

LFC Requester:

Austin Davidson

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

SECTION I: GENERAL INFORMATION

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

Date Prepared: 1/29/26

Check all that apply:

Bill Number: HB 207

Original x Correction
Amendment Substitute

Sponsor: Reps. Cathrynn Brown,
Jimmy Mason, Mark Murphy,
Jonathan Henry, and Elaine
Sena Cortez

Agency Name and Code Number: 305 – New Mexico
Department of Justice

Person Writing Analysis: Ellen Venegas

Short Title: Water Quality Commission
Produced Water Rules

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

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

SECTION III: NARRATIVE

This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.

BILL SUMMARY

Synopsis: HB 207 would amend NMSA 1978, Section 74-6-4(Q) (2025), to require the Water Quality Control Commission (WQCC) to adopt rules, no later than December 31, 2026, “that establish permits allowing for” thirteen listed uses of “treated produced water,” including industrial and commercial uses, as well as restoration or ecological uses.

The current version of Section 74-6-4(Q) already requires the WQCC to adopt rules for the discharge, handling, transport, storage, recycling, or treatment for the disposition of treated produced water. HB 207 adds an express directive that the WQCC “adopt rules that establish permits allowing for [several] uses of treated produced water” to these existing requirements.

HB 207 would also make a few minor grammatical-based changes to other subsections of Section 74-6-4.

FISCAL IMPLICATIONS

None.

SIGNIFICANT ISSUES

Pursuant to the Water Quality Act, NMSA 1978, §§ 74-6-1 to -17 (1967, as amended through 2025), and the Produced Water Act, NMSA 1978, §§ 70-13-1 to -5 (2019), the WQCC recently adopted rules establishing a regulatory framework that limits the authorized uses of produced water. 20.6.8 NMAC (7/15/2025). The rule prohibits the issuance of discharge permits that include the discharge of treated produced water and establishes a process for authorized pilot projects to dispose of produced water and further study issues associated with wastewater reuse. See 20.6.8.400 NMAC. The rule also prohibits causing or allowing treated produced water to discharge into surface or ground water.

HB 207’s directive to establish permits allowing various uses of treated produced water departs from the regulatory framework set forth in WQCC’s recent rule, which is based in part on the WQCC’s determination that additional research is necessary to consider health and environmental effects of produced water discharge. See WQCC Order and Statement of Reasons (May 24, 2025), available at www.env.nm.gov/opf/wp-content/uploads/sites/13/2025/05/2025-05-24-WQCC-23-84-SOR-signed-bt.pdf

If passed, HB 207 would require the WQCC to re-start the rulemaking process considering the

divergent regulatory approaches between HB 207 and the recently adopted rules.

PERFORMANCE IMPLICATIONS

None.

ADMINISTRATIVE IMPLICATIONS

None.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

In addition to above, passage of HB207 has the potential to impact a pending appeal of the WQCC's recent regulations, *NMOGA v. WQCC*, No. A-1-CA-42732. The NMDOJ is currently involved in this case.

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

None