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HOUSE BILL

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO THE ENVIRONMENT; ALPHABETIZING THE DEFINITIONS OF
AND ADDING DEFINITIONS FOR "CHILDREN'S HEALTH PROTECTION ZONE",
"OPERATOR" AND "SCHOOL" TO THE OIL AND GAS ACT; RESTRICTING OIL
AND GAS OPERATIONS IN CHILDREN'S HEALTH PROTECTION ZONES;
REQUIRING OIL AND GAS OPERATORS TO CREATE A PROTECTION ZONE
INVENTORY AND MAP; REQUIRING OIL AND GAS OPERATORS LOCATED IN A
CHILDREN'S HEALTH PROTECTION ZONE TO DEVELOP AND IMPLEMENT A
LEAK RESPONSE AND DETECTION PLAN AND ALARM RESPONSE PROTOCOL AND
CONDUCT WATER QUALITY SAMPLING AND TESTING; SUSPENDING OIL AND
GAS OPERATIONS IN CHILDREN'S HEALTH PROTECTION ZONES THAT ARE IN
VIOLATION OF THE AIR QUALITY CONTROL ACT; PROVIDING PENALTIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 70-2-33 NMSA 1978 (being Laws 1935,
Chapter 72, Section 24, as amended) is recompiled as Section 70-
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1 2-1.1 NMSA 1978 and is amended to read:

2 "70-2-1.1. DEFINITIONS.--As used in the Oil and Gas Act:

3 [~~A. "person" means:~~

4 ~~(1) any individual, estate, trust, receiver,~~
5 ~~cooperative association, club, corporation, company, firm,~~
6 ~~partnership, joint venture, syndicate or other entity; or~~

7 ~~(2) the United States or any agency or~~
8 ~~instrumentality thereof or the state or any political~~
9 ~~subdivision thereof;~~

10 ~~B. "pool" means an underground reservoir containing~~
11 ~~a common accumulation of crude petroleum oil or natural gas or~~
12 ~~both. Each zone of a general structure, which zone is~~
13 ~~completely separate from any other zone in the structure, is~~
14 ~~covered by the word "pool" as used in the Oil and Gas Act.~~

15 ~~"Pool" is synonymous with "common source of supply" and with~~
16 ~~"common reservoir";~~

17 ~~C. "field" means the general area that is underlaid~~
18 ~~or appears to be underlaid by at least one pool and also~~
19 ~~includes the underground reservoir or reservoirs containing the~~
20 ~~crude petroleum oil or natural gas or both. The words "field"~~
21 ~~and "pool" mean the same thing when only one underground~~
22 ~~reservoir is involved; however, "field", unlike "pool", may~~
23 ~~relate to two or more pools;~~

24 ~~D. "product" means any commodity or thing made or~~
25 ~~manufactured from crude petroleum oil or natural gas and all~~

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1 ~~derivatives of crude petroleum oil or natural gas, including~~
2 ~~refined crude oil, crude tops, topped crude, processed crude~~
3 ~~petroleum, residue from crude petroleum, cracking stock,~~
4 ~~uncracked fuel oil, treated crude oil, fuel oil, residuum, gas~~
5 ~~oil, naphtha, distillate, gasoline, kerosene, benzine, wash~~
6 ~~oil, waste oil, lubricating oil and blends or mixtures of crude~~
7 ~~petroleum oil or natural gas or any derivative thereof;~~

8 ~~E. "owner" means the person who has the right to~~
9 ~~drill into and to produce from any pool and to appropriate the~~
10 ~~production either for the person or for the person and another;~~

11 ~~F. "producer" means the owner of a well capable of~~
12 ~~producing oil or natural gas or both in paying quantities;~~

13 ~~G. "gas transportation facility" means a pipeline~~
14 ~~in operation serving gas wells for the transportation of~~
15 ~~natural gas or some other device or equipment in like operation~~
16 ~~whereby natural gas produced from gas wells connected therewith~~
17 ~~can be transported or used for consumption;~~

18 ~~H. "correlative rights" means the opportunity~~
19 ~~afforded, so far as it is practicable to do so, to the owner of~~
20 ~~each property in a pool to produce without waste the owner's~~
21 ~~just and equitable share of the oil or gas or both in the pool,~~
22 ~~being an amount, so far as can be practicably determined and so~~
23 ~~far as can be practicably obtained without waste, substantially~~
24 ~~in the proportion that the quantity of recoverable oil or gas~~
25 ~~or both under the property bears to the total recoverable oil~~

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1 ~~or gas or both in the pool and, for such purpose, to use the~~
2 ~~owner's just and equitable share of the reservoir energy;~~

