

MODERNIZATION OF THE NEW MEXICO OIL AND GAS ACT

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THE OIL AND GAS ACT DATES BACK TO 1935

At that time, development of the resource
was the paramount public interest

- But the world has changed since 1935

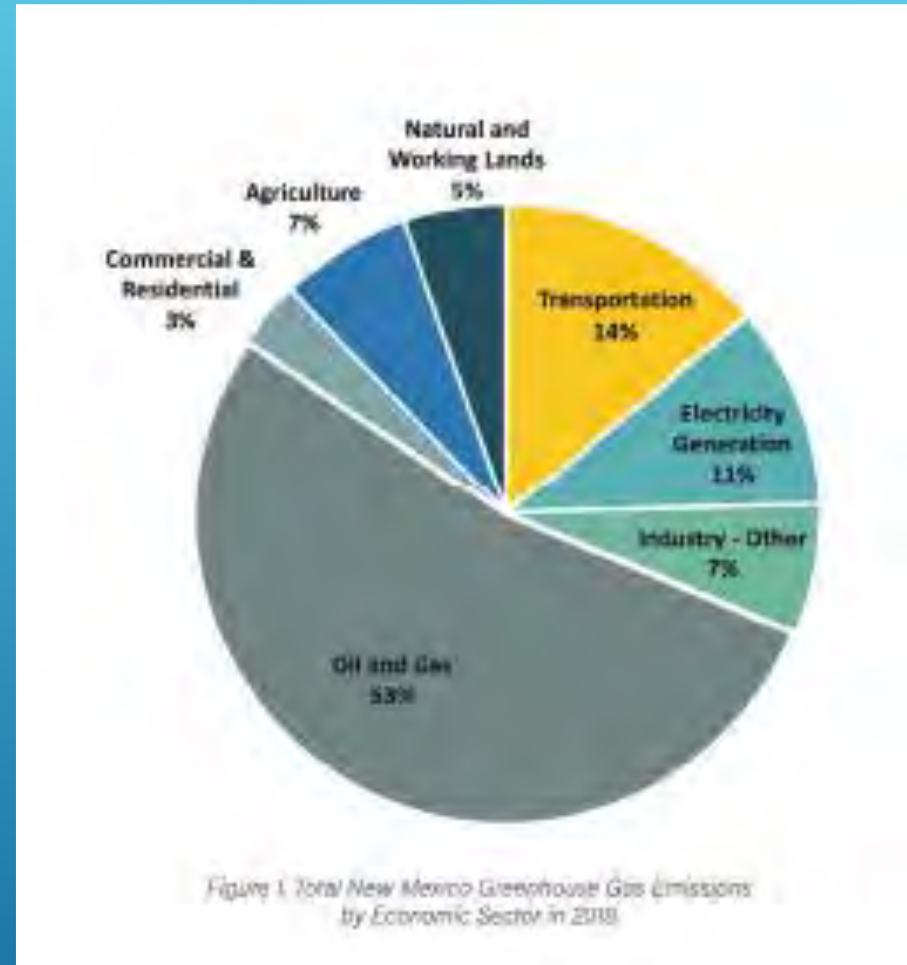
WE KNOW NOW GREENHOUSE GAS EMISSIONS FROM OIL AND GAS CONTRIBUTE SIGNIFICANTLY TO CLIMATE CHANGE

50% worldwide

<https://www.forbes.com/sites/ianpalmer/2022/04/25/how-oil-and-gas-is-being-affected-by-climate-change--response-to-a-presentation-in-mid-america/?sh=6f6657d51cb9>

53% in New Mexico

https://www.climateaction.nm.gov/wp-content/uploads/2022/05/NMClimateChange_2021_final.pdf



WE NOW KNOW AIR POLLUTANTS FROM OIL AND GAS CREATE SERIOUS PUBLIC HEALTH RISKS

- Volatile organic compounds emitted during oil and gas operations can adversely affect human health. Many VOCs are hazardous air pollutants, or HAPs. A recent review identified 61 HAPs near upstream oil and gas sites.
- Risks include cancer, and impacts to the central nervous system; eye, skin and respiratory tract irritation; adverse effects on the liver, kidney, and endocrine system; and non-cancer blood effects, such as aplastic anemia where the body does not produce enough new blood cells.

