

1 HOUSE BILL 450

2 **56TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2023**

3 INTRODUCED BY

4 Joseph L. Sanchez and George K. Muñoz

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10 AN ACT

11 RELATING TO TAXATION; PROVIDING AN OIL AND GAS SEVERANCE TAX  
12 EXEMPTION FOR RE-STIMULATION WELLS.

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

15 SECTION 1. A new section of the Oil and Gas Severance Tax  
16 Act is enacted to read:

17 "[NEW MATERIAL] EXEMPTION--RE-STIMULATION WELLS.--

18 A. Excess products produced after August 31, 2023  
19 from a re-stimulation well are entitled to an exemption from  
20 the oil and gas severance tax for sixty consecutive calendar  
21 months, beginning on the first day of production following  
22 completion of re-stimulation treatment of the well, up to a  
23 maximum of two million dollars (\$2,000,000); provided that, if  
24 water is used in the re-stimulation treatment, the water shall  
25 be recycled water or treated water, as those terms are defined

.224134.6

underscoring material = new  
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1 in the Produced Water Act.

2 B. A taxpayer shall submit a report to the  
3 department on forms and in the manner prescribed by the  
4 department. The report may be submitted at any time after the  
5 first day of production following completion of the  
6 re-stimulation treatment of the well and shall include:

7 (1) the name of the operator and well and the  
8 identification number assigned to the well by the oil  
9 conservation division of the energy, minerals and natural  
10 resources department;

11 (2) the average monthly production from the  
12 well for the twelve-month period occurring prior to the  
13 completion of the re-stimulation treatment;

14 (3) the date the re-stimulation treatment was  
15 completed;

16 (4) documentation of the re-stimulation  
17 treatment and, if water was used in the re-stimulation  
18 treatment, that the water is recycled water or treated water,  
19 as those terms are defined in the Produced Water Act; and

20 (5) facts showing that the well meets the  
21 requirements of a re-stimulation well pursuant to this section.

22 C. A taxpayer that claims the exemption provided by  
23 this section shall annually report the amount of exemption to  
24 the department.

25 D. As used in this section:

.224134.6

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

1 (1) "excess products" means the amount of  
2 products produced from a re-stimulation well that exceeds the  
3 average monthly production from the well in the twelve-month  
4 period prior to the date when the re-stimulation treatment is  
5 completed;

6 (2) "re-stimulation treatment" means  
7 recompletion or rework activities that use the existing  
8 wellbore of a well for the purpose of initiating or propagating  
9 fractures in a target geologic formation to enhance or cause  
10 production of products; provided that, if water is used during  
11 the treatment, the water is recycled water or treated water, as  
12 those terms are defined in the Produced Water Act; and

13 (3) "re-stimulation well" means a completed  
14 crude oil or natural gas well that, following production of  
15 products for a period of at least five years, receives re-  
16 stimulation treatment. "Re-stimulation well" does not mean a  
17 well that is part of an enhanced recovery project pursuant to  
18 the Enhanced Oil Recovery Act or a converted existing vertical  
19 wellbore that is converted to a horizontal wellbore."