3 ~~I. "potash" means the naturally occurring bedded~~
4 ~~deposits of the salts of the element potassium;~~

5 ~~J.]~~ A. "casinghead gas" means [any] a gas or vapor
6 or both, indigenous to [~~an oil stratum~~] and produced from
7 [~~such~~] an oil stratum with oil, including [any] a residue gas
8 remaining after the processing of casinghead gas to remove its
9 liquid components;

10 ~~[K. "produced water" means a fluid that is an~~
11 ~~incidental byproduct from drilling for or the production of oil~~
12 ~~and gas;~~

13 ~~L. "commission" means the oil conservation~~
14 ~~commission; and~~

15 ~~M. "division" means the oil conservation division~~
16 ~~of the energy, minerals and natural resources department]~~

17 B. "children's health protection zone" means an
18 area extending five thousand two hundred eighty feet from the
19 property line of a school;

20 C. "commission" means the oil conservation
21 commission;

22 D. "correlative rights" means the opportunity
23 afforded, so far as it is practicable to do so, to the owner of
24 each property in a pool to produce without waste the owner's
25 just and equitable share of the oil or gas or both in the pool,

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1 being an amount, so far as can be practicably determined and so
2 far as can be practicably obtained without waste, substantially
3 in the proportion that the quantity of recoverable oil or gas
4 or both under the property bears to the total recoverable oil
5 or gas or both in the pool and, for such purpose, to use the
6 owner's just and equitable share of the reservoir energy;

7 E. "division" means the oil conservation division
8 of the energy, minerals and natural resources department;

9 F. "field" means the general area that is underlaid
10 or appears to be underlaid by at least one pool and includes
11 the underground reservoir or reservoirs containing the crude
12 petroleum oil or natural gas or both. The words "field" and
13 "pool" mean the same thing when only one underground reservoir
14 is involved; however, "field", unlike "pool", may relate to two
15 or more pools;

16 G. "gas transportation facility" means a pipeline,
17 in operation, serving a gas well for the transportation of
18 natural gas, including an associated device or equipment used
19 for the transportation or consumption of natural gas;

20 H. "operator" means a person with the legal right
21 to conduct oil and gas operations and includes the agents,
22 employees and contractors of that person;

23 I. "owner" means the person who has the right to
24 drill into and produce from a pool and to appropriate the
25 production either for the person or for the person and another;

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1 J. "production facility" means facilities or
2 equipment attendant to oil and gas production or injection
3 operations and includes tanks, flowlines, headers, gathering
4 lines, wellheads, heater treaters, pumps, valves, compressors,
5 injection equipment, production safety systems, separators,
6 manifolds and pipelines, but does not include fire suppression
7 equipment;

8 K. "person" means:

9 (1) an individual, estate, trust, receiver,
10 cooperative association, club, corporation, company, firm,
11 partnership, joint venture, syndicate or other entity; or

12 (2) the United States or an agency or
13 instrumentality of the United States or the state or a
14 political subdivision of the state;

15 L. "pool" or "common source of supply" means an
16 underground reservoir containing a common accumulation of crude
17 petroleum oil or natural gas or both, including each zone of a
18 general structure that is completely separate from any other
19 zone in the structure;

20 M. "potash" means the naturally occurring bedded
21 deposits of the salts of the element potassium;

22 N. "produced water" means a fluid that is an
23 incidental byproduct from drilling for or in the production of
24 oil and gas;

25 O. "producer" means the owner of a well capable of

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1 producing oil or natural gas or both in paying quantities;

2 P. "product" means a commodity or thing made or
3 manufactured from crude petroleum oil or natural gas and all
4 derivatives of crude petroleum oil or natural gas, including
5 refined crude oil, crude tops, topped crude, processed crude
6 petroleum, residue from crude petroleum, cracking stock,
7 uncracked fuel oil, treated crude oil, fuel oil, residuum, gas
8 oil, naphtha, distillate, gasoline, kerosene, benzine, wash
9 oil, waste oil, lubricating oil and blends or mixtures of crude
10 petroleum oil or natural gas or a derivative thereof; and

11 Q. "school" means an elementary, secondary, middle,
12 junior high or high school or any combination of those,
13 including a public school, state-chartered or locally chartered
14 charter school or private school that students attend in
15 person, including a daycare center, and a park, playground or
16 sports or recreation facility associated with a school."

