

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

Check all that apply:

Original Amendment _____
 Correction Substitute

Date 2/11/2026
 Bill No: HM 56

Sponsor: Rep Raymundo Lara
Short Title: Study Transferring the Ownership of Orphaned Wells
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		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY27	FY28	FY29		

(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						

(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

This memorial requests that the Oil Conservation Division (OCD) of the Energy Minerals and Natural Resources Department (EMNRD) conduct a study exploring and analyzing creative solutions for orphaned wells: including, specifically, proposals to transfer ownership and repurpose orphaned wells for energy storage and hydrocarbon recovery projects. The memorial requests that the study address quantitative estimates of necessary initial investments, statutory or regulatory barriers, and recommend permitting and financial assurance requirements.

FISCAL IMPLICATIONS

This memorial calls for an extensive study of a wide range of issues, many of which lie outside of OCD staff expertise. OCD anticipates needing at least \$2.5 million to conduct a thorough study of the scope requested under this memorial. This estimate is based off of similar legislature directed research initiatives such as:

- \$1.3 million to EMNRD and NMED to conduct a study pursuant to the "San Juan Generating Station Facility and Mine Remediation and Restoration Study Act."
- \$2 million for the Comprehensive Energy Transition Strategy (CETS).

SIGNIFICANT ISSUES

As OCD does not have the in-house expertise to carry out the provisions of HM 56, OCD would need to contract with an entity to perform the study.

This type of study may be better suited to the expertise that exists at the New Mexico Bureau of Geology & Mineral Resources, as they are the research and service division of the New Mexico Institute of Mining and Technology. They are a non-regulatory agency that serves as the geological survey for the State of New Mexico. Part of their mission is to conduct research and interact with State and Federal agencies and industry to facilitate prudent exploitation of the state's geological resources.

The Memorial asks OCD to “present the findings and recommendations from this study to the relevant interim legislative committees on or before November 1, 2026.” This would be a very difficult timeline to meet given the scope of the request. For comparison the San Juan Mine Study was conducted over a period of 3 years. Especially if OCD needed to competitively procure outside expertise, OCD is unlikely to be able to meet the Nov 1, 2026 deadline.

PERFORMANCE IMPLICATIONS

As written OCD would need to pull critical positions from their current permitting work to allocate to this study. This could add delay to OCD’s permitting duties.

ADMINISTRATIVE IMPLICATIONS

None for EMNRD.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

OCD will not conduct a study exploring and analyzing creative solutions for orphaned wells: including, specifically, proposals to transfer ownership and repurpose orphaned wells for energy storage and hydrocarbon recovery projects.

AMENDMENTS