

**MINUTES  
of the  
FIFTH MEETING  
of the  
WATER AND NATURAL RESOURCES COMMITTEE**

**October 28-29, 2024  
Inn of the Mountain Gods  
287 Carrizo Canyon Road  
Mescalero**

The fifth meeting of the Water and Natural Resources Committee was called to order by Representative Matthew McQueen, chair, on October 28, 2024 at 10:17 a.m. at the Inn of the Mountain Gods in Mescalero.

**Present**

Rep. Matthew McQueen, Chair  
Sen. Pete Campos  
Rep. Kathleen Cates (10/28)  
Sen. Joseph Cervantes  
Rep. Joanne J. Ferrary  
Rep. Susan K. Herrera  
Rep. Tara L. Lujan  
Sen. Steven McCutcheon II (10/28)  
Rep. Debra M. Sariñana  
Rep. Larry R. Scott (10/28)  
Sen. Pat Woods (10/28)  
Rep. Martin R. Zamora

**Advisory Members**

Rep. Candy Spence Ezzell (10/28)  
Sen. Cliff R. Pirtle (10/28)

**Absent**

Sen. Elizabeth "Liz" Stefanics, Vice Chair  
Rep. Gail Armstrong  
Rep. Miguel P. García  
Rep. Marian Matthews  
Rep. Kristina Ortez  
Rep. Andrea Romero

Sen. Crystal Brantley  
Rep. Christine Chandler  
Rep. Jack Chatfield  
Rep. Jenifer Jones  
Sen. Linda M. López  
Rep. Rod Montoya  
Sen. Gerald Ortiz y Pino  
Rep. Cristina Parajón  
Sen. Shannon D. Pinto  
Rep. William "Bill" R. Rehm  
Rep. G. Andrés Romero  
Rep. Patricia Roybal Caballero  
Sen. Antoinette Sedillo Lopez  
Sen. Benny Shendo, Jr.  
Rep. Nathan P. Small  
Sen. Jeff Steinborn

Sen. Mimi Stewart  
Sen. Peter Wirth

### **Guest Legislators**

Rep. Micaela Lara Cadena (10/29)  
Rep. Jared A. Hembree (10/28)  
Sen. Greg Nibert (10/28)  
Rep. James G. Townsend  
Rep. Harlan Vincent

(Attendance dates are noted for members not present for the entire meeting.)

### **Staff**

Sara Wiedmaier, Researcher, Legislative Council Service (LCS)  
Tom Kricka, Staff Attorney, LCS  
Angela Dakan, Staff, LCS

### **Guests**

The guest list is in the meeting file.

### **Handouts**

Handouts and other written testimony are in the meeting file and posted on the legislature's website.

### **References to Webcast**

The time reference noted next to each agenda item in this document is cross-referenced to the recorded webcast of the committee meeting, which can be found at [www.nmlegis.gov](http://www.nmlegis.gov), under the "Webcast" tab. The presentations made and committee discussions for agenda items can be found on the recorded webcast for this meeting. *\*Due to technical problems, the start times noted for each panel reflect the time on the recorded video of the meeting, not the actual time, and are indicated by an asterisk. The call to order, recess, reconvene and adjourn times reflect the actual time.*

### **Monday, October 28**

#### **Welcome and Introductions (10:17 a.m.)**

Representative McQueen welcomed everyone to the meeting and addressed technical issues that led to the meeting's late start. Committee members and staff introduced themselves.

#### **Welcome and Mescalero Carbon-Free Energy Development Goals (9:13 a.m.\*)**

Thora Walsh Padilla, president, Mescalero Apache Tribe, briefly discussed the Mescalero Apache Tribe's carbon-free energy development goals, which include using waste materials from the tribe's timber operations to create biomass energy and a carbon credit project to help sustain forestry operations into the future.

### **Wildfire Impacts, Mitigation and Recovery Efforts (9:18 a.m.\*)**

President Padilla spoke about the need for the tribe to diversify revenue streams, that its forest management practices help protect from wildfire and how the Mexican spotted owl impacted logging operations. Lynn Crawford, mayor, Village of Ruidoso, talked about collaborating with surrounding communities for strength and thanked the state for helping fund wildfire recovery efforts. Mark Fischer, commissioner, District 5, Lincoln County Board of County Commissioners, presented on the needs for affordable housing, business recovery funds and a regional first-responder training center. Rick Baugh, general manager, Ruidoso Downs Race Track and Casino, recommended more state support for business and workforce recovery. Charise Swanson, chief executive officer (CEO), New Mexico Rural Electric Cooperatives, discussed how cooperatives manage wildfire mitigation and the need for a cap on wildfire liability insurance costs.

### **Oil and Gas Royalty Rates on State Trust Land (10:47 a.m.\*)**

Greg Bloom, assistant commissioner, Mineral Resources, State Land Office (SLO), discussed how increasing maximum royalty rates, mostly paid by large out-of-state companies, on new oil and gas leases for prime acreage would make the state competitive with Texas and add \$1 billion in revenue for state land trust beneficiaries, which include schools, hospitals and water resources. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=3>.