17 SECTION 2. Section 70-2-12 NMSA 1978 (being Laws 1978,
18 Chapter 71, Section 1, as amended) is amended to read:

19 "70-2-12. ENUMERATION OF POWERS.--

20 A. The ~~[oil conservation]~~ division ~~[of the energy,~~
21 ~~minerals and natural resources department]~~ may:

- 22 (1) collect data;
- 23 (2) make investigations and inspections;
- 24 (3) examine properties, leases, papers, books

25 and records;

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1 (4) examine, check, test and gauge oil and gas
2 wells, tanks, plants, refineries and all means and modes of
3 transportation and equipment;

4 (5) hold hearings;

5 (6) provide for the keeping of records and the
6 making of reports and for the checking of the accuracy of the
7 records and reports;

8 (7) limit and prorate production of crude
9 petroleum oil or natural gas or both as provided in the Oil and
10 Gas Act; and

11 (8) require either generally or in particular
12 areas certificates of clearance or tenders in connection with
13 the transportation of crude petroleum oil or natural gas or any
14 products of either or both oil and products or both natural gas
15 and products.

16 B. The [~~oil conservation~~] division may [~~make rules~~
17 ~~and orders for the purposes and with respect to the subject~~
18 ~~matter stated in this subsection~~] adopt rules to:

19 (1) [~~to~~] require dry or abandoned wells to be
20 plugged in a way so as to confine the crude petroleum oil,
21 natural gas or water in the strata in which it is found and to
22 prevent it from escaping into other strata; provided that,
23 pursuant to Section 70-2-14 NMSA 1978, the division [~~shall~~
24 ~~require~~] requires financial assurance conditioned for the
25 performance of the rules;

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1 (2) [~~to~~] prevent crude petroleum oil, natural
2 gas or water from escaping from strata in which it is found
3 into other strata;

4 (3) [~~to~~] require reports showing locations of
5 all oil or gas wells and for the filing of logs and drilling
6 records or reports;

7 (4) [~~to~~] prevent the drowning by water of
8 [~~any~~] a stratum or [~~part thereof~~] a part of a stratum capable
9 of producing oil or gas or both oil and gas in paying
10 quantities and to prevent the premature and irregular
11 encroachment of water or any other kind of water encroachment
12 that reduces or tends to reduce the total ultimate recovery of
13 crude petroleum oil or gas or both oil and gas from [~~any~~] a
14 pool;

15 (5) [~~to~~] prevent fires;

16 (6) [~~to~~] prevent "blow-ups" and "caving" in
17 the sense that the conditions indicated by such terms are
18 generally understood in the oil and gas business;

19 (7) [~~to~~] require wells to be drilled, operated
20 and produced in such manner as to prevent injury to neighboring
21 leases or properties;

22 (8) [~~to~~] identify the ownership of oil or gas
23 producing leases, properties, wells, tanks, refineries,
24 pipelines, plants, structures and all transportation equipment
25 and facilities;

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1 (9) ~~to~~ require the operation of wells with
2 efficient gas-oil ratios and to fix such ratios;

3 (10) ~~to~~ fix the spacing of wells;

4 (11) ~~to~~ determine whether a particular well
5 or pool is a gas or oil well or a gas or oil pool, as the case
6 may be, and from time to time to classify and reclassify wells
7 and pools accordingly;

8 (12) ~~to~~ determine the limits of ~~any~~ a pool
9 producing crude petroleum oil or natural gas or both and from
10 time to time redetermine the limits;

11 (13) ~~to~~ regulate the methods and devices
12 employed for storage in this state of oil or natural gas or any
13 product of either, including subsurface storage;

14 (14) ~~to~~ permit the injection of natural gas
15 or of any other substance into ~~any~~ a pool in this state for
16 the purpose of repressuring, cycling, pressure maintenance,
17 secondary or any other enhanced recovery operations;

18 (15) ~~to~~ regulate the disposition, handling,
19 transport, storage, recycling, treatment and disposal of
20 produced water during, or for reuse in, the exploration,
21 drilling, production, treatment or refinement of oil or gas,
22 including disposal by injection pursuant to authority delegated
23 under the federal Safe Drinking Water Act, in a manner that
24 protects public health, the environment and fresh water
25 resources;

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1 (16) [~~to~~] determine the limits of [~~any~~] an
2 area containing commercial potash deposits and from time to
3 time redetermine the limits;

4 (17) [~~to~~] regulate and, where necessary,
5 prohibit drilling or producing operations for oil or gas within
6 [~~any~~] an area containing commercial deposits of potash where
7 the operations would have the effect [~~unduly~~] to unduly reduce
8 the total quantity of the commercial deposits of potash that
9 may reasonably be recovered in commercial quantities or where
10 the operations would interfere unduly with the orderly
11 commercial development of the potash deposits;

