

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment
 Correction Substitute

Date 1/27/2026
 Bill No: HB 80

Sponsor: Representative Murphy
Short Title: Changes to the Reclamation Fund
Agency Name & Code Number: EMNRD 521
Person Writing: Benjamin Bajema
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|--|---------------------------|---------------------|
| FY27 | FY28 | | |
| | \$31,940 ~ \$41,610 (depends on price of oil) | Recurring | Oil Gas Reclamation |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|--|--|---------------------------|----------------------------|
| FY27 | FY28 | FY29 | | |
| | (\$31,940 ~ \$41,610) (depends on price of oil) | (\$58,680 ~ \$68,410) (depends on price of oil) | Recurring | Oil & Gas Reclamation Fund |
| | | | | |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY27 | FY28 | FY29 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|-----------|-----------|----------------|-------------------|---------------------------|----------------------------|
| Total | No Change | No Change | Est. +\$27 Mil | Est. +\$27 Mil | Recurring | Oil & Gas Reclamation Fund |

(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:

HB 80 increases the share of Oil Conservation Tax revenue deposited into the Oil and Gas Reclamation Fund. Under Section 7-30-4 NMSA 1978, 10.5% of the tax is distributed to the fund when the average price per barrel of West Texas Intermediate crude was below \$70 in the previous quarter, and 19.7% is distributed when the price exceeded \$70. The bill replaces this price-based formula with a phased schedule of fixed percentage distributions:

- (1) **50%** between July 1, 2027 and July 1, 2028;
- (2) **75%** between July 1, 2028 and July 1, 2029;
- (3) **100%** between July 1, 2029 and July 1, 2037;
- (4) **50%** beginning July 1, 2037 and thereafter.

HB 80 designates the Oil and Gas Reclamation Fund as a non-reverting fund and appropriates its balances to EMNRD for surveying abandoned wells and associated facilities, preparing plugging and remediation plans, and restoring improperly plugged or un-reclaimed sites.

The HB 80 HEENRC Committee Substitute also amends the “energy education” provision of Section 70-2-38 (A.2) NMSA 1978 to include “general energy”, “the sources” and the “impacts of all energy-related emissions” and increases the annual appropriation to \$250,000.

FISCAL IMPLICATIONS

HB 80 significantly increases the money distributed to the Oil and Gas Reclamation Fund starting in FY28. However, the estimated fiscal impact is heavily dependent on the forecasted revenue collected under the Oil Conservation Tax. For the purpose of this FIR, EMNRD relies on the LFC’s December 2025 General Fund Consensus Revenue Estimate available [here](#), on pages 20 and 21.

Based on this estimate, the fiscal implications are as follows, in millions of dollars:

| | Oil Conserv Tax Revenue Est. | Existing Distribution if Oil under \$70 | Existing Distribution if Oil Over \$70 | Proposed Distribution | Fiscal Impact |
|------|------------------------------|---|--|-----------------------|-------------------|
| FY26 | \$90.70 | \$9.55 | \$17.87 | No Change | \$0 |
| FY27 | \$98.00 | \$10.32 | \$19.31 | No Change | \$0 |
| FY28 | \$105.40 | \$11.09 | \$20.76 | \$52.70 | \$31.94 ~ \$41.61 |
| FY29 | \$106.10 | \$11.17 | \$20.90 | \$79.58 | \$58.68 ~ \$68.41 |
| FY30 | \$108.70 | \$11.44 | \$21.41 | \$108.70 | \$87.29 ~ \$97.26 |

SIGNIFICANT ISSUES

New Mexico faces significant and growing financial liabilities for oil and gas well cleanup. While most wells are plugged by operators, OCD must intervene when wells are left inactive and unplugged without authorization. OCD currently has plugging authority for roughly 700 wells on state and private lands, and the state may need to assume responsibility for an additional 1,400 inactive wells for which authority has not yet been pursued. More than 3,000 additional wells are at risk of becoming orphaned. In total, the LFC estimates New Mexico’s current and anticipated liability for well plugging and site remediation between \$700 million and \$1.6 billion ([LFC Policy Spotlight: Orphaned Wells](#)). This bill would take significant strides towards putting money aside for that forecasted liability by increasing the percentage of the revenue from the Oil Conservation

Tax towards a non-reverting Reclamation Fund.

PERFORMANCE IMPLICATIONS

The OCD will need to expand its Orphan Well plugging program to make full use of this proposed increase in funding to the reclamation fund, and accommodate increased demands for management of plugging and reclamation activities. OCD would likely request authority to modestly expand personnel expenditures from the fund in future years.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The percentage of the Oil Conservation Tax distributed into the Oil and Gas Reclamation Fund will remain between 10.5% and 19.7% of the net receipts from the Oil and Gas Conservation Tax.

AMENDMENTS