geothermal resources development; and

9 (4) foster the growth of geothermal
10 resources in New Mexico."

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

13 "GEOTHERMAL PROJECTS DEVELOPMENT FUND CREATED--STUDY
14 GRANTS--PROJECT GRANTS--ANNUAL REPORT.--

15 A. The "geothermal projects development fund" is
16 created in the state treasury. The fund consists of
17 appropriations, income from investment of the fund and any
18 other money distributed or otherwise allocated to the fund.
19 Balances in the fund at the end of any fiscal year shall not
20 revert to the general fund. The division shall administer
21 the fund. Money in the fund is subject to appropriation by
22 the legislature.

23 B. Money in the geothermal projects development
24 fund may be used to make grants of up to two hundred fifty
25 thousand dollars (\$250,000) for the purposes of studying the

1 costs and benefits of a proposed geothermal development
2 project as approved by the secretary of energy, minerals and
3 natural resources.

4 C. Money in the geothermal projects development
5 fund may be used to provide grants for financing a geothermal
6 development project approved by the secretary of energy,
7 minerals and natural resources.

8 D. Except as provided in Subsection E of this
9 section, money in the geothermal projects development fund
10 may be used pursuant to Subsections B and C of this section
11 only for grants to a political subdivision of the state or to
12 a state university for a geothermal development project.

13 E. Money in the geothermal projects development
14 fund may be used for grants to an Indian nation, tribe or
15 pueblo for the development of a geothermal development
16 project only if the grant application is approved by the
17 secretary of energy, minerals and natural resources.

18 F. Geothermal development projects approved for a
19 grant by the secretary of energy, minerals and natural
20 resources under this section shall not be exempt from any
21 required permits or permissions under New Mexico or United
22 States law.

23 G. Money in the geothermal projects development
24 fund may be used for administrative and reimbursable costs
25 incurred by the energy, minerals and natural resources

1 department.

2 H. Disbursements from the geothermal projects
3 development fund shall be made by warrant of the secretary of
4 finance and administration pursuant to vouchers signed by the
5 secretary of energy, minerals and natural resources or the
6 secretary's authorized representative.

7 I. By December 1, 2024, and by December 1 of each
8 year thereafter, the secretary of energy, minerals and
9 natural resources shall provide a report to the governor, the
10 legislative finance committee and the library of the
11 legislative council service regarding:

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

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

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

18 (4) money used for administrative and
19 reimbursable costs pursuant to Subsection G of this section;
20 and

21 (5) the status of the geothermal projects
22 development fund."

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

25 "GEOTHERMAL PROJECTS REVOLVING LOAN FUND CREATED--

1 PROJECT LOANS--ANNUAL REPORT.--

2 A. The "geothermal projects revolving loan fund"
3 is created in the state treasury. The fund consists of
4 appropriations, federal funds received for the purpose of
5 making loans, repayment of loans and interest, gifts, grants
6 and donations made to the fund. Income from the fund shall
7 be credited to the fund, and money in the fund shall not
8 revert or be transferred to any other fund at the end of a
9 fiscal year. The division shall administer the fund. Money
10 in the fund is subject to appropriation by the legislature.

11 B. Money in the geothermal projects revolving loan
12 fund may be used to provide revolving loans to political
13 subdivisions of the state, state universities, Indian
14 nations, tribes or pueblos, nonprofit organizations and
15 private entities for financing a geothermal development
16 project approved by the secretary of energy, minerals and
17 natural resources. Loans from the fund are to be made at the
18 lowest legally permissible interest rates.

19 C. Geothermal development projects approved for a
20 loan by the secretary of energy, minerals and natural
21 resources under this section shall not be exempt from any
22 required permits or permissions under New Mexico or United
23 States law.

24 D. Money in the geothermal projects revolving loan
25 fund may be used for administrative and reimbursable costs

1 incurred by the energy, minerals and natural resources
2 department.

3 E. Disbursements from the geothermal projects
4 revolving loan fund shall be made by warrant of the secretary
5 of finance and administration pursuant to vouchers signed by
6 the secretary of energy, minerals and natural resources or
7 the secretary's authorized representative.

8 F. By December 1, 2024, and by December 1 of each
9 year thereafter, the secretary of energy, minerals and
10 natural resources shall provide a report to the governor, the
11 legislative finance committee and the library of the
12 legislative council service regarding:

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

15 (2) the status of repayment obligations for
16 revolving loans made pursuant to Subsection B of this
17 section;

18 (3) money used for administrative and
19 reimbursable costs pursuant to Subsection D of this section;
20 and

21 (4) the status of the geothermal projects
22 revolving loan fund."

23 SECTION 6. EFFECTIVE DATE.--The effective date of the
24 provisions of this act is July 1, 2024. _____