### **Oil and Gas Act Reforms: Surface Setbacks for Oil and Gas Wells (12:32 p.m.\*)**

Michael H. Lumpkin, Ph.D., D.A.B.T., senior toxicologist, CTEH, LLC, talked about health-risk assessment methods for exposure to oil and gas emissions and said that distance from well pads is not a reliable measure of harm and there is a low risk of harm from acute exposures to oil and gas emissions at distances of 500 feet or greater.

Detlev Helmig, Ph.D., lead scientist, Boulder Atmosphere Innovation Research LLC, discussed his research on the poor air quality in southeast New Mexico, particularly the elevated levels of ozone and other compounds in the Village of Loving, concluding that the regional ozone problem in the village is largely due to emissions from nearby oil and gas operations.

Jozee Zuniga, community organizer, Youth United for Climate Crisis Action, and Colin Cox, staff attorney, Center for Biological Diversity, discussed the particular vulnerability of children to the harms of oil and gas pollution, including respiratory disease, neurodevelopmental disorders and pediatric cancers. They recommended more enforcement of existing air pollution laws and requirements for new oil and gas wells to have a one-mile setback from public schools.

Mr. Bloom discussed the SLO's legal framework and lack of authority to issue fines or dictate well locations, and he presented on costs and public health effects found in the *Fiscal Impacts of Oil and Gas Setbacks* study that was presented at the Legislative Finance Committee's October 22, 2024 meeting. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=4>.

**Oil and Gas Act Reforms: Limiting Well Transfers (2:12 p.m.\*)**

Mr. Bloom discussed legacy waste cleanup and required documentation for lease-assignment and unit-operator transfers. Ben Shelton, acting deputy secretary and general counsel, Energy, Minerals and Natural Resources Department (EMNRD), explained the well-transfer process that typically leaves the least-capitalized operators responsible for managing liabilities at the end of a well's life cycle. He said that statutes and rules could be updated to give the Oil Conservation Division (OCD) of the EMNRD authority to better regulate and limit the transfer of oil and gas wells. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=5>.

**Oil and Gas Act Reforms: Bonding and Reclamation Fund Changes (2:26 p.m.\*)**

Mr. Shelton and Senator Nibert discussed updating the Oil and Gas Reclamation Fund to ensure a sustainable balance for operations and reclamation. Mr. Shelton discussed funding for the OCD, bonding shortfalls and the costs of environmental remediation. Senator Nibert discussed raising the conservation tax rate and encouraged the OCD to contract to expand plugging efforts. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=6>.

**Approval of Minutes (3:23 p.m.\*)**

On a motion made and seconded, and without opposition, the minutes of the August 26-27, 2024 and September 26-27, 2024 meetings were approved.

**Methane Rules: Implementation, Effectiveness and Permanency (3:24 p.m.\*)**

Mr. Shelton discussed the OCD's waste rule, which sets enforceable targets for operators to reduce waste, and noted that many operators have reached the 98% gas capture rate ahead of the rule's requirement. Michelle Miano, director, Environmental Protection Division, Department of Environment (NMED), discussed the division's use of aerial technologies for targeted data, civil penalty policy updates and the enforcement actions website. Erik Schlenker-Goodrich, executive director, Western Environmental Law Center, said that 53% of state carbon emissions come from the oil and gas sector and enforcement of methane waste and ozone precursor pollutants rules should be prioritized. He also encouraged accessibility and transparency of state emissions data. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=7>.

## **Carbon Capture and Sequestration (CCS), Direct Air Capture (DAC) and Pore Space (4:01 p.m.\*)**

Robert Balch, director, Petroleum Recovery Research Center, New Mexico Institute of Mining and Technology, and Mark Pedrotty, president and CEO, CO2Rescue LLC, explained CCS and DAC and presented regulatory considerations. They said that carbon dioxide (CO2) can be stored underground in the San Juan and Permian basins and that CCS technologies create jobs, address legacy emissions and are essential to reaching state and global climate goals.

David Schlissel, director, Resource Planning Analysis, Institute for Energy Economics and Financial Analysis, said that there is no evidence that existing and proposed CCS and DAC technologies are effective decarbonization tools. He said that the actual cost of capturing CO2 will be far higher and the demand for water more substantial than advocates admit.

Morgan O'Grady, staff attorney, Western Environmental Law Center, said that CCS presents financial, environmental and health risks to New Mexicans. She said that the state should reject CCS as a climate action, prohibit severability of surface estate and pore space, establish a high threshold for compulsory unitization, reject transfer of liability to the state and create a trust fund for monitoring and compensation. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=8>.

### **Recess**

The meeting recessed at 6:19 p.m.

## **Tuesday, October 29**

### **Reconvene**

The meeting reconvened at 9:06 a.m.

