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FISCAL IMPACT REPORT

SPONSOR:	Leavell	DATE TYPED:	1/22/02	HB	
SHORT TITLE	E: Lea & Carlsbad Con	servation District S	tudy	SB	16
			ANALYST:		L. Baca

APPROPRIATION

Appropriation Contained		*		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	\$500.0			Non-rec	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Energy, Minerals & Natural Resources Department (NMNRD) State Land Office (SLO) Department of Agriculture (NMDA)

SUMMARY

Synopsis of Bill

Senate Bill 16 appropriates \$500.0 from the general fund to the Board of Regents of New Mexico State University (NMSU) to finance a study by the Lea and Carlsbad soil and water conservation districts concerning the use of water produced during oil and gas exploration from deep underground

Significant Issues

The NMDA analysis states that underground water in the geographic area encompassed by the Lea and Carlsbad soil and water conservation districts is being used faster than it is replenished. This appropriation would continue an on-going study to reclaim water associated with oil and gas exploration for agricultural, industrial and possibly domestic uses. The NMEMRD's analysis indicates that such a study that leads to reclamation of water for public use would be of benefit to all.

FISCAL IMPLICATIONS

The appropriation of \$500.0 contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2003 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

The program will be administered by NMSU.

TECHNICAL ISSUES

In its analysis, EMRD listed the following technical questions:

- 1. The proposed legislation seeks to study the "use" of water, but the term is undefined and could lead to very general study or the study could be focused on a single issue.
- 2. The phrase "underground" may be considered ambiguous. Limiting the study to oil and gas exploration leaves out an important element: production.

The analysis suggests revising the last clause of the first sentence to read as follows: "... producing oil and gas exploration and production."

OTHER SUBSTANTIVE ISSUES

The following information is provided for information only. It is not intended as a commentary on the merits of the bill.

This request was not included in NMSU's budget request. Consequently, the New Mexico Commission on Higher Education did not recommend this program expansion.

POSSIBLE QUESTIONS

- 1. Are funds for conduct of this study available from other sources such as the federal government?
- 2. Are there private industries that will benefit from the results of the study ?
- 3. Have efforts been made to obtain funds from sources other than the Legislature ?

LB/njw