

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE CONSERVATION COMMITTEE SUBSTITUTE FOR
SENATE BILL 249

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

AN ACT

RELATING TO THE OIL AND GAS RECLAMATION FUND; CHANGING A
DISTRIBUTION TO THE FUND TO A DOLLAR AMOUNT; PROVIDING FOR A
REVERSION OF A CERTAIN AMOUNT OF THE BALANCE IN THE FUND;
INCREASING AND INDEXING CERTAIN FEES PURSUANT TO THE OIL AND
GAS ACT; REQUIRING THE CAPTURE OF NATURAL GAS, WITH EXCEPTIONS.

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

SECTION 1. Section 7-1-6.21 NMSA 1978 (being Laws 1985,
Chapter 65, Section 7, as amended) is amended to read:

"7-1-6.21. DISTRIBUTION TO OIL AND GAS RECLAMATION
FUND.--

~~[A. With respect to any period for which the rate
of the tax imposed by Section 7-30-4 NMSA 1978 is nineteen-
hundredths percent]~~ A distribution pursuant to Section 7-1-6.20
NMSA 1978 shall be made to the oil and gas reclamation fund in

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underscored material = new
[bracketed material] = delete

1 an amount equal to [~~two-nineteenths of~~] five million dollars
2 (\$5,000,000) monthly from the net receipts attributable to the
3 tax imposed under the Oil and Gas Conservation Tax Act.

4 [~~B. With respect to any period for which the total~~
5 ~~rate of the tax imposed on oil by Section 7-30-4 NMSA 1978 is~~
6 ~~twenty-four hundredths percent, a distribution pursuant to~~
7 ~~Section 7-1-6.20 NMSA 1978 shall be made to the oil and gas~~
8 ~~reclamation fund in an amount equal to nineteen and seven-~~
9 ~~tenths percent of the net receipts attributable to the tax~~
10 ~~imposed under the Oil and Gas Conservation Tax Act.]"~~

11 SECTION 2. Section 70-2-37 NMSA 1978 (being Laws 1977,
12 Chapter 237, Section 4, as amended) is amended to read:

13 "70-2-37. OIL AND GAS RECLAMATION FUND CREATED--
14 DISPOSITION OF FUND.--

15 A. There is created the "oil and gas reclamation
16 fund". In addition to other sources, money in the fund may
17 consist of donations. All funds in the oil and gas reclamation
18 fund are appropriated to the energy, minerals and natural
19 resources department for use by the oil conservation division
20 in carrying out the provisions of the Oil and Gas Act.

21 B. Beginning in fiscal year 2026, any unexpended or
22 unencumbered balance of money greater than eighty million
23 dollars (\$80,000,000) remaining in the fund at the end of a
24 fiscal year shall revert to the general fund."

25 SECTION 3. Section 70-2-39 NMSA 1978 (being Laws 2019,

1 Chapter 260, Section 1) is amended to read:

2 "70-2-39. FEES--APPROPRIATION.--

3 A. The following fees, the amounts of which shall
4 be adjusted pursuant to Subsection B of this section, are
5 required to be paid to the oil conservation division of the
6 energy, minerals and natural resources department with each
7 application for:

8 (1) [~~with each application for~~] a non-federal
9 and non-Indian permit to drill, deepen, plug back or reenter a
10 well, the applicant shall submit to the division a
11 nonrefundable fee of [~~five hundred dollars (\$500)~~] one thousand
12 five hundred dollars (\$1,500);

13 (2) [~~with each individual application for~~]
14 administrative approval of a non-standard location, downhole
15 commingle, surface commingle, off-lease measurement, release
16 notification and corrective action, change of operator,
17 application for modification to surface waste management
18 facility, request for the creation of a new pool, proposed
19 alternative method permit or closure plan application or
20 authorization to move produced water, the applicant shall
21 submit to the division a nonrefundable fee of [~~one hundred~~
22 ~~fifty dollars (\$150)~~] four hundred fifty dollars (\$450);

