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FISCAL IMPACT REPORT

ORIGINAL DATE 1/28/18

SPONSOR Brown LAST UPDATED _____ HB 124

SHORT TITLE Road Fund to Carlsbad Brine Well Fund SB _____

ANALYST Jorgensen

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY18	FY19	FY20		
	(\$1,000.0)		Nonrecurring	State Road Fund
	\$1,000.0		Nonrecurring	Carlsbad Brine Well Remediation Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates HB124 and relates to HB121, HB123, HB125, and HB126

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources (EMNRD)

New Mexico Department of Transportation (NMDOT)

SUMMARY

Synopsis of Bill

House Bill 124 appropriates \$1 million from the state road fund to the Carlsbad brine well remediation fund for the purpose of remediation of the Carlsbad brine well to maintain integrity of adjacent roadways.

FISCAL IMPLICATIONS

Enactment of HB124 would reduce the amount of funding available for maintenance and construction for FY19 by \$1 million.

SIGNIFICANT ISSUES

The purpose of the state road fund is to provide for maintenance, construction and improvement of state transportation projects and to meet federal allotments. NMDOT expressed concern that because the Carlsbad brine well remediation does not relate to the construction, improvement, and maintenance of roads and bridges, it is ineligible to receive revenue from the state road fund.

EMNRD states that facilities that could be impacted by a collapse of the brine well include two highways, US285 and US 180/62. Both highways are designated Waste Isolation Pilot Plant (WIPP) routes.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HB124 is related to HB121, HB123, HB125, and HB126 in that all bills provide appropriations to the Carlsbad remediation fund.

HB124 duplicates SB 64.

OTHER SUBSTANTIVE ISSUES

According to EMNRD:

The “Carlsbad brine well” refers to an underground cavern located in the southern portion of the City of Carlsbad that was created by the historic operation of a brine well. A “brine well” is a solution mining operation where fresh water is injected into salt formations to produce saturated brine which is extracted for use in oil and gas drilling operations. Brine wells result in underground caverns, with the stability of the caverns depending on their depth, width, and the strength of the overlying formations. Following the collapse of two brine wells in 2008, OCD examined the causes of the collapses and identified the Carlsbad brine well as having similar features to the wells that collapsed.

Unlike the brine wells that collapsed, the Carlsbad brine well is located in a developed urban area and the nearby infrastructure and facilities that could be impacted by a collapse include a mobile home park, a place of worship, a feed store, two highways (US 285 and US 180/62), a BNSF Railway facility, and Carlsbad Irrigation District’s Southern Main canal. Both highways are designated Waste Isolation Pilot Plant (WIPP) transportation routes. A collapse of the brine well will also adversely impact groundwater, surface habitat, and a vital aquifer.

The Carlsbad Brine Well Remediation Fund (Fund) was established by the Legislature in 2017. NMSA 1978, §75-11-2. The fund is administered by EMNRD and is to be used by the EMNRD Oil Conservation Division (OCD) “to remediate the Carlsbad brine well”. The Legislature also established the Carlsbad Brine Well Remediation Advisory Authority (Advisory Authority) to advise the OCD on the remediation of the brine well. NMSA 1978, §75-11-1(B).

CJ/jle