

**LFC Requester:**

**Helen Gaussoin**

**AGENCY BILL ANALYSIS  
2024 REGULAR SESSION**

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

*Check all that apply:*

**Original**      x      **Amendment**                
**Correction**                  **Substitute**              

**Date Prepared:**   1/16/2024  

**Bill No:**   HB 30  

**Sponsor:**   Debra Sarinana, Tara Lujan  

**Short Title:**   USE OF WATER IN OIL  
& GAS OPERATIONS  

**Agency Name and Code Number:**   305 – New Mexico  
Department of Justice  

**Person Writing Analysis:**   Bill Grantham  

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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY24	FY25		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY24	FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

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

	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

Synopsis:

HB 30 would create a new section of the Oil and Gas Act prohibiting the use of “fresh water” in oil and gas drilling operations at depths lower than freshwater zones, and require that “produced water,” “recycled produced water,” or “treated produced water” be used instead for such drilling. The bill defines the quoted terms, and adds a definition of “water pollution,” which is substantially similar but not identical to the definition of that term used in the Water Quality Act. The bill would also alphabetize existing definitions.

HB 30 would also require operators to submit annual reports to the Oil Conservation Division detailing the types, volumes, and origins of each type of water used, and require the operator to submit any additional information within 30 days of the division’s notification that the report is insufficient. The division would also be required to post water use reports on its website.

**FISCAL IMPLICATIONS**

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

**SIGNIFICANT ISSUES**

None noted

**PERFORMANCE IMPLICATIONS**

None for this office.

**ADMINISTRATIVE IMPLICATIONS**

None for this office.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

None Found.

## **TECHNICAL ISSUES**

N/A

## **OTHER SUBSTANTIVE ISSUES**

The bill provides that “‘treated produced water’ means produced water that is reconditioned by mechanical or chemical processes into a reusable form.” The term “reusable form” in this definition is arguably vague in that it does not specify what types of use are encompassed in the word “reusable. However, given that the purpose of the bill is to prohibit use of fresh water, any vagueness in this term may not be consequential.

"Operator" is operative term in proposed bill, but is not defined. That term is also not defined in the existing Act. Suggest providing a definition to provide clarity and avoid ambiguity.

## **ALTERNATIVES**

N/A

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

Status Quo

## **AMENDMENTS**

N/A