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## FISCAL IMPACT REPORT

SPONSOR:	Lea	avell	DATE TYPED:	02/08/02	HB		
SHORT TITL	E: _	Treat Produced Wate	r for Recycling		SB	SJM-83	
				ANALYST:		Chabot	

#### **APPROPRIATION**

Appropriatio	on Contained	A		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	NFI				

### SOURCES OF INFORMATION

LFC Files Office of the Natural Resource Trustee Office of the State Engineer (OSE)

<u>No Response Received</u> Energy, Minerals and Natural Resources Department New Mexico Environment Department

#### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 83 resolves that the State Engineer, the Oil Conservation Division of the Energy, Minerals and Natural Resources Department, representatives of the oil and gas industry and the Department of the Environment jointly study whether there is a potential for treating produced water from oil and gas extraction so that it can be put to beneficial use. Findings are to be reported to the appropriate interim legislative committee by December 1, 2002.

#### Significant Issues

The energy development industry produces "tens of thousands" area-feet of water annually. This water has a high level of hydrocarbon contamination and needs treatment before it can be used for use by man. Currently, the water is re-injected into the saltwater zone where it is not useable. With the growing demand for water in New Mexico, additional sources must be found and purification of "produced water" may be a practical solution for returning the water to beneficial use.

Currently administrative jurisdiction over "produced water" is split between EMNRD and OSE. The study should include possible revisions to NMSA 1978, Sections 72-12-1, 72-12-25 to 72-12-28 and 70-2-12(B) to resolve responsibility for regulating the produced water.

# **POSSIBLE QUESTIONS**

- 1. How much contamination exists in produced water from oil and gas operations ?
- 2. Is the produced water treatable at reasonable cost?
- 3. How much water could be returned to useable condition ?

GAC/njw