

LFC Requester: _____

AGENCY BILL ANALYSIS

SECTION I: GENERAL INFORMATION

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

Date _____
Bill No: HB403

Sponsor: Reps. Murphy, Dixon,
Montoya, Sena Cortez, &
Henry
Short Oil & Gas Reclamation Fund
Title: Changes

Agency Name
and Code EMNRD 521
Number: _____
Person Writing: Samantha Kao
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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
Total		423.0	423.0	846.0	Recurring	Rec Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:

HB403 is a duplicate of SB519

Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

BILL SUMMARY

Original Bill: HB403 amends Section 70-2-38 NMSA 1987 to require either \$40M or 5% of the average year-end market values of the Reclamation Fund to be dedicated to employing the necessary personnel to survey abandoned wells, well sites, and associated production facilities, as well as preparing plans to administer and perform plugging and abandoned wells that have been improperly plugged/reclaimed.

HB403 increases the contribution to the Reclamation Fund from \$16M to \$40M.

HB403 also strikes “supporting energy education throughout the state” as a use of Reclamation Fund monies.

Summary of HENRC Committee Sub

HB0403cs, amends Section 70-2-38 NMSA 1978 to distribute increasing percentages of the Oil and Gas Conservation Tax from 50% to 75% and thereafter 100% in fiscal years '26, '27, and '28. The Reclamation Fund may be dedicated to employing the necessary personnel to survey abandoned wells, well sites, and associated production facilities, as well as preparing plans to administer and perform plugging and abandoned wells that have been improperly plugged/reclaimed.

HB040cs increases the distribution from the Oil and Gas Conservation Tax to the Reclamation Fund from nineteen and seven tenths percent currently to one hundred percent after July 1, 2027. HB0403cs substitutes the increasing distributions for HB0403's proposed distribution of forty million dollars or five percent of the year-end market values of the fund.

HB0403cs also strikes “supporting energy education throughout the state” as a use of Reclamation Fund monies.

HB0403cs also strikes a reference to energy education in 70-2-38(D) NMSA 1978 which is required to conform with prior edits proposed in HB403 and the Committee Substitute.

FISCAL IMPLICATIONS

Original Bill: To carry out the provisions of HB403, OCD would need to hire an additional attorney to support the program.

Anticipated costs:

1 Attorney at pay band LH (midpoint salary), plus benefits = \$150,000

Fiscal Implications of HENRC Committee Sub

To carry out the provisions of HB0403ENS, OCD would need to hire 2 additional attorneys and a Petroleum Specialist to support the program.

Anticipated costs:

2 Attorney at pay band LH (midpoint salary), plus benefits = \$300,000

1 Petroleum Specialist III, plus benefits = 123,000

SIGNIFICANT ISSUES

HB403cs would significantly increase the number of oil wells and other impacted sites that OCD could address.

PERFORMANCE IMPLICATIONS

HB403cs will require increased staff and several new plugging and remediation contracts. OCD may experience continued limited responses to requests for proposals for plugging contracts, effectively limiting OCD's ability to implement HB403cs

ADMINISTRATIVE IMPLICATIONS

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB403 is a duplicate of SB519.

TECHNICAL ISSUES

OTHER SUBSTANTIVE ISSUES

ALTERNATIVES

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

If HB403 is not enacted, OCD will continue to address abandoned or improperly plugged well at the current rate and efficiency.

AMENDMENTS