

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:
Original **Amendment** _____
Correction _____ **Substitute** _____

Date 2/02/2026
Bill No: HB 207

Sponsor: Representatives Brown, Mason, Murphy, Henry, & Sena Cortez
Short Title: WQCC Produced Water Rules

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY27	FY28		
0	0	NA	NA
0	0	NA	NA

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		
0	0	0	NA	NA
0	0	0	NA	NA

(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	No Change	0	NA	NA

(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 207 amends the Water Quality Act to require the Water Quality Control Commission (“WQCC”) to adopt rules related to a produced water reuse no later than December 31, 2026.

HB 207 identifies thirteen categories of treated produced water uses that must be permitted under the required rule. Currently, pursuant to the Produced Water Act of 2019, disposition of produced water is regulated by the Energy, Minerals and Natural Resources Department Oil Conservation Division through Underground Injection Control Class II disposal wells, while recycling or reuse programs may be authorized by the WQCC for implementation by the New Mexico Environment Department for produced water activities that occur outside of the oil and gas sector. HB 207 expands the scope of permitted uses for treated produced water.

FISCAL IMPLICATIONS

HB 207 does not necessarily present fiscal implications for EMNRD as written. It is possible that EMNRD may need to spend legal resources to participate in this rulemaking as a party if there are significant proposals at the rulemaking stage that impact EMNRD. In addition, EMNRD staff are assigned to two seats on the WQCC.

SIGNIFICANT ISSUES

Increasing opportunities for produced water reuse could reduce demand on freshwater resources, reduce reliance on disposal wells, and lower operational costs for the oil and gas industry.

Alternative use programs could potentially reduce demand for UIC Class II wells and may indirectly reduce induced seismicity in New Mexico. However, the remaining concentrate from NMED-regulated produced water treatment and reuse activities could increase total dissolved solid loading on UIC Class II injection wells.

PERFORMANCE IMPLICATIONS

HB 207 could result in increased transport of produced water via pipeline or trucks to off-oil field uses.

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB207 is not enacted, the WQCC will not have a statutory deadline to adopt a new rule permitting alternative uses for treated produced water outside of the oil field.

AMENDMENTS