

LFC Requester:

Julissa Rodriguez

AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to 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: 2-5-2026

Check all that apply:

Bill Number: HB326Original Correction Amendment Substitute Sponsor: Debra M. SarinanaAgency Name
and CodeOffice of the Superintendent of
Insurance -440Short PRODUCED WATER

Number:

Title: FACILITY INSURANCE

Person Writing

Melissa RobertsonPhone: 505-6702704Email Melissa.Robertson@o**SECTION II: FISCAL IMPACT****APPROPRIATION (dollars in thousands)**

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|--------|------------------------------|------------------|
| FY26 | FY27 | | |
| \$0.00 | \$0.00 | N/A | N/A |
| | | | |

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|--------|--------|---------------------------------|------------------|
| FY26 | FY27 | FY28 | | |
| \$0.00 | \$0.00 | \$0.00 | 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 |
|--------------|--------|--------|--------|----------------------|------------------------------|------------------|
| Total | \$0.00 | \$0.00 | \$0.00 | \$0.00 | N/A | N/A |

(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: Provisions are added to the Produced Water Act, NMSA 1978, 70-13-1 et seq to prohibit a state agency (probably the Oil Conservation Division of the Energy, Minerals, and Natural Resources Department, or the Department of Environment) from issuing a permit to a produced water facility unless the facility operator acquires and maintains insurance coverage in a “sufficient amount” to fully recover “reasonably foreseeable” costs of spill response, clean up, remediation, and long-term monitoring and public health impacts caused by the facility. Also, the law ascribes a tort law level of liability called “joint and several liability,” which means that a successful plaintiff can recover 100% of compensatory damages from any one liable party among two or more parties, regardless of each party’s percentage of fault. Under the Produced Water Act, an “operator” is a person authorized by the Oil Conservation Division of the Energy, Minerals, and Natural Resources Department to operate a unit for an oil or gas well or other oil or gas facility; “produced water” means a fluid that is an incidental byproduct from drilling for or the production of oil and gas, and “treated produced water” is produced water that is reconditioned by mechanical or chemical processes into a reusable form.

FISCAL IMPLICATIONS

SIGNIFICANT ISSUES

No Impact

PERFORMANCE IMPLICATIONS

No Impact

ADMINISTRATIVE IMPLICATIONS

No Impact

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

No Impact

TECHNICAL ISSUES

No Impact

OTHER SUBSTANTIVE ISSUES

No Impact

ALTERNATIVES

No Impact

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

No Impact

AMENDMENTS

No Impact