

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SENATE BILL

54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO NATURAL RESOURCES; PROHIBITING THE ISSUANCE OF NEW
HYDRAULIC FRACTURING PERMITS; CREATING REPORTING REQUIREMENTS.

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

SECTION 1. Section 70-2-33 NMSA 1978 (being Laws 1935,
Chapter 72, Section 24, as amended) is amended to read:

"70-2-33. DEFINITIONS.--As used in the Oil and Gas Act:

A. "hydraulic fracturing" means the process of
injecting fluid into an oil- or natural gas-bearing rock
formation adjacent to the borehole of an oil or natural gas
well for the purpose of either creating new fractures or
expanding existing fractures to stimulate the flow into the
well of oil or natural gas that would otherwise remain in the
rock formation;

~~A.~~ B. "person" means:

underscoring material = new
~~[bracketed material] = delete~~

underscored material = new
~~[bracketed material] = delete~~

1 (1) any individual, estate, trust, receiver,
2 cooperative association, club, corporation, company, firm,
3 partnership, joint venture, syndicate or other entity; or

4 (2) the United States or any agency or
5 instrumentality thereof or the state or any political
6 subdivision thereof;

7 ~~[B-]~~ C. "pool" means an underground reservoir
8 containing a common accumulation of crude petroleum oil or
9 natural gas or both. Each zone of a general structure, which
10 zone is completely separate from any other zone in the
11 structure, is covered by the word "pool" as used in the Oil and
12 Gas Act. "Pool" is synonymous with "common source of supply"
13 and with "common reservoir";

14 ~~[G-]~~ D. "field" means the general area that is
15 underlaid or appears to be underlaid by at least one pool and
16 also includes the underground reservoir or reservoirs
17 containing the crude petroleum oil or natural gas or both. The
18 words "field" and "pool" mean the same thing when only one
19 underground reservoir is involved; however, "field", unlike
20 "pool", may relate to two or more pools;

21 ~~[D-]~~ E. "product" means any commodity or thing made
22 or manufactured from crude petroleum oil or natural gas and all
23 derivatives of crude petroleum oil or natural gas, including
24 refined crude oil, crude tops, topped crude, processed crude
25 petroleum, residue from crude petroleum, cracking stock,

.212610.4

underscoring material = new
~~[bracketed material] = delete~~

1 uncracked fuel oil, treated crude oil, fuel oil, residuum, gas
2 oil, naphtha, distillate, gasoline, kerosene, benzine, wash
3 oil, waste oil, lubricating oil and blends or mixtures of crude
4 petroleum oil or natural gas or any derivative thereof;

5 ~~[E-]~~ F. "owner" means the person who has the right
6 to drill into and to produce from any pool and to appropriate
7 the production either for ~~[himself]~~ the person or for ~~[himself]~~
8 the person and another;

9 ~~[F-]~~ G. "producer" means the owner of a well
10 capable of producing oil or natural gas or both in paying
11 quantities;

12 ~~[G-]~~ H. "gas transportation facility" means a
13 pipeline in operation serving gas wells for the transportation
14 of natural gas or some other device or equipment in like
15 operation whereby natural gas produced from gas wells connected
16 therewith can be transported or used for consumption;

17 ~~[H-]~~ I. "correlative rights" means the opportunity
18 afforded, so far as it is practicable to do so, to the owner of
19 each property in a pool to produce without waste ~~[his]~~ the
20 owner's just and equitable share of the oil or gas or both in
21 the pool, being an amount, so far as can be practicably
22 determined and so far as can be practicably obtained without
23 waste, substantially in the proportion that the quantity of
24 recoverable oil or gas or both under the property bears to the
25 total recoverable oil or gas or both in the pool and, for such

.212610.4

underscored material = new
[bracketed material] = delete

1 purpose, to use [~~his~~] the owner's just and equitable share of
2 the reservoir energy;

3 [~~F.~~] J. "potash" means the naturally occurring
4 bedded deposits of the salts of the element potassium;

5 [~~J.~~] K. "casinghead gas" means any gas or vapor or
6 both indigenous to an oil stratum and produced from such
7 stratum with oil, including any residue gas remaining after the
8 processing of casinghead gas to remove its liquid components;
9 and

10 [~~K.~~] L. "produced water" means water that is an
11 incidental byproduct from drilling for or the production of oil
12 and gas."