WE KNOW HEALTH RISKS AND IMPACTS INCREASE THE CLOSER PEOPLE LIVE, WORK, AND GO TO SCHOOL TO OIL AND GAS FACILITIES.



AND WE KNOW NOW COMMUNITIES OF COLOR, INDIGENOUS PEOPLE, LOW-INCOME PERSONS, AND VULNERABLE POPULATIONS ARE DISPROPORTIONATELY IMPACTED

EDF estimates over 35,000 New Mexicans live within 1,000 feet of a well regulated **under NMED's** Ozone Precursor Rule. Of those:

- Over half, 19,000 are people of color, including over 5,800 Native Americans
- More than 5,700 are living in poverty
- Over 2,700 are children under age 5
- More than 4,500 are adults 65 or older

NONE OF THESE IMPACTS WAS AT ISSUE IN 1935.

THEY ARE NOW.

BUT THE OIL AND GAS ACT HAS NOT KEPT PACE WITH
TODAY'S REALITIES.

There is now a public interest not only in development of the resource, but also in:

- Protection of the environment
- Protection of public health
- Ensuring that communities of color, indigenous people, and low-income persons (EJ communities) do not bear the brunt of these impacts

WE PROPOSE TO MODERNIZE THE OIL
AND GAS ACT TO TAKE ACCOUNT OF
TODAY'S REALITIES AND THE PUBLIC
INTERESTS AT STAKE

NEW MEXICO OIL AND GAS REFORM AND JUSTICE ACT

- WELC prepared discussion draft
- Seeking input from frontline communities, state agencies, conservation and environmental organizations, and industry

NEW MEXICO OIL AND GAS REFORM AND JUSTICE ACT

- Authorizes OCC/OCD to:
 - Protect the environment
 - Protect public health
 - Ensure the fair treatment and meaningful involvement of communities of color, low-income communities, and indigenous communities

NEW MEXICO OIL AND GAS REFORM AND JUSTICE ACT

Expands who makes the decisions to better reflect the public interest

Expands OCC to 7 members:

- SLO designee
- EMNRD Secretary designee
- 3 Speaker/President Pro Temp appointees
 - Expertise in environment
 - Expertise in health
 - Expertise in EJ communities or member of EJ community
- 2 Governor appointees
 - Petroleum engineer
 - Person of different political affiliation

NEW MEXICO OIL AND GAS JUSTICE AND REFORM ACT

Reforms financial assurance provisions

- OCD estimates P&A costs \$55,000 per well

<https://www.currentargus.com/story/news/local/2022/01/27/funds-plug-abandoned-oil-wells-headed-new-mexico/9209744002/>

- SLO report estimates between \$77,000 to \$120,400 per well

- **SLO report finds “the** cost of cleanup exceeds the available bonds by a staggering \$8.1 billion”

<https://www.nmstatelands.org/wp-content/uploads/2021/12/New-Mexico-State-Land-Office-FY21-Annual-Report.pdf>

AT RISK WELLS

[8/23/22]

- 2,259 inactive wells

<https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/Reporting/Compliance/InactiveWells.aspx>

- 469 approved temporary abandoned wells

- 398 expired temporary abandoned wells

- 90 shut in wells

<https://wwwapps.emnrd.nm.gov/ocd/ocdpermitting/data/wells.aspx>

NEW MEXICO OIL AND GAS JUSTICE AND REFORM ACT

- Oil and Gas Act sets a ceiling of \$250,000 for a blanket bond
 - 10, 100, 1000 wells are limited to a \$250,000 bond
 - While the ceiling was raised from \$50,000 in 2018, new information shows that ceiling is already outdated
 - We propose to eliminate ceiling and set amount by rule

NEW MEXICO OIL AND GAS REFORM AND JUSTICE ACT

- Authorizes OCC/OCD to establish setbacks for new wells located near homes, schools, and businesses
 - To protect frontline communities we know are at risk and who are disproportionately EJ communities

Overall goals:

- Bring the Oil and Gas Act into the 21st century to meet the 21st century challenges facing New Mexico
- Reflect all public interests at stake

➤ Thank you for your time.

➤ Questions?