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HOUSE BILL 30

56TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2024

INTRODUCED BY

Debra M. Sariñana and Tara L. Lujan

AN ACT

RELATING TO NATURAL RESOURCES; PROHIBITING CERTAIN USES OF FRESH WATER IN OIL AND GAS OPERATIONS; REQUIRING AN ANNUAL WATER USE REPORT; ALPHABETIZING DEFINITIONS AND ADDING DEFINITIONS FOR "FRESH WATER", "RECYCLED PRODUCED WATER", "TREATED PRODUCED WATER" AND "WATER POLLUTION" TO THE OIL AND GAS ACT.

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

SECTION 1. A new section of the Oil and Gas Act is enacted to read:

"[NEW MATERIAL] FRESH WATER USE--PROHIBITION.--

A. For oil and gas well drilling and development at depths lower than fresh water zones, an operator shall use produced water, recycled produced water or treated produced water in lieu of fresh water.

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1 B. Use of fresh water in contravention of this
2 section is a violation of the Oil and Gas Act."

3 SECTION 2. Section 70-2-33 NMSA 1978 (being Laws 1935,
4 Chapter 72, Section 24, as amended) is recompiled as Section
5 70-2-1.1 NMSA 1978 and is amended to read:

6 "70-2-1.1. DEFINITIONS.--As used in the Oil and Gas Act:

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

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

11 ~~(2) the United States or any agency or~~
12 ~~instrumentality thereof or the state or any political~~
13 ~~subdivision thereof;~~

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

19 ~~"Pool" is synonymous with "common source of supply" and with~~
20 ~~"common reservoir";~~

21 ~~C. "field" means the general area that is underlaid~~
22 ~~or appears to be underlaid by at least one pool and also~~
23 ~~includes the underground reservoir or reservoirs containing the~~
24 ~~crude petroleum oil or natural gas or both. The words "field"~~
25 ~~and "pool" mean the same thing when only one underground~~

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1 ~~reservoir is involved; however, "field", unlike "pool", may~~
2 ~~relate to two or more pools;~~

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

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

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

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

22 ~~H. "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,~~

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

9 J. ~~"casinghead gas" means any gas or vapor or both~~
10 ~~indigenous to an oil stratum and produced from such stratum~~
11 ~~with oil, including any residue gas remaining after the~~
12 ~~processing of casinghead gas to remove its liquid components;~~

13 K. ~~"produced water" means a fluid that is an~~
14 ~~incidental byproduct from drilling for or the production of oil~~
15 ~~and gas;~~

16 L. ~~"commission" means the oil conservation~~
17 ~~commission; and~~

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

20 A. "casinghead gas" means any gas or vapor or both
21 indigenous to an oil stratum and produced from such stratum
22 with oil, including any residue gas remaining after the
23 processing of casinghead gas to remove its liquid components;

24 B. "commission" means the oil conservation
25 commission;

1 C. "correlative rights" means the opportunity
2 afforded, so far as it is practicable to do so, to the owner of
3 each property in a pool to produce without waste the owner's
4 just and equitable share of the oil or gas or both in the pool,
5 being an amount, so far as can be practicably determined and so
6 far as can be practicably obtained without waste, substantially
7 in the proportion that the quantity of recoverable oil or gas
8 or both under the property bears to the total recoverable oil
9 or gas or both in the pool and, for such purpose, to use the
10 owner's just and equitable share of the reservoir energy;

11 D. "division" means the oil conservation division
12 of the energy, minerals and natural resources department;

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

20 F. "fresh water" means:

21 (1) water and underground waters containing
22 less than ten thousand milligrams per liter of total dissolved
23 solids;

24 (2) water in lakes and playas, regardless of
25 quality, unless the water exceeds ten thousand milligrams per

1 liter of total dissolved solids and it can be shown that
2 degradation of the particular water body will not adversely
3 affect hydrologically connected fresh ground water; and

4 (3) the surface waters of streams regardless
5 of the water quality within a given reach;

6 G. "gas transportation facility" means a pipeline
7 in operation serving gas wells for the transportation of
8 natural gas or some other device or equipment in like operation
9 whereby natural gas produced from gas wells connected therewith
10 can be transported or used for consumption;

11 H. "owner" means the person who has the right to
12 drill into and to produce from a pool and to appropriate the
13 production either for the person or for the person and another;

14 I. "person" means:

15 (1) an individual, estate, trust, receiver,
16 cooperative association, club, corporation, company, firm,
17 partnership, joint venture, syndicate or other entity; or

18 (2) the United States or any agency or
19 instrumentality thereof or the state or any political
20 subdivision thereof;

21 J. "pool" means an underground reservoir containing
22 a common accumulation of crude petroleum oil or natural gas or
23 both. Each zone of a general structure, which zone is
24 completely separate from any other zone in the structure, is
25 covered by the word "pool" as used in the Oil and Gas Act.

1 "Pool" is synonymous with "common source of supply" and with
2 "common reservoir";

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

5 L. "produced water" means a fluid that is an
6 incidental byproduct from drilling for or the production of oil
7 and gas;

8 M. "producer" means the owner of a well capable of
9 producing oil or natural gas or both in paying quantities;

10 N. "product" means any commodity or thing made or
11 manufactured from crude petroleum oil or natural gas and all
12 derivatives of crude petroleum oil or natural gas, including
13 refined crude oil, crude tops, topped crude, processed crude
14 petroleum, residue from crude petroleum, cracking stock,
15 uncracked fuel oil, treated crude oil, fuel oil, residuum, gas
16 oil, naphtha, distillate, gasoline, kerosene, benzine, wash
17 oil, waste oil, lubricating oil and blends or mixtures of crude
18 petroleum oil or natural gas or any derivative thereof;

19 O. "recycled produced water" means produced water
20 that is reconditioned by a recycling facility permitted by the
21 division;

22 P. "treated produced water" means produced water
23 that is reconditioned by mechanical or chemical processes into
24 a reusable form; and

25 Q. "water pollution" means the introduction into

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1 water, either directly or indirectly, of any substance that
2 could alter the physical, chemical, biological or radiological
3 qualities of the water in such quantity and of such duration as
4 may with reasonable probability injure human health, animal or
5 plant life or property, or unreasonably interfere with the
6 public welfare or the use of property."

7 SECTION 3. A new section of the Oil and Gas Act is
8 enacted to read:

9 "[NEW MATERIAL] WATER USE REPORT.--

10 A. An operator drilling, developing or recompleting
11 a well shall submit an annual water use report to the division
12 prior to October 1 of each year. A water use report shall:

13 (1) provide complete information on the type,
14 volume and origins of fresh water, recycled produced water and
15 treated produced water used in the oil and gas operation;

16 (2) specify the depth of the drilling and the
17 fresh water zone in the area of the drilling; and

18 (3) specify whether fresh water, recycled
19 produced water or treated produced water was used for drilling
20 and the volume and origin of each water used.

21 B. The division shall review a water use report for
22 completeness and accuracy and notify the operator of any
23 deficiencies. Within thirty days of an operator's receipt of
24 the division's notification that the water use report is
25 deficient, the operator shall submit to the division any

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1 additional information required by the division.

2 C. The division shall post an operator's water use
3 report on the division's website."

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