13 **SECTION 2.** A new section of the Oil and Gas Act is
14 enacted to read:

15 "[NEW MATERIAL] HYDRAULIC FRACTURING PROHIBITED.--In
16 accordance with Article 20, Section 21 of the constitution of
17 New Mexico, the energy, minerals and natural resources
18 department shall halt the issuance of new permits allowing
19 hydraulic fracturing for the purpose of extracting oil or
20 natural gas."

21 **SECTION 3.** A new section of the Oil and Gas Act is
22 enacted to read:

23 "[NEW MATERIAL] HYDRAULIC FRACTURING REPORTING.--Annually,
24 prior to November 1, the following agencies shall make the
25 following reports to the governor and the appropriate

.212610.4

underscoring material = new
~~[bracketed material] = delete~~

1 legislative interim committees, including the committee that
2 studies economic and rural development issues, the committee
3 that studies Indian affairs, the legislative health and human
4 services committee and the committee that studies water and
5 natural resources:

6 A. the energy, minerals and natural resources
7 department shall report on:

8 (1) the number of active permits and
9 applications received related to oil and gas development that
10 involves hydraulic fracturing;

11 (2) trends regarding methane and greenhouse
12 gas emissions globally, nationally and statewide; and

13 (3) recommendations for:

14 (a) legislation and regulations
15 regarding hydraulic fracturing; and

16 (b) a funding request to complete
17 research necessary for the reporting requirement listed in this
18 subsection;

19 B. the New Mexico department of agriculture shall
20 report on:

21 (1) the actual and potential agricultural
22 impact of oil and gas development that involves hydraulic
23 fracturing; and

24 (2) recommendations for:

25 (a) legislation and regulations

.212610.4

underscoring material = new
~~[bracketed material] = delete~~

1 regarding hydraulic fracturing; and

2 (b) a funding request to complete
3 research necessary for the reporting requirement listed in this
4 subsection;

5 C. the department of environment shall report on:

6 (1) the actual and potential environmental
7 impact of oil and gas development that involves hydraulic
8 fracturing; and

9 (2) recommendations for:

10 (a) legislation and regulations
11 regarding hydraulic fracturing; and

12 (b) a funding request to complete
13 research necessary for the reporting requirement listed in this
14 subsection;

15 D. the department of health shall report on:

16 (1) the actual and potential impact of oil and
17 gas development that involves hydraulic fracturing on public
18 health; and

19 (2) recommendations for:

20 (a) legislation and regulations
21 regarding hydraulic fracturing; and

22 (b) a funding request to complete
23 research necessary for the reporting requirement listed in this
24 subsection;

25 E. the office of the state engineer shall report

.212610.4

underscored material = new
~~[bracketed material] = delete~~

1 on:

2 (1) the actual and potential impact of oil and
3 gas development that involves hydraulic fracturing on the
4 surface and ground waters of the state; and

5 (2) recommendations for:

6 (a) legislation and regulations
7 regarding hydraulic fracturing; and

8 (b) a funding request to complete
9 research necessary for the reporting requirement listed in this
10 subsection;

11 F. the Indian affairs department shall report on:

12 (1) the actual and potential impact of oil and
13 gas development that involves hydraulic fracturing on tribal
14 governments, tribal trust lands and allotted landowners; and

15 (2) recommendations for:

16 (a) legislation and regulations
17 regarding hydraulic fracturing; and

18 (b) a funding request to complete
19 research necessary for the reporting requirement listed in this
20 subsection;

21 G. the workers' compensation administration shall
22 report on claims filed under the Workers' Compensation Act for
23 injuries arising out of and in the course of employment related
24 to hydraulic fracturing; and

25 H. the workforce solutions department shall report

.212610.4

underscoring material = new
~~[bracketed material] = delete~~

1 on the number of workers within the state performing duties
2 related to hydraulic fracturing."

3 SECTION 4. DELAYED REPEAL.--Section 2 of this act is
4 repealed effective June 1, 2023.