12 (18) [~~to~~] spend the oil and gas reclamation
13 fund and do all acts necessary and proper to plug dry and
14 abandoned oil and gas wells and to restore and remediate
15 abandoned well sites and associated production facilities in
16 accordance with the provisions of the Oil and Gas Act, the
17 rules adopted under that act and the Procurement Code,
18 including disposing of salvageable equipment and material
19 removed from oil and gas wells being plugged by the state;

20 (19) [~~to~~] make well price category
21 determinations pursuant to the provisions of the federal
22 Natural Gas Policy Act of 1978 or any successor act and, by
23 regulation, to adopt fees for such determinations, which fees
24 shall not exceed twenty-five dollars (\$25.00) per filing.
25 [~~Such~~] The fees shall be credited to the account of the [~~oil~~

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1 ~~conservation~~] division by the state treasurer and may be
2 expended as authorized by the legislature;

3 (20) ~~[to]~~ regulate the construction and
4 operation of oil treating plants and to require the posting of
5 bonds for the reclamation of treating plant sites after
6 cessation of operations;

7 (21) ~~[to]~~ regulate the disposition of
8 nondomestic wastes resulting from the exploration, development,
9 production or storage of crude oil or natural gas to protect
10 public health and the environment; and

11 (22) ~~[to]~~ regulate the disposition of
12 nondomestic wastes resulting from the oil field service
13 industry, the transportation of crude oil or natural gas, the
14 treatment of natural gas or the refinement of crude oil to
15 protect public health and the environment, including
16 administering the Water Quality Act as provided in Subsection E
17 of Section 74-6-4 NMSA 1978.

18 C. The division shall, in consultation with the
19 environmental improvement board, adopt:

20 (1) rules to implement and set performance
21 standards for an operator's emissions detection system; and

22 (2) other rules necessary to carry out the
23 provisions of the Oil and Gas Act that concern an oil and gas
24 operation located in a children's health protection zone."

25 SECTION 3. Section 70-2-31 NMSA 1978 (being Laws 1981,

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1 Chapter 362, Section 1, as amended) is amended to read:

2 "70-2-31. VIOLATIONS OF THE OIL AND GAS ACT--PENALTIES.--

3 A. Whenever the division determines that a person
4 violated or is violating the Oil and Gas Act or any provision
5 of any rule, order, permit or authorization issued pursuant to
6 that act, the division may seek compliance and civil penalties
7 by:

8 (1) issuing a notice of violation;

9 (2) commencing a civil action in district
10 court for appropriate relief, including injunctive relief; or

11 (3) issuing a temporary cessation order if the
12 division determines that the violation is causing or will cause
13 an imminent danger to public health or safety or a significant
14 imminent environmental harm. The cessation order will remain
15 in effect until the earlier of when the violation is abated or
16 thirty days unless a hearing is held before the division and a
17 new order is issued.

18 B. A notice of violation issued pursuant to
19 Paragraph (1) of Subsection A of this section shall state with
20 reasonable specificity the nature of the violation, shall
21 require compliance immediately or within a specified time
22 period, shall provide notice of the availability of an informal
23 review and the date of a hearing before the division and shall
24 provide notice of potential sanctions, including assessing a
25 penalty, suspending, canceling or terminating a permit or

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1 authorization, shutting in a well and plugging and abandonment
2 of a well and forfeiting financial assurance pursuant to
3 Section 70-2-14 NMSA 1978.

4 C. If the notice of violation is not resolved
5 informally within thirty days after service of the notice, the
6 division shall hold a hearing and determine whether the
7 violation should be upheld and whether any sanctions, including
8 civil penalties, shall be assessed. In assessing a penalty
9 authorized by this section, the division shall take into
10 account the seriousness of the violation, any good faith
11 efforts to comply with the applicable requirements, any history
12 of noncompliance under the Oil and Gas Act and other relevant
13 factors.

14 D. When a decision is rendered by the division
15 after a hearing, any party of record adversely affected shall
16 have the right to have the matter heard de novo before the
17 commission pursuant to Section 70-2-13 NMSA 1978.

18 ~~[D.—Any]~~ E. Except as provided by Subsection F of
19 this section, a civil penalty assessed by a court or by the
20 division or commission pursuant to this section may not exceed
21 two thousand five hundred dollars (\$2,500) per day of
22 noncompliance for each violation unless the violation presents
23 a risk either to the health or safety of the public or of
24 causing significant environmental harm, or unless the
25 noncompliance continues beyond a time specified in the notice

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1 of violation or order issued by the division, commission or
2 court, whereupon the civil penalty may not exceed ten thousand
3 dollars (\$10,000) per day of noncompliance for each violation.
4 [~~No~~] A penalty assessed by the division or commission after a
5 hearing [~~may~~] shall not exceed two hundred thousand dollars
6 (\$200,000); provided that [~~such~~] this limitation does not apply
7 to penalties assessed by a court.