23 (3) [~~with each application for~~] a fluid
24 injection well permit, the applicant shall submit to the
25 division a nonrefundable fee of [~~five hundred dollars (\$500)~~]

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1 one thousand five hundred dollars (\$1,500) per well;

2 (4) [~~with each application for~~] a permit for a
3 commercial surface waste management facility, landfill or
4 landfarm, the applicant shall submit to the division a
5 nonrefundable fee of ten thousand dollars (\$10,000) per
6 facility;

7 (5) [~~with each application for~~] an
8 administrative hearing, re-hearing or de novo hearing before
9 the division or commission, the applicant shall submit to the
10 division a nonrefundable fee of [~~five hundred dollars (\$500)]
11 one thousand five hundred dollars (\$1,500) per application; and~~

12 (6) [~~with each application for~~] a continuance
13 of an administrative hearing, re-hearing or de novo hearing
14 before the division or commission, the applicant shall submit
15 to the division a nonrefundable fee of [~~one hundred fifty
16 dollars (\$150)] four hundred fifty dollars (\$450) per
17 application.~~

18 B. On January 1, 2027 and on January 1 of each
19 successive year, the division may adjust the fees provided by
20 Subsection A of this section by multiplying the fee as of
21 January 1, 2026 by a fraction, the numerator of which is the
22 consumer price index ending in September of the previous year
23 and the denominator of which is the consumer price index ending
24 September 2025; provided that the fees shall not be adjusted
25 below the minimum amounts provided in Subsection A of this

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1 section as a result of a decrease in the consumer price index.
2 By November 1, 2026 and by November 1 of each successive year,
3 the division shall post on its website the fees in Subsection A
4 of this section for the next year.

5 ~~[B.]~~ C. An application for an administrative
6 hearing, re-hearing or de novo hearing before the oil
7 conservation division or commission will be considered to be
8 materially amended if the amendment is made for a purpose other
9 than to correct:

10 (1) typographical errors; or

11 (2) clerical errors.

12 ~~[C.]~~ D. The "oil conservation division systems and
13 hearings fund" is created in the state treasury as a
14 nonreverting fund. All funds received by the oil conservation
15 division from fees imposed pursuant to Subsection A of this
16 section shall be delivered to the state treasurer and deposited
17 in the fund. Disbursements from the fund shall be made upon
18 warrants drawn by the secretary of finance and administration
19 pursuant to vouchers signed by the secretary of energy,
20 minerals and natural resources or the secretary's authorized
21 representative. Money in the fund is subject to appropriation
22 by the legislature to the division to develop and modernize the
23 division's online application processing system, online case
24 management system, online data reporting and visualization
25 system and online case file system; ~~[and]~~ for other

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1 technological and equipment upgrades necessary to support the
2 efficient and transparent implementation and enforcement of the
3 Oil and Gas Act, including hiring necessary information
4 technology personnel; and for hearing administration costs.

5 Any unexpended or unencumbered balance remaining in the fund at
6 the end of a fiscal year shall not revert to the general fund.

7 ~~[Money in the fund in fiscal year 2020 may be expended by the~~
8 ~~division for the purposes of the fund.]~~

9 E. As used in this section, "consumer price index"
10 means the consumer price index, not seasonally adjusted, for
11 all urban consumers, United States city average for all items,
12 or its successor index, as published by the United States
13 department of labor for a twelve-month period ending September
14 30."

15 SECTION 4. A new section of the Oil and Gas Act is
16 enacted to read:

17 "[NEW MATERIAL] NATURAL GAS CAPTURE REQUIREMENTS--RULES
18 REQUIRED.--

19 A. Beginning January 1, 2027, an operator shall
20 ensure that at least ninety-eight percent of the natural gas
21 produced or gathered by the operator's aggregate facilities is
22 captured in a calendar year; provided that natural gas released
23 during an emergency or that is beneficially used by the
24 operator shall not be included in determining the operator's
25 overall capture percentage.

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