

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

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

Date 2/5/2025
Bill No: HB258

Sponsor: Rep. Matthew McQueen **Agency Name and Code** EMNRD 521
 Rep. Kristina Ortez **Number:** _____
Short Title: Natural Gas Capture Requirements **Person Writing** Samantha Kao
 _____ **Phone:** _____ **Email** Samantha.kao@emnrd.nm.gov

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
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

HB 257 – Oil and Gas Well Transfer Rule Making

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

HB 258 proposes to amend the Oil and Gas Act (NMSA 70-2-1 *et seq*) to require operators to capture 98% of natural gas produced by their facilities in a given year starting on January 1, 2027. It authorizes the Oil Conservation Division (OCD) to promulgate rules to meet this requirement.

FISCAL IMPLICATIONS

HB258 proposes statutory amendments that mirror the affect of current OCD rules at 19.15.27 and 19.15.28 NMAC. As OCD is already implementing the same gas capture requirement in rule form, implementation of this bill will not have foreseeable fiscal implications.

SIGNIFICANT ISSUES

HB258 memorializes the policy of OCD’s “Methane Waste Rule” and provides necessary regulatory stability for natural gas capture requirements in a rapidly developing oil and gas industry. HB258 also expands the Methane Waste Rule’s focus on oil wells to include midstream operations.

PERFORMANCE IMPLICATIONS

OCD will likely see improved performance of its enforcement and regulatory duties under the reform. Additionally, the 98% gas capture requirement in HB258 aligns with the goal established by the Methane Waste Rule, which aims for a 98% capture rate by 2026.

ADMINISTRATIVE IMPLICATIONS

This bill will adopt the general rule premise by EMNRD in statute. This will protect the general guidelines of NMAC 19.15.27 and 19.15.28 NMAC and ensure future gas capture in the state stays at least 98%.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB 257 – Oil and Gas Well Transfer Rule Making – addresses well transfer issues related to the Methane Waste Rule’s continued implementation, as well as the legislative intent of HB 258.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

The bill has multiple exemptions for pneumatic device emissions, emergencies, and beneficial use which are less restrictive than the current Methane Waste Rule requirements.

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If not enacted there will be no changes to the Oil and Gas Act. The state will continue to lack some of the authority needed to keep pace with a quickly evolving oil and gas industry in New Mexico.

AMENDMENTS