8 F. A civil penalty assessed by a court, the
9 division or the commission for a violation by an operator
10 located in a children's health protection zone may not exceed
11 thirty thousand dollars (\$30,000) per day of noncompliance for
12 each violation. A penalty assessed by the division or
13 commission after a hearing pursuant to this section shall not
14 exceed two hundred thousand dollars (\$200,000); provided that
15 this limitation does not apply to penalties assessed by a
16 court.

17 [~~E-~~] G. The commission shall make rules, pursuant
18 to Section 70-2-12.2 NMSA 1978, providing procedures for the
19 issuance of notices of violations, the assessment of penalties
20 and the conduct of informal proceedings and hearings pursuant
21 to this section.

22 [~~F-~~] H. It is unlawful, subject to a criminal
23 penalty of a fine of not more than five thousand dollars
24 (\$5,000) or imprisonment for a term not exceeding three years
25 or both such fine and imprisonment, for any person to knowingly

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1 and willfully:

2 (1) violate any provision of the Oil and Gas
3 Act or any rule, regulation or order of the commission or the
4 division issued pursuant to that act; or

5 (2) do any of the following for the purpose of
6 evading or violating the Oil and Gas Act or any rule,
7 regulation or order of the commission or the division issued
8 pursuant to that act:

9 (a) make any false entry or statement in
10 a report required by the Oil and Gas Act or by any rule,
11 regulation or order of the commission or division issued
12 pursuant to that act;

13 (b) make or cause to be made any false
14 entry in any record, account or memorandum required by the Oil
15 and Gas Act or by any rule, regulation or order of the
16 commission or division issued pursuant to that act;

17 (c) omit or cause to be omitted from any
18 such record, account or memorandum full, true and correct
19 entries; or

20 (d) remove from this state or destroy,
21 mutilate, alter or falsify any such record, account or
22 memorandum.

23 [~~G~~] I. For the purposes of Subsection [~~F~~] H of
24 this section, each day of violation shall constitute a separate
25 offense.

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1 [~~H-~~] J. Any person who knowingly and willfully
2 procures, counsels, aids or abets the commission of any act
3 described in Subsection A or [~~F~~] H of this section shall be
4 subject to the same penalties as are prescribed in Subsection D
5 or [~~F~~] H of this section."

6 SECTION 4. A new section of the Oil and Gas Act is
7 enacted to read:

8 "[NEW MATERIAL] OIL AND GAS DRILLING SETBACKS FROM
9 SCHOOLS--PERMITS TO DRILL--VARIANCES--ADMINISTRATIVE
10 PROCEEDING.--

11 A. The purpose of this section is to exercise the
12 powers provided by Article 11, Section 14 of the constitution
13 of New Mexico to protect public health from the effects of
14 pollution from oil and gas operations in children's health
15 protection zones. This section is not intended, and shall not
16 be construed as authorizing, the state or an agency of the
17 state to exercise its power to grant or deny a permit in a
18 manner that will take private property for public use without
19 the payment of just compensation.

20 B. Beginning August 1, 2025, the division shall not
21 approve a permit to drill an oil and gas well in a children's
22 health protection zone, except as provided in Subsection C of
23 this section.

24 C. An operator or owner may apply with the division
25 for a variance from the provisions of Subsection B of this

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1 section. Except as provided by Subsection D of this section,
2 the division shall grant a variance from the provisions of
3 Subsection B of this section if:

4 (1) the variance is necessary to plug and
5 abandon or reabandon a well, including an intercept well
6 necessary to plug and abandon or reabandon a well; or

7 (2) the commission determines at an
8 administrative proceeding that, based on a preponderance of the
9 evidence, the denial of a permit to drill after August 1, 2025
10 would:

11 (a) result in a loss of all economic
12 value of the applicant's property; or

13 (b) result in a severe adverse economic
14 impact and deprive the applicant of objectively reasonable
15 investment-backed expectations.

16 D. The division shall not grant a variance pursuant
17 to Paragraph (2) of Subsection C of this section if the
18 commission determines that, based on the preponderance of the
19 evidence, granting the variance would harm public health.

20 E. The division shall grant a variance pursuant to
21 this section only to the extent necessary to avoid the effects
22 on the applicant proven pursuant to Paragraph (2) of Subsection
23 C of this section.

24 F. The division shall not be deemed to have reached
25 a final decision regarding the application of this section

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1 until the applicant requests a variance and administrative
2 proceedings are complete and final. A decision of the division
3 or a decision of the commission at an administrative proceeding
4 regarding an application for a variance pursuant to this
5 section shall not constitute an adjudication of any claim or
6 cause of action or otherwise have a preclusive effect in a
7 judicial proceeding.

