

**LFC Requester:** \_\_\_\_\_

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

Check all that apply:  
**Original**      X      **Amendment**            
**Correction**              **Substitute**          

**Date**   1/17/25    
**Bill No:**   HB 35  

**Sponsor:**   Rep. Debra Sariñana    
**Short Title:**   Children's Health Protection Zones  

**Agency Name and Code**      EMNRD 521    
**Number:** \_\_\_\_\_  
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**SECTION II: FISCAL IMPACT**

**APPROPRIATION (dollars in thousands)**

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis ( ) Indicate Expenditure Decreases)

**REVENUE (dollars in thousands)**

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis ( ) Indicate Expenditure Decreases)

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	849.0	849.0	849.0	2547.0	Recurring	GF

(Parenthesis ( ) Indicate Expenditure Decreases)

## **SECTION III: NARRATIVE**

### **BILL SUMMARY**

HB 35 limits and restricts the issuance of permits to drill within a 1-mile radius around schools. It implements surface and air quality restrictions, and water sampling in the areas affected to verify and limit potential impacts. It also establishes an “alarm protocol” if there is a release at an existing location. There are several areas where it describes the Oil Conservation Division (OCD) consulting or concurring with the Environmental Improvement Board at the New Mexico Environment Department (NMED) on several emission related subjects. It also creates a new section to the Oil and Gas Act to manage emissions.

### **FISCAL IMPLICATIONS**

**For the Air Quality sections as currently listed: Total \$603K.** OCD would need additional FTEs (see below) to stand up an Air Quality program. These FTEs would be necessary to provide legal support for the program’s enforcement, as the Office of the General Counsel (OGC) does not currently have the bandwidth to support this initiative. If this section were to be moved to NMED, which has the statutory authority and expertise to enforce emissions management, the cost of an additional FTE could be reduced or cut completely.

**3 - Environmental Specialist, pay band 75:** cost at mid-range including benefits is \$110K each, for a total of \$330K

**1 - Enviro Specialist Supervisor, pay band 80:** cost at mid-range including benefits is \$123K

**1- Attorney, pay band LH:** cost at mid-range including benefits is \$150K

**For permit review and water quality review: Total \$246K**

**2- Petroleum Specialist III, pay band 80:** cost at midrange including benefits is \$123K each, for a total of \$ 246K

### **SIGNIFICANT ISSUES**

The reference to the well location restrictions should be defined as “Surface Facility Locations” to avoid takings claims for stranded minerals. The restrictions placed in most of the bill are aimed at surface impacts.

Several provisions of the bill require OCD to consult with or obtain concurrence from the Environmental Improvement Board (EIB) on emissions-related matters. OCD does not currently regulate emissions or have the personnel and expertise to regulate emissions. Therefore, OCD would need to create a new bureau to carry out this task. The EIB, through the NMED Air Quality Bureau, currently regulates these types of emissions. Granting the emission requirements and authorities in the bill to NMED would help eliminate potential duplication of efforts. This change would keep spacing and water evaluations, which are currently under the jurisdiction of OCD, in the Oil and Gas Act.

Section 6(B)(1) is a new provision to regulate fugitive dust and vehicle speed on unpaved roads. OCD currently lacks the funding and personnel to enforce vehicle speed or evaluate fugitive dust.

This authority may be better suited for the Department of Transportation (DOT).

Section 6(B)(2) is a new requirement for a representative chemical analysis for the produced water transported from the site. There is no clear determination of what the analysis must include. However, the water quality analysis found in Section 9(B) could be the framework for the produced water analysis requirements.

Section 11 of the bill are the enforcement provisions that create a new section of the Air Quality Control Act, which is under the jurisdiction of NMED. However, this section tasks OCD with the responsibility of approving resumption of operations. This language is not found in the current Oil and Gas Act, and therefore, the responsibilities assigned to OCD should be reassigned to NMED.

## **PERFORMANCE IMPLICATIONS**

Assuming the additional FTE contemplated above are granted, the additional bureau within OCD will also increase demand for support services such as legal, HR, Administrative/Business, and IT. Additional demand on these divisions can compromise performance department-wide.

## **ADMINISTRATIVE IMPLICATIONS**

HB 35 would require rulemaking by OCD to create and manage Children's Health Protection Zones. The extent of the rulemaking would be dependent on whether emission requirements remain under the jurisdiction of OCD or moved to the EIB/NMED.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB 35 would create potential duplication of departments between OCD and NMED, unless the Air Quality and Emissions sections were moved to the NMED's authority.

## **TECHNICAL ISSUES**

The reference to the well location restrictions should be defined as "Surface Facility Locations" to avoid takings claims for stranded minerals. The restrictions placed in most of the bill are aimed at surface impacts.

## **OTHER SUBSTANTIVE ISSUES**

## **ALTERNATIVES**

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

A new protection zone would not be established, and operations and attendant health impacts would continue as they are currently.

## AMENDMENTS