

LFC Requester:

Austin Davidson

**AGENCY BILL ANALYSIS - 2026 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

[AgencyAnalysis.nmlegis.gov](https://www.legis.nm.gov/AgencyAnalysis) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)*(Analysis must be uploaded as a PDF)***SECTION I: GENERAL INFORMATION***{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*Date Prepared: 2/6/2026

Check all that apply:

Bill Number: HB 207Original  Correction Amendment  Substitute 

Sponsor: Rep. Cathrynn N. Brown; Rep. Jimmy G. Mason; Rep. Mark B. Murphy; Rep. Jonathan A. Henry; Rep. Elaine Sena Cortez  
Water Quality Commission  
Produced Water Rules

Agency Name  
and Code  
Number:

Office of the State Engineer  
550

Person Writing

Tanya Trujillo

Short  
Title:

Email Tanya.Trujillo@ose.Phone: 505-487-6083 : nm.gov**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY26	FY27		
N/A	N/A	N/A	N/A

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY26	FY27	FY28		
Indeterminate	Indeterminate	Indeterminate	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	N/A	N/A	N/A	N/A	N/A	N/A

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to: None  
Duplicates/Relates to Appropriation in the General Appropriation Act: None

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

Synopsis: House Bill 207 would amend the Water Quality Act to require the Water Quality Control Commission (WQCC) to adopt rules that establish permits allowing for thirteen (13) specified uses of produced water by December 31, 2026.

#### **FISCAL IMPLICATIONS**

None for the OSE. While the State Engineer is a member of the WQCC, the Commission is administratively supported by the Environment Department.

#### **SIGNIFICANT ISSUES**

The bill seeks to have the WQCC adopt rules that establish permits for specific uses of produced water, The types of uses typically would be determined through a rulemaking process at the WQCC where technical and scientific evidence would be presented to and considered by the WQCC.

The six-month deadline provided to complete the proceedings is not realistic for this type of subject matter based on prior experience for the WQCC. The OSE understands that a typical timeline for a complex rulemaking effort once a petition is filed with the WQCC is approximately one year.

#### **PERFORMANCE IMPLICATIONS**

None

#### **ADMINISTRATIVE IMPLICATIONS**

None

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 207 relates to the 2019 New Mexico Produced Water Act (HB546), which requires the WQCC to adopt regulations governing the discharge, handling, transport, storage, recycling, and treatment of produced water for use outside the oilfield, ensuring oversight by the NMED, but only specified three end uses for treated produced water and did not create a specific deadline for regulatory action.

The 50-Year Water Action Plan includes a section regarding development of new water resources as part of the state-wide strategy to address future water supply reductions predicted for New Mexico. Section B1 provides, "By 2024 adopt preliminary water reuse rules to create a consistent and science-based regulatory program for treatment and reuse of produced water outside of the oil and gas sector. By 2026, adopt necessary revised and sector-specific water reuse rules pursuant to the Water Quality Act, the Produced Water Act and the Environmental Improvement Act to establish clear regulatory pathways for potable (direct and indirect) and fit-for-purpose non-potable reuse of all relevant sources of wastewater, including from domestic/municipal and

industrial sectors.”

## **TECHNICAL ISSUES**

None

## **OTHER SUBSTANTIVE ISSUES**

New Mexico and other western states face continued unprecedented dry hydrology. As noted in New Mexico Tech’s 2022 “Leap Ahead” analysis, New Mexico may be facing up to 25% less water coming into our systems, so we have developed strategies through the 50-Year Water Action Plan and other ongoing programs to ensure communities can conserve water in all sectors, and develop new water resources like treated brackish water and treated produced water when it is permitted to do so.

## **ALTERNATIVES**

None

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The WQCC will determine whether to accept or deny a petition for rulemaking for produced water based on existing law. Since the enactment of the Produced Water Act in 2019, the WQCC has not adopted rules regarding the discharge of treated produced water as the Act requires. New Mexico will continue to fund produced water research that has been utilized by other states to inform rules for use and discharge of produced water. Produced water will remain an underutilized resource beyond the oil field in New Mexico in the face of declining freshwater supplies until the WQCC adopts new rules to provide clear guidance on how to safely use treated, produced water. New Mexico will continue to rely on the consumption of freshwater for economic development and energy projects without the additional resource of treated produced water, where available and appropriate. Significant quantities of produced water will continue to be generated in New Mexico and transported to Texas and other areas with no economic benefit to New Mexico.

## **AMENDMENTS**

None