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Current State of Oil and Gas Regulation in New Mexico

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Summary of Regulation

- Two different agencies monitor and regulate the oil and gas industry in New Mexico, The New Mexico Environment Department and the Energy, Minerals, and Natural Resources Department. Specifically, the Air Quality Bureau within the New Mexico Environment Department and the Oil Conservation Division with Energy, Minerals, and Natural Resources Department.
- The Air Quality Bureau (AQB), with a budget of $24.5 million and 81 FTE, regulates the air quality of New Mexico and monitors it through 20 air pollutant monitoring sites. Located in 11 of New Mexico's 33 counties, the sites monitor levels of ozone, nitrogen dioxide, sulfur dioxide, fine particulate matter, and particulate matter. Every year, the AQB publishes a final network review of the state's air quality, a document that tracks the levels at the 20 monitoring sites and provides historic context for the increase or decrease in pollution levels. The AQB also issues permits and review notices of intent for facilities that emit pollutants into the air, permits that the oil and gas industry routinely must apply and renew. These permits also create a level of compliance that the permittee must adhere to, and if not, the AQB then will issue penalties.
- The Oil Conservation Division (OCD), with a budget of $23.6 million and 128 FTE, broadly regulates the oil and gas activity in New Mexico. OCD also collects data of well production, plugs abandoned wells, monitors land restoration, and permits new wells. The permit process that OCD monitors is for industry to gain authorization for new wells, transportation of oil and gas, and movement and use of produced water. OCD also enforces adopted rules about oil and gas operations, and if broken also issues penalties and citations. Two of the key performance measures that OCD reports on is its overall number of plugged wells and it's overall number of inspections of wells and facilities. At the end of FY24, OCD 39, 640 wells and facilities and plugged 105 wells, both measures exceeding their targets for the year.

Advances in Drilling

- Evolution in oil and gas drilling in the United States, which has seen a large increase in oil production over the last 10 years, has been spurred by horizontal wells, use of in perforation for drilling, advances in computer imaging and mapping, and the integration of automation.
- The integration of automation has also allowed for advanced monitoring of the extraction and processing operation, to where engineers can survey each aspect of the rig and know

when issues arise at any step of the process (for example, the industry uses devices called smart pigs, which go inside pipelines to analyze for corrosion, dents, or other safety issues.)