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HOUSE BILL 423

45TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2002

INTRODUCED BY

Donald L. Whitaker

AN ACT

**RELATING TO NATURAL RESOURCES; PROVIDING FOR A LEGISLATIVE
STUDY OF THE ECONOMIC FEASIBILITY OF ADDITIONAL NATURAL GAS
PIPELINE SYSTEMS; MAKING AN APPROPRIATION.**

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

Section 1. FINDINGS--LEGISLATIVE STUDY--APPROPRIATION. --

A. The legislature finds that:

**(1) the natural gas industry is an important
contributor to the New Mexico economy, as a significant source
of both employment and direct state revenues;**

**(2) New Mexico ranks second among the states
in onshore natural gas reserves and will likely continue to be
a major producer of natural gas for the foreseeable future;**

**(3) a study funded by Laws 1996, Chapter 7
concluded that an additional pipeline capable of transporting**

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1 New Mexico natural gas to additional markets was, at that
2 time, not economically feasible; and

3 (4) the study should be updated to see if
4 such a natural gas pipeline is economically feasible and
5 otherwise in the best interests of the state at this time.

6 B. The New Mexico legislative council shall assign
7 the appropriate interim committee to conduct the natural gas
8 pipeline feasibility study. Upon approval of the work plan
9 and budget by the legislative council, the committee shall:

10 (1) pursuant to the Procurement Code, select
11 a person to study the economic feasibility and the costs and
12 benefits of financing, constructing and operating a natural
13 gas pipeline to transport New Mexico natural gas to additional
14 markets. The study shall include:

15 (a) projections for the production
16 volumes and price of New Mexico natural gas;

17 (b) projections for the future demand
18 for New Mexico natural gas in California and the rest of the
19 western United States;

20 (c) an analysis of the ability of
21 existing natural gas pipelines to meet the future
22 transportation needs;

23 (d) the likelihood that a new natural
24 gas pipeline would be built without state economic incentives;

25 (e) alternatives for the state to

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1 provide incentives and otherwise to assist with the funding
2 and building of the pipeline;

3 (f) any potential environmental and
4 social costs of the pipeline; and

5 (g) any other issues identified by the
6 committee;

7 (2) receive periodic progress reports from
8 the person performing the study and take the responsibility
9 for the overall direction of the study; and

10 (3) forward the results of the study with the
11 recommendations and comments of the committee to the governor
12 and the legislature by December 15, 2002 for consideration by
13 the first session of the forty-sixth legislature.

14 C. The public regulation commission, the
15 commissioner of public lands, the energy, minerals and natural
16 resources department, the economic development department and
17 every other state agency and political subdivision of the
18 state shall, upon request, furnish and make available to the
19 committee documents, material or information requested by the
20 members of the committee or its staff.

21 D. Seventy-five thousand dollars (\$75,000) is
22 appropriated from the general fund to the legislative council
23 service for expenditure in fiscal years 2002 and 2003 for the
24 purpose of carrying out the provisions of this act. Any
25 unexpended or unencumbered balance remaining at the end of

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fiscal year 2003 shall revert to the general fund.

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