

State of New Mexico
House of Representatives

FIFTY-SEVENTH LEGISLATURE
FIRST SESSION

March 14, 2025

HOUSE FLOOR AMENDMENT number _____ to HOUSE TAXATION AND REVENUE
COMMITTEE SUBSTITUTE FOR
HOUSE BILL 14

Amendment sponsored by Representative

1. On page 1, line 17, before the period, insert "; INCREASING THE AMOUNT OF THE TAX IMPOSED PURSUANT TO THE OIL AND GAS CONSERVATION TAX ACT DISTRIBUTED TO THE OIL AND GAS RECLAMATION FUND; AMENDING HOW MONEY IN THE FUND CAN BE USED; MAKING AN APPROPRIATION".

2. On page 18, between lines 10 and 11, insert:

"SECTION 9. Section 7-1-6.21 NMSA 1978 (being Laws 1985, Chapter 65, Section 7, as amended) is amended to read:

"7-1-6.21. DISTRIBUTION TO OIL AND GAS RECLAMATION FUND.--~~[A. With respect to any period for which the rate of the tax imposed by Section 7-30-4 NMSA 1978 is nineteen hundredths percent, a distribution pursuant to Section 7-1-6.20 NMSA 1978 shall be made to the oil and gas reclamation fund in an amount equal to two-nineteenths of the net receipts attributable to the tax imposed under the Oil and Gas Conservation Tax Act.~~

~~B. With respect to any period for which the total rate of the tax imposed on oil by Section 7-30-4 NMSA 1978 is twenty-four hundredths percent]~~ A distribution pursuant to Section 7-1-6.20 NMSA 1978 shall be made to the oil and gas reclamation fund in an amount equal to ~~[nineteen and seven-tenths percent]~~ the following percentages of the net receipts attributable to the tax imposed under the Oil and Gas Conservation Tax Act:

A. prior to July 1, 2026, nineteen and seven-tenths percent;

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B. beginning July 1, 2026 and prior to July 1, 2027, fifty percent;

C. beginning July 1, 2027 and prior to July 1, 2028, seventy-five percent; and

D. beginning July 1, 2028, one hundred percent."

SECTION 10. Section 70-2-38 NMSA 1978 (being Laws 1977, Chapter 237, Section 5, as amended) is amended to read:

"70-2-38. OIL AND GAS RECLAMATION FUND ADMINISTERED--PLUGGING WELLS ON FEDERAL LAND--RIGHT OF INDEMNIFICATION--ANNUAL REPORT-- CONTRACTORS SELLING EQUIPMENT FOR SALVAGE.--

A. The oil and gas reclamation fund shall be administered by the oil conservation division of the energy, minerals and natural resources department. [~~Expenditures from the fund may be used by the director of~~] Money in the fund is appropriated to the division for the purposes of:

(1) employing the necessary personnel to survey abandoned wells, well sites and associated production facilities; and

(2) preparing plans for administering and performing the plugging of abandoned wells that have not been plugged or that have been improperly plugged and for the restoration and remediation of abandoned well sites and associated production facilities that have not been properly restored and remediated [~~and~~

~~(2) supporting energy education throughout the state in an amount not to exceed one hundred fifty thousand dollars (\$150,000) annually].~~

B. The director of the oil conservation division of the

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energy, minerals and natural resources department, as funds become available in the oil and gas reclamation fund, shall reclaim and properly plug all abandoned wells and shall restore and remediate abandoned well sites and associated production facilities in accordance with the provisions of the Oil and Gas Act and the rules and regulations promulgated pursuant to that act. The division may order wells plugged and well sites and associated production facilities restored and remediated on federal lands on which there are no bonds running to the benefit of the state in the same manner and in accordance with the same procedure as with wells drilled on state and fee land, including using funds from the oil and gas reclamation fund to pay the cost of plugging. When the costs of plugging a well or restoring and remediating well sites and associated production facilities are paid from the oil and gas reclamation fund, the division is authorized to bring a suit against the operator or district court of the county in which the well is located for indemnification for all costs incurred by the division in plugging the well or restoring and remediating the well site and associated production facilities. Any funds collected pursuant to a judgment in a suit for indemnification brought under the Oil and Gas Act shall be deposited in the oil and gas reclamation fund.

C. The director of the oil conservation division of the energy, minerals and natural resources department shall make an annual report to the secretary of energy, minerals and natural resources, the governor and the legislature on the use of the oil and gas reclamation fund.

D. Contracts for plugging and reclamation [~~and energy education~~] pursuant to this section shall be entered into in accordance with the provisions of the Procurement Code. A contractor employed by the oil conservation division of the energy, minerals and natural resources department to plug a well or restore or remediate a well site or associated production facility is authorized to sell the equipment and material or product that is removed from the well, site or facility and to deduct the proceeds

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of the sales from the costs of plugging, restoring or remediating.

E. As used in this section, "associated production facilities" means those facilities used for, intended to be used for or that have been used for the production, treatment, transportation, storage or disposal of oil, gas, brine, product or waste generated during oil and gas operations or used in the production of oil and gas if that facility is, has been or would have been subject to regulation by the oil conservation division of the energy, minerals and natural resources department or the oil conservation commission pursuant to the Oil and Gas Act or the Water Quality Act."".

3. Renumber the succeeding sections accordingly.

4. On page 18, line 15, before the second occurrence of "of", insert "and 9 and 10".

Adopted _____ Not Adopted _____
(Chief Clerk) (Chief Clerk)

Date _____