## **Solar Development: Interconnection Issues, Community Solar and the Proposed Local Solar Access Fund (8:36 a.m.\*)**

Kevin Cray, senior director, Mountain West, Coalition for Community Solar Access, explained how community solar works, anticipated actions by the Public Regulation Commission (PRC) and next steps for the Community Solar Program. Alysha Shaw, campaign director, Public Power New Mexico, discussed interconnection challenges for community solar projects, public outreach campaigns and the proposed Local Solar Access Fund, which would issue grants for solar and storage projects to power public infrastructure. Randy Sadewic, president and chief financial officer, Positive Energy Solar, discussed challenges and best practices for grid modernization, including interconnection and utility structure.

Eric Segovia, general manager and executive vice president, Roosevelt County Electric Cooperative, discussed the need for facility upgrades, a new substation and reducing development costs to support the expansion of solar projects in Roosevelt County. Cholla

Khoury, chief of staff, PRC, briefly addressed concerns regarding the ability to launch projects and how development costs could be more equitably distributed among utilities and stakeholders. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=9>.

**Electric Transmission: Development, Upgrades and Issues (9:57 a.m.\*)**

Lynn Mostoller, executive director, New Mexico Renewable Energy Transmission Authority (RETA), discussed the RETA's authority to plan, finance and develop high voltage transmission lines and storage projects in New Mexico, noting that the benefits from transmission development have exceeded the RETA's projections. Varner Seaman, senior director, Legislative and Regulatory Affairs, Pattern Energy, discussed development of wind-power transmission projects in New Mexico, including SunZia Wind and Transmission, estimated to be the largest renewable energy infrastructure project in the country. Zoë Lees, regional vice president, Regulatory Policy, Xcel Energy, discussed Xcel Energy's service territory in New Mexico, integrated resource plan, load growth and transmission constraints. Verna Mandez, director, Transmission Possible Campaign, Advanced Energy United, discussed the benefits of using advanced transmission technologies to quickly respond to rising grid pressures and double the capacity of an existing transmission line at one-half the cost of a new line. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=10>.

**Energy Transition Act (ETA): Progress, Challenges and Enforcement (11:16 a.m.\*)**

Ms. Miano presented on the state climate action plan, greenhouse gas emissions reports and how grant recipients are designing diverse climate action plans across the state. Camilla Feibelman, director, Rio Grande Chapter, Sierra Club, discussed how the ETA is helping the state shift to a clean energy economy through apprenticeship and displaced-worker training programs and funding for community transition, economic development and remediation projects. Ms. Lees discussed progress toward renewable portfolio standards and meeting current and anticipated load growth in southeast New Mexico. Duane Highley, CEO, Tri-State Generation and Transmission Association, Inc., presented the Tri-State cooperative's energy transition progress, forecasting 72% renewables in its energy mix by 2030. Ms. Khoury said that the PRC has made major progress toward ETA goals, with approved projects totaling more than two gigawatts of solar energy and more than one gigawatt of energy storage. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=11>.

**Electric Grid Capacity and "Powering Up New Mexico" (12:33 p.m.\*)**

Max Baumhefner, director, EV Infrastructure, Climate and Energy, Natural Resources Defense Council, discussed distribution system challenges and the expected benefits from the

proposed Powering Up New Mexico Act, which would mandate utilities to make grid investments, align planning with decarbonization goals, enforce compliance and provide workforce development support. Jim DesJardins, executive director, Renewable Energy Industries Association of New Mexico, discussed challenges to electrifying the power grid and possible legislation to incentivize development of energy-storage systems. Ms. Khoury discussed the need among all sectors for distribution solutions and how the PRC's rulemaking and staff capacity would need to be expanded to achieve the initiatives proposed in the Powering Up New Mexico Act. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=12>.

### **Green Hydrogen: Opportunities and Challenges (1:09 p.m.\*)**

Luis A. Reyes, Jr., CEO, Kit Carson Electric Cooperative, discussed a green hydrogen development project that would repurpose a former mining site in Questa, use wastewater to generate clean energy and create jobs for displaced workers in the region. Ms. Miano discussed fostering a clean hydrogen economy, leveraging solar and wind resources for sustainable production and financial incentives for investment. Jeremy Sment, principal engineer and acting manager, Concentrating Solar Technologies Department, Sandia National Laboratories, discussed the production of green hydrogen using concentrated solar technology to create synthetic fuels that can be used with existing vehicles and infrastructure. Morgan Rote, senior director, Energy Transition, Environmental Defense Fund, discussed the climate impacts and efficiency of green hydrogen and the energy intensity and life cycle emissions of the production process. She advocated for regulations that address water availability, emissions and climate impact reporting. The presentation materials can be found here:

<https://www.nmlegis.gov/Committee/Handouts?CommitteeCode=WNR&Date=10/28/2024&ItemNumber=13>.

### **Public Comment**

There was no public comment.

### **Adjournment**

There being no further business before the committee, the meeting adjourned at 2:41 p.m.