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SENATE BILL

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

INTRODUCED BY

Gerald Ortiz y Pino and Patricia Roybal Caballero

AN ACT

RELATING TO GEOTHERMAL RESOURCES; AMENDING THE DUTIES OF THE ENERGY CONSERVATION AND MANAGEMENT DIVISION OF THE ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT; CREATING THE GEOTHERMAL PROJECTS DEVELOPMENT FUND; AUTHORIZING GRANTS; CREATING THE GEOTHERMAL PROJECTS REVOLVING LOAN FUND; AUTHORIZING LOANS; MAKING APPROPRIATIONS.

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

SECTION 1. Section 71-9-1 NMSA 1978 (being Laws 2016, Chapter 71, Section 1 and Laws 2016, Chapter 78, Section 1) is amended to read:

"71-9-1. SHORT TITLE.--~~[Sections 1 through 11 of this act]~~ Chapter 71, Article 9 NMSA 1978 may be cited as the "Geothermal Resources Development Act"."

SECTION 2. Section 71-9-3 NMSA 1978 (being Laws 2016,

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1 Chapter 71, Section 3 and Laws 2016, Chapter 78, Section 3) is  
2 amended to read:

3 "71-9-3. DEFINITIONS.--As used in the Geothermal  
4 Resources Development Act:

5 A. "correlative rights" means the opportunity  
6 afforded, insofar as is practicable, to each owner or  
7 leaseholder in a geothermal reservoir to produce the owner's or  
8 leaseholder's just and equitable share of the geothermal  
9 resources within such reservoir, being an amount, so far as can  
10 be practicably determined and so far as can be practicably  
11 obtained without waste, substantially in the proportion that  
12 the recoverable geothermal resources of such ownership or lease  
13 interest bear to the total recoverable geothermal resources in  
14 the reservoir and, for such purpose, to use the owner's or  
15 leaseholder's just and equitable share of the natural heat or  
16 energy in the reservoir;

17 B. "division" means the energy conservation and  
18 management division of the energy, minerals and natural  
19 resources department;

20 C. "geothermal development project" means a project  
21 using the heat of the earth above one hundred degrees  
22 Fahrenheit to generate electricity or otherwise support  
23 industrial, commercial or residential uses;

24 ~~[G.]~~ D. "geothermal reservoir" means an underground  
25 reservoir containing geothermal resources, whether the fluids

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1 in the reservoir are native to the reservoir or flow into or  
2 are injected into the reservoir;

3 ~~[D.]~~ E. "geothermal resources" means the natural  
4 heat of the earth in excess of two hundred fifty degrees  
5 Fahrenheit, or the energy, in whatever form, below the surface  
6 of the earth present in, resulting from, created by or that may  
7 be extracted from this natural heat in excess of two hundred  
8 fifty degrees Fahrenheit, and all minerals in solution or other  
9 products obtained from naturally heated fluids, brines,  
10 associated gases and steam, in whatever form, found below the  
11 surface of the earth, but excluding oil, hydrocarbon gas and  
12 other hydrocarbon substances and excluding the heating and  
13 cooling capacity of the earth not resulting from the natural  
14 heat of the earth in excess of two hundred fifty degrees  
15 Fahrenheit, as may be used for the heating and cooling of  
16 buildings through an on-site geo-exchange heat pump or similar  
17 on-site system; and

18 ~~[E.]~~ F. "person" means an individual or other legal  
19 entity, including federal, state or local governments or their  
20 agents or instrumentalities."

21 **SECTION 3.** Section 71-9-5 NMSA 1978 (being Laws 2016,  
22 Chapter 71, Section 5 and Laws 2016, Chapter 78, Section 5) is  
23 amended to read:

24 "71-9-5. GENERAL DUTIES, JURISDICTION AND AUTHORITY OF  
25 THE DIVISION.--

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1           A. The division shall regulate the exploration,  
2 development and production of geothermal resources on public  
3 and private land for the purposes of conservation; protection  
4 of correlative rights; protection of life, health, property,  
5 natural resources, the environment and the public welfare; and  
6 encouraging maximum economic recovery of the geothermal  
7 resources. The division may require persons seeking to  
8 explore, develop or produce geothermal resources to obtain  
9 permits from the division.

10           B. The division has jurisdiction over all matters  
11 relating to the exploration, development and production of  
12 geothermal resources. It has jurisdiction, authority and  
13 control of all persons, matters and things necessary or proper  
14 to enforce effectively the provisions of the Geothermal  
15 Resources Development Act, including making investigations and  
16 inspections of geothermal projects, facilities and wells.

17           C. The division may limit and allocate production  
18 of geothermal resources as needed to prevent waste whenever the  
19 total amount of geothermal resources that may be produced from  
20 a geothermal reservoir is limited. The division shall allocate  
21 and distribute the allowable production, insofar as is  
22 practicable, to afford each ownership or lease interest in a  
23 geothermal reservoir the opportunity to produce its just and  
24 equitable share of the geothermal resources in the reservoir.

25           D. The division shall have exclusive authority to

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1 regulate injection into geothermal wells pursuant to the  
2 Geothermal Resources Development Act and shall have exclusive  
3 authority over matters related to the protection of natural  
4 resources, property, health and public welfare as they relate  
5 to geothermal injection wells.