8 G. The commission shall adopt rules and guidelines
9 to govern the conduct of an administrative proceeding pursuant
10 to this section that, at a minimum, shall provide for adequate
11 notice to interested stakeholders and a transparent process in
12 which the public can participate."

13 SECTION 5. A new section of the Oil and Gas Act is
14 enacted to read:

15 "[NEW MATERIAL] PROTECTION ZONE INVENTORY AND MAP.--

16 A. In addition to other requirements prescribed by
17 rule or law, an operator applying to the division for a permit
18 to drill shall submit a protection zone inventory and map to
19 the division.

20 B. On or before January 1, 2026, an operator of an
21 oil and gas well as of the effective date of this 2025 act
22 shall submit to the division a protection zone inventory and
23 map.

24 C. A protection zone inventory and map shall
25 include:

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1 (1) a statement as to whether an operator's
2 wellhead or production facility is in a children's health
3 protection zone;

4 (2) a list of the operator's production
5 facilities and wellheads, including a unique, permanent
6 identifier number assigned to a wellhead and the longitude and
7 latitude coordinates for each wellhead and production facility;
8 and

9 (3) if an operator's wellhead or production
10 facility is in a children's health protection zone:

11 (a) a list of schools within five
12 thousand two hundred eighty feet of an operator's wellhead and
13 production facility, including the type of school and the
14 distance from the operator's wellheads and production
15 facilities to the school; and

16 (b) a map that shows the location of
17 each school in relation to the operator's wellheads and
18 production facilities.

19 D. Beginning January 1, 2027 and in the month of
20 December each year thereafter, an operator shall submit to the
21 division an updated version of the protection zone inventory
22 and map previously submitted; provided that if there are no
23 changes to the information, the operator may submit to the
24 division a statement that there are no changes to the
25 protection zone inventory and map.

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1 E. The division shall review a protection zone
2 inventory and map for completeness and accuracy and notify the
3 operator of any deficiencies. Within thirty days of an
4 operator's receipt of the division's notification that a
5 protection zone inventory and map is deficient, the operator
6 shall submit to the division any additional information
7 required by the division.

8 F. The division shall post an operator's protection
9 zone inventory and map on the agency's website."

10 **SECTION 6.** A new section of the Oil and Gas Act is
11 enacted to read:

12 "[NEW MATERIAL] OPERATION IN A CHILDREN'S HEALTH
13 PROTECTION ZONE--RESTRICTIONS.--

14 A. On or before January 1, 2026, an operator that
15 has a wellhead or production facility in a children's health
16 protection zone shall post contact information for addressing
17 complaints about noise, odor or other concerns on the perimeter
18 of the operator's property, including the responsible persons
19 employed by the operator and enforcement officials in the city
20 and county where the property is located.

21 B. An operator with a wellhead or production
22 facility in a children's health protection zone shall:

23 (1) unless more stringent local requirements
24 apply, employ operational measures to prevent dust and
25 particulates from migrating beyond the operator's property

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1 boundaries by limiting vehicle speeds on unpaved roads to
2 fifteen miles per hour and containing or covering stored sands,
3 drilling muds and excavated soil; and

4 (2) provide the division with a representative
5 chemical analysis for produced water transported away from the
6 operator's property. An operator shall file the representative
7 chemical analysis with the division within three months of the
8 produced water being transported away from the operator's
9 property and whenever the source of the produced water changes.
10 For the purposes of this paragraph, the source of produced
11 water changes if the treatment process or additives are
12 changed, if a contributing source is added or removed or if
13 there is a significant change to the relative contribution of
14 individual sources such that the last representative chemical
15 analysis is not representative of the produced water."

16 SECTION 7. A new section of the Oil and Gas Act is
17 enacted to read:

18 "[NEW MATERIAL] LEAK DETECTION AND RESPONSE PLAN--ALARM
19 RESPONSE PROTOCOL--CHEMICAL ANALYSIS OF PRODUCED WATER--
20 RECORDS--PUBLIC TECHNICAL WORKSHOPS.--

21 A. An operator with a wellhead or production
22 facility in a children's health protection zone shall develop a
23 leak detection and response plan, submit that plan to the
24 division by January 1, 2026 and fully implement the plan by
25 July 1, 2026. The division shall, in consultation with and

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1 with the concurrence of the environmental improvement board,
2 review an operator's leak detection and response plan and
3 either approve the plan or provide notice to the operator of
4 the plan's deficiencies within ninety days of the division's
5 receipt of the operator's plan.

