

LFC Requester:

Austin Davidson

### AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

#### SECTION I: GENERAL INFORMATION

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

Date Prepared: 02/13/2025

Check all that apply:

Bill Number: HB 361

Original  Correction   
Amendment  Substitute

Sponsor: Rep. Andrea Romero

Agency Name and Code Number: 305 – New Mexico Department of Justice

Person Writing

Short Title: EMNRD Conversion of Certain Wells

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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 revenue decreases)

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

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

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

*This analysis is neither a formal Opinion nor an Advisory Letter issued by the New Mexico Department of Justice. This is a staff analysis in response to a committee or legislator’s request. The analysis does not represent any official policy or legal position of the NM Department of Justice.*

**BILL SUMMARY**

Synopsis: This Bill would enact a new section to Chapter 71 NMSA, to be called the “Well Repurposing Act.”

Section 2 establishes definitions for “energy storage”, “geothermal energy development”, and “geothermal resources.”

Section 3 authorizes EMNRD to permit the conversion of oil and gas wells into geothermal facilities, and to establish fees and financial assurance requirements specific to such conversions for geothermal development.

Section 4 provides that wells authorized for energy storage and actively operated for energy storage shall not be considered inactive or abandoned and should be considered as being used for beneficial purposes. A well that is authorized for energy storage that ceases operations for a year or long shall be plugged.

Section 5 establishes the effective date as July 1, 2025.

**FISCAL IMPLICATIONS**

N/A.

**SIGNIFICANT ISSUES**

Currently, EMNRD does not have jurisdiction over oil and gas wells. The Oil Conservation Commission and the Oil Conservation Division have exclusive jurisdiction over oil and gas wells and have the specific mandate to prevent waste. *See* NMSA 1978, §§ 70-2-1 *et seq.* Waste is defined as both the waste of oil resources on the surface (i.e., spills) as well as the loss of pressure within an oil and gas-bearing formation. *Id.* § 70-2-3. The bill does not contemplate the interplay of EMNRD’s and OCD/C’s jurisdiction, nor does it consider the conflict between converting an oil and gas well into a geothermal well, necessarily hindering the formation’s use for future oil and gas production, and potentially coming into conflict with the oil and gas act’s prohibition on waste.

**PERFORMANCE IMPLICATIONS**

N/A.

**ADMINISTRATIVE IMPLICATIONS**

N/A.

**CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

N/A.

**TECHNICAL ISSUES**

N/A.

**OTHER SUBSTANTIVE ISSUES**

N/A.

**ALTERNATIVES**

N/A.

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

Status quo.

**AMENDMENTS**

N/A.