

1 SENATE BILL 66

2 **53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018**

3 INTRODUCED BY

4 Carroll H. Leavell

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10 AN ACT

11 RELATING TO PUBLIC SAFETY; ESTABLISHING AN ANNUAL DISTRIBUTION
12 FROM THE OIL AND GAS RECLAMATION FUND TO THE CARLSBAD BRINE
13 WELL REMEDIATION FUND FOR REMEDIATION OF THE CARLSBAD BRINE
14 WELL; MAKING AN APPROPRIATION.

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16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

17 SECTION 1. Section 70-2-38 NMSA 1978 (being Laws 1977,
18 Chapter 237, Section 5, as amended) is amended to read:

19 "70-2-38. OIL AND GAS RECLAMATION FUND ADMINISTERED--
20 PLUGGING WELLS ON FEDERAL LAND--RIGHT OF INDEMNIFICATION--
21 ANNUAL REPORT--CONTRACTORS SELLING EQUIPMENT FOR SALVAGE--
22 DISTRIBUTION TO CARLSBAD BRINE WELL REMEDIATION FUND.--

23 A. The oil and gas reclamation fund shall be
24 administered by the oil conservation division of the energy,
25 minerals and natural resources department. Expenditures from

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1 the fund may be used by the director of the division for the
2 purposes of:

3 (1) employing the necessary personnel to
4 survey abandoned wells, well sites and associated production
5 facilities and preparing plans for administering and performing
6 the plugging of abandoned wells that have not been plugged or
7 that have been improperly plugged and for the restoration and
8 remediation of abandoned well sites and associated production
9 facilities that have not been properly restored and remediated;
10 and

11 (2) supporting energy education throughout the
12 state in an amount not to exceed one hundred fifty thousand
13 dollars (\$150,000) annually.

14 B. The director of the oil conservation division of
15 the energy, minerals and natural resources department, as funds
16 become available in the oil and gas reclamation fund, shall
17 reclaim and properly plug all abandoned wells and shall restore
18 and remediate abandoned well sites and associated production
19 facilities in accordance with the provisions of the Oil and Gas
20 Act and the rules and regulations promulgated pursuant to that
21 act. The division may order wells plugged and well sites and
22 associated production facilities restored and remediated on
23 federal lands on which there are no bonds running to the
24 benefit of the state in the same manner and in accordance with
25 the same procedure as with wells drilled on state and fee land,

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1 including using funds from the oil and gas reclamation fund to
2 pay the cost of plugging. When the costs of plugging a well or
3 restoring and remediating well sites and associated production
4 facilities are paid from the oil and gas reclamation fund, the
5 division is authorized to bring a suit against the operator or
6 district court of the county in which the well is located for
7 indemnification for all costs incurred by the division in
8 plugging the well or restoring and remediating the well site
9 and associated production facilities. Any funds collected
10 pursuant to a judgment in a suit for indemnification brought
11 under the Oil and Gas Act shall be deposited in the oil and gas
12 reclamation fund.

13 C. The director of the oil conservation division of
14 the energy, minerals and natural resources department shall
15 make an annual report to the secretary of energy, minerals and
16 natural resources, the governor and the legislature on the use
17 of the oil and gas reclamation fund.

18 D. Contracts for plugging, reclamation and energy
19 education pursuant to this section shall be entered into in
20 accordance with the provisions of the Procurement Code. A
21 contractor employed by the oil conservation division of the
22 energy, minerals and natural resources department to plug a
23 well or restore or remediate a well site or associated
24 production facility is authorized to sell the equipment and
25 material or product that is removed from the well, site or

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1 facility and to deduct the proceeds of the sales from the costs
2 of plugging, restoring or remediating.

3 E. As used in this section, "associated production
4 facilities" means those facilities used for, intended to be
5 used for or that have been used for the production, treatment,
6 transportation, storage or disposal of oil, gas, brine, product
7 or waste generated during oil and gas operations or used in the
8 production of oil and gas if that facility is, has been or
9 would have been subject to regulation by the oil conservation
10 division of the energy, minerals and natural resources
11 department or the oil conservation commission pursuant to the
12 Oil and Gas Act or the Water Quality Act.

13 F. On July 1 of fiscal year 2019 and on July 1 of
14 each fiscal year thereafter, a distribution shall be made from
15 the oil and gas reclamation fund to the Carlsbad brine well
16 remediation fund in the amount of two million dollars
17 (\$2,000,000). The annual distribution shall continue until the
18 secretary of energy, minerals and natural resources certifies
19 to the secretary of finance and administration that all
20 obligations of the contract to remediate the Carlsbad brine
21 well are fulfilled and remediation of the Carlsbad brine well
22 is complete."