6 B. A leak detection and response plan shall:

7 (1) identify the chemical constituents and
8 toxic substances of highest concern in the region as identified
9 by the environmental improvement board or the city or county
10 where the operator is located; provided that methane may serve
11 as a surrogate for chemical constituents identified in the plan
12 that cannot be continuously monitored;

13 (2) include a continuously operating emissions
14 detection system designed to provide for rapid detection of
15 chemical constituents and identify leaks;

16 (3) provide the locations where emissions will
17 be sampled that are consistent with local meteorology and best
18 practices;

19 (4) include an alarm system that effectively,
20 immediately and reliably alerts the operator of a leak of a
21 chemical constituent;

22 (5) identify a meteorological system
23 appropriately sited on the operator's property with the ability
24 to continuously record weather data; and

25 (6) include an alarm response protocol that:

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1 (a) provides for immediate action to
2 rapidly identify, fix and provide notification of a leak that
3 is continuous for more than forty-eight hours;

4 (b) includes a communication plan to
5 notify local emergency responders, public health officials, the
6 division and people in the community where the operator is
7 located in languages that are easily understood by the people
8 in the community where the operator is located;

9 (c) complies with local, state and
10 federal requirements for reporting leaks of hazardous
11 materials;

12 (d) is created in consultation with
13 local emergency response officials; and

14 (e) provides for the collection and
15 determination of the chemical composition of a representative
16 sample for a leak that could reasonably have an adverse effect
17 on the health of people in the community where the operator is
18 located and provides for a subsequent collection and
19 determination of the chemical composition of the leak when
20 there is reason to believe that the chemical composition of the
21 leak may be changing.

22 C. The division shall review an operator's leak
23 detection and response plan and request updates to the plan at
24 least once every five years from the date of the plan's initial
25 approval by the division.

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1 D. An operator shall record and maintain records of
2 emissions and meteorological data, including the composition of
3 any samples collected during leak events, for ten years.

4 E. The division shall hold one public technical
5 workshop at least once every two years to provide information
6 and guidance to operators on best practices for the
7 development, review and update of a leak detection and response
8 plan.

9 F. The division shall post an operator's leak
10 detection and response plan on the agency's website."

11 **SECTION 8.** A new section of the Oil and Gas Act is
12 enacted to read:

13 "[NEW MATERIAL] **SUSPENSION OF OIL AND GAS OPERATIONS.**--An
14 operator shall immediately suspend the operation of:

15 A. a well or production facility in a children's
16 health protection zone if a leak of a chemical constituent is
17 detected and continuous for more than forty-eight hours.
18 Operations shall be suspended until the leak has been corrected
19 and the division has approved the resumption of operations. If
20 an operator can demonstrate to the division that the source of
21 the leak is not the operator's oil and gas operation, the
22 division may waive any additional actions required under the
23 alarm response protocol;

24 B. a well or production facility, if an operator
25 with a wellhead or production facility in a children's health

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1 protection zone has not implemented a leak detection and
2 response plan by July 1, 2026, until the operator implements a
3 leak detection and response plan approved by the division; and

4 C. a production facility if the production facility
5 or any permanent or temporary equipment in a children's health
6 protection zone is not in compliance with the Air Quality
7 Control Act or a city or county ordinance adopted pursuant to
8 that act. Operations shall be suspended until the production
9 facility attains compliance with the Air Quality Control Act or
10 a city or county ordinance adopted pursuant to that act and the
11 division has approved the resumption of operations."

12 SECTION 9. A new section of the Oil and Gas Act is
13 enacted to read:

14 "[NEW MATERIAL] WATER QUALITY SAMPLING AND TESTING--
15 EXCEPTIONS.--

16 A. Beginning August 1, 2025, an operator with a
17 wellhead or production facility in a children's health
18 protection zone that receives a permit to drill from the
19 division under an exception in the Oil and Gas Act shall
20 provide notice of the operator's intent to drill to the
21 property owners and tenants located within five thousand two
22 hundred eighty feet of the property line of the operator's
23 wellhead or production facility and offer to sample and test
24 water wells and surface water on the property owners' and
25 tenants' properties at least thirty days before commencing a

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1 drilling operation. If the property owner or tenant requests
2 water sampling and testing within ten days of receipt of the
3 operator's notice and makes the necessary accommodations to
4 enable the collection of a water sample within fifteen days of
5 receipt of the operator's notice, the operator may not commence
6 drilling until a baseline water sample of the property owner's
7 or tenant's well water or surface water has been collected. If
8 the operator collects a baseline water sample, the operator
9 shall collect another water sample of the well water or surface
10 water on the property owner's or tenant's property no sooner
11 than thirty days and no later than sixty days after drilling is
12 complete. Before commencing a drilling operation in a
13 children's health protection zone, an operator shall provide
14 documentation to the division of the operator's notification of
15 property owners and tenants as required by this subsection.

