

HOUSE MEMORIAL 56

57TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2026

INTRODUCED BY

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A MEMORIAL

REQUESTING THE OIL CONSERVATION DIVISION OF THE ENERGY,
MINERALS AND NATURAL RESOURCES DEPARTMENT TO STUDY POTENTIAL
OPTIONS FOR TRANSFERRING OWNERSHIP OF ORPHANED WELLS TO THIRD
PARTIES INTERESTED IN DEVELOPMENT FOR ENERGY STORAGE AND
HYDROCARBON RECOVERY PROJECTS.

WHEREAS, an orphaned well is an oil or gas well that is no longer in active production and for which the owner or operator is unknown, insolvent or otherwise unable to pay for the proper plugging and abandonment; and

WHEREAS, orphaned wells pose serious environmental and public health hazards due to leaking methane, toxins, volatile organic compounds and brine into the surrounding soil, air and water, which can degrade ecosystems, contribute to increased risks of cancer and contribute to worsening air quality

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1 conditions; and

2 WHEREAS, there are estimated to be at least one thousand
3 seven hundred orphaned wells in the state, with another three
4 thousand four hundred inactive or very low-producing wells that
5 could potentially become orphaned; and

6 WHEREAS, the legislative finance committee has estimated
7 the state's liability for properly cleaning up and plugging
8 these wells at anywhere between seven hundred million dollars
9 (\$700,000,000) and one billion six hundred million dollars
10 (\$1,600,000,000); and

11 WHEREAS, according to records from the oil conservation
12 division of the energy, minerals and natural resources
13 department, while the maximum amount of financial assurance has
14 been raised in recent years, only one operator in the state
15 currently has more per well financial assurance than the
16 current average cost to plug a well, with a median of only
17 seven thousand dollars (\$7,000) per well coverage for an
18 individual operator; and

19 WHEREAS, the oil and gas reclamation fund, which receives
20 a portion of taxes from oil and gas operators, saw its highest
21 balance ever at the beginning of 2025 at sixty-six million
22 dollars (\$66,000,000) available for plugging activities due to
23 the state receiving federal grants to conduct plugging
24 activities, and the state is eligible for another one hundred
25 eleven million dollars (\$111,000,000) in federal grants; and

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1 WHEREAS, even taken all together, with the reclamation
2 fund, federal grants and financial assurance from operators,
3 the state remains hundreds of millions of dollars short on
4 coverage for existing and expected liability resulting from
5 orphaned wells within the state; and

6 WHEREAS, in 2025, the legislature passed the Well
7 Repurposing Act, which permits the energy, minerals and natural
8 resources department to convert oil and gas wells for
9 geothermal energy and carbon storage purposes, indicating a
10 strong legislative interest in finding new and creative
11 solutions to address the state's orphaned well problem; and

12 WHEREAS, other states have found creative and lucrative
13 solutions to help alleviate the financial burden imposed by
14 orphaned well liability by partnering with third-party
15 companies to adopt orphaned wells and install filtration
16 technology and energy recovery units, neutralizing hydrogen
17 sulfide, recovering valuable hydrocarbons and treating produced
18 water in the process that can then be reused for other
19 purposes; and

20 WHEREAS, a market-friendly, environmentally conscious
21 approach to solving the problem of orphaned wells within the
22 state could turn a financial liability into a profitable
23 venture that creates jobs and generates interest from private
24 equity investors;

25 NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF

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1 REPRESENTATIVES OF THE STATE OF NEW MEXICO that the oil
2 conservation division of the energy, minerals and natural
3 resources department be requested to conduct a study, in
4 consultation with third-party companies interested in adopting
5 orphaned wells for energy storage and hydrocarbon recovery
6 projects, to explore the potential for creative solutions to
7 alleviate state financial liability resulting from the
8 thousands of currently identified and potential future orphaned
9 wells within the state; and

10 BE IT FURTHER RESOLVED that the oil conservation division
11 of the energy, minerals and natural resources department be
12 requested to include in the study an estimate of initial
13 investments needed to support third-party adoption of orphaned
14 wells for various purposes and potential future profits from
15 those ventures, compared to the amount that would be spent by
16 the state on plugging operations over the next decade or more,
17 as well as any statutory or regulatory barriers that would need
18 to be addressed to allow for transfer of ownership of an
19 orphaned well to a third party, including potential permitting
20 and financial assurance requirement recommendations; and

21 BE IT FURTHER RESOLVED that the oil conservation division
22 of the energy, minerals and natural resources department be
23 requested to present the findings and recommendations from this
24 study to the relevant interim legislative committees on or
25 before November 1, 2026; and

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1 BE IT FURTHER RESOLVED that copies of this memorial be
2 transmitted to the secretary of energy, minerals and natural
3 resources and the state petroleum engineer.

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