16 B. An operator shall conduct water sampling and
17 testing in accordance with the following requirements:

18 (1) an appropriately qualified person shall
19 conduct the water quality sampling and testing in a manner
20 consistent with standard environmental industry practice and
21 chain of custody protocols;

22 (2) documentation of the water quality
23 sampling and testing process shall accurately describe the
24 location that the sample was taken from and the process for
25 collecting the sample;

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1 (3) a laboratory accredited by the state to
2 perform the tests necessary to complete the required analysis
3 shall perform the water quality analytical testing, except for
4 field tests that may be conducted by a person who is qualified
5 to sample and interpret the results of the required test; and

6 (4) water quality testing shall include
7 testing for total dissolved solids, total petroleum hydrocarbon
8 as crude oil, major cations, major anions, a water contaminant
9 or combination of water contaminants identified as a toxic
10 pollutant by the water quality control commission, appropriate
11 indicator chemicals for drilling mud and fluids used for well
12 cleanout, total alkalinity and hydroxide, electrical
13 conductance, pH and temperature. The division may require
14 testing for additional constituents on a case-by-case basis.

15 C. Within one hundred twenty days of the completion
16 of drilling in a children's health protection zone, the
17 operator shall provide to the division, the property owner and
18 the tenant the results of any baseline and follow-up water
19 quality testing.

20 D. Water quality data collected pursuant to this
21 section shall be submitted to the division in electronic format
22 within one hundred twenty days after drilling is complete.

23 E. If a property owner or tenant is unable to
24 accommodate the necessary access to perform baseline or follow-
25 up testing pursuant to this section, failure to do the testing

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1 is not a violation of this section.

2 F. The division may waive the requirements of this
3 section if the operator demonstrates that a delay in drilling
4 caused by complying with this section is likely to result in
5 significant damage to life, health or natural resources.

6 G. An operator is not required to sample or test
7 water pursuant to this section if a state agency or the United
8 States environmental protection agency has determined that the
9 water within five thousand two hundred eighty feet of the
10 property line of an operator's wellhead or production facility
11 is not an underground source of drinking water, as defined in
12 the federal Safe Drinking Water Act, and the water does not
13 have a beneficial use.

14 H. The costs of sampling and testing required by
15 this section shall be the responsibility of the operator."

16 SECTION 10. A new section of the Oil and Gas Act is
17 enacted to read:

18 "[NEW MATERIAL] REPORTING.--

19 A. Before December 31, 2026 and in the month of
20 December each year thereafter, an operator located in a
21 children's health protection zone shall provide to the division
22 a report that includes:

23 (1) the number of times and lengths of time
24 the emissions detection system was not operating;

25 (2) the number of validated alarms and the

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1 reasons for the alarms;

2 (3) the number of leaks that have occurred,
3 the time needed to repair each leak and a brief description of
4 each leak that includes the impact on air quality and exposure
5 to the surrounding community;

6 (4) the number of times the surrounding
7 community was notified of a leak that persisted for more than
8 forty-eight hours;

9 (5) the number of times and lengths of time
10 that production and injection operations and other use of the
11 facility were suspended due to a leak; and

12 (6) the results of any baseline and post-
13 drilling ground water testing performed, by location.

14 B. The division shall report annually before
15 October 1 to the appropriate legislative interim committee on
16 oil and gas operations in children's health protection zones in
17 the state, including information on the progress achieved on
18 the implementation of operators' leak detection and response
19 plans."

20 SECTION 11. A new section of the Air Quality Control Act
21 is enacted to read:

22 "[NEW MATERIAL] OIL AND GAS PRODUCTION FACILITIES--
23 SUSPENSION OF OPERATION.--

24 A. An operator of an oil and gas production
25 facility shall immediately suspend the operation of a

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1 production facility if the production facility or any permanent
2 or temporary equipment within five thousand two hundred eighty
3 feet from the property line of a school is not in compliance
4 with the Air Quality Control Act or a city or county ordinance
5 adopted pursuant to that act. Operations shall be suspended
6 until the production facility attains compliance with the Air
7 Quality Control Act or a city or county ordinance adopted
8 pursuant to that act and the oil conservation division of the
9 energy, minerals and natural resources department has approved
10 the resumption of operations.

11 B. As used in this section, "school" means an
12 elementary, secondary, middle, junior high or high school or
13 any combination of those, including a public school, state-
14 chartered or locally chartered charter school or private school
15 that students attend in person, including a daycare center, and
16 a park, playground or sports or recreation facility associated
17 with a school."