6 E. The division shall:

7 (1) administer laws and rules relating  
8 to geothermal resources, except those laws specifically  
9 administered by another authority;

10 (2) administer the geothermal projects  
11 development fund and geothermal projects revolving loan fund  
12 and ensure that all applicable state economic development  
13 incentive programs are used for grants and loans from those  
14 funds;

15 (3) apply for federal grants related to  
16 geothermal resources development; and

17 (4) foster the growth of geothermal  
18 resources in New Mexico."

19 SECTION 4. A new section of the Geothermal Resources  
20 Development Act is enacted to read:

21 "[NEW MATERIAL] GEOTHERMAL PROJECTS DEVELOPMENT FUND  
22 CREATED--STUDY GRANTS--PROJECT GRANTS--ANNUAL REPORT.--

23 A. The "geothermal projects development fund" is  
24 created in the state treasury. The fund consists of  
25 appropriations, income from investment of the fund and any

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1 other money distributed or otherwise allocated to the fund.  
2 Balances in the fund at the end of any fiscal year shall not  
3 revert to the general fund. The division shall administer the  
4 fund. Money in the fund is subject to appropriation by the  
5 legislature.

6 B. Money in the geothermal projects development  
7 fund may be used to make grants of up to two hundred fifty  
8 thousand dollars (\$250,000) for the purposes of studying the  
9 costs and benefits of a proposed geothermal development project  
10 as approved by the secretary of energy, minerals and natural  
11 resources.

12 C. Money in the geothermal projects development  
13 fund may be used to provide grants for financing a geothermal  
14 development project approved by the secretary of energy,  
15 minerals and natural resources.

16 D. Except as provided in Subsection E of this  
17 section, money in the geothermal projects development fund may  
18 be used pursuant to Subsections B and C of this section only  
19 for grants to a political subdivision of the state or to a  
20 state university for a geothermal development project.

21 E. Money in the geothermal projects development  
22 fund may be used for grants to an Indian nation, tribe or  
23 pueblo for the development of a geothermal development project  
24 only if the grant application is approved by the secretary of  
25 energy, minerals and natural resources.

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1           F. Geothermal development projects approved for a  
2 grant by the secretary of energy, minerals and natural  
3 resources under this section shall not be exempt from any  
4 required permits or permissions under New Mexico or United  
5 States law.

6           G. Money in the geothermal projects development  
7 fund may be used for administrative and reimbursable costs  
8 incurred by the energy, minerals and natural resources  
9 department.

10           H. Disbursements from the geothermal projects  
11 development fund shall be made by warrant of the secretary of  
12 finance and administration pursuant to vouchers signed by the  
13 secretary of energy, minerals and natural resources or the  
14 secretary's authorized representative.

15           I. By December 1, 2024, and by December 1 of each  
16 year thereafter, the secretary of energy, minerals and natural  
17 resources shall provide a report to the governor, the  
18 legislative finance committee and the library of the  
19 legislative council service regarding:

20                   (1) grants approved by the secretary pursuant  
21 to Subsections B and C of this section;

22                   (2) the status of studies funded in part by  
23 grants made pursuant to Subsection B of this section;

24                   (3) the status of projects funded in part by  
25 grants made pursuant to Subsection C of this section;

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1 (4) money used for administrative and  
2 reimbursable costs pursuant to Subsection G of this section;  
3 and

4 (5) the status of the geothermal projects  
5 development fund."

6 SECTION 5. A new section of the Geothermal Resources  
7 Development Act is enacted to read:

8 "[NEW MATERIAL] GEOTHERMAL PROJECTS REVOLVING LOAN FUND  
9 CREATED--PROJECT LOANS--ANNUAL REPORT.--

10 A. The "geothermal projects revolving loan fund" is  
11 created in the state treasury. The fund consists of  
12 appropriations, federal funds received for the purpose of  
13 making loans, repayment of loans and interest, gifts, grants  
14 and donations made to the fund. Income from the fund shall be  
15 credited to the fund, and money in the fund shall not revert or  
16 be transferred to any other fund at the end of a fiscal year.  
17 The division shall administer the fund. Money in the fund is  
18 subject to appropriation by the legislature.

19 B. Money in the geothermal projects revolving loan  
20 fund may be used to provide revolving loans to political  
21 subdivisions of the state, state universities, Indian nations,  
22 tribes or pueblos, nonprofit organizations and private entities  
23 for financing a geothermal development project approved by the  
24 secretary of energy, minerals and natural resources. Loans  
25 from the fund are to be made at the lowest legally permissible

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1 interest rates.

2 C. Geothermal development projects approved for a  
3 loan by the secretary of energy, minerals and natural resources  
4 under this section shall not be exempt from any required  
5 permits or permissions under New Mexico or United States law.

6 D. Money in the geothermal projects revolving loan  
7 fund may be used for administrative and reimbursable costs  
8 incurred by the energy, minerals and natural resources  
9 department.

10 E. Disbursements from the geothermal projects  
11 revolving loan fund shall be made by warrant of the secretary  
12 of finance and administration pursuant to vouchers signed by  
13 the secretary of energy, minerals and natural resources or the  
14 secretary's authorized representative.

15 F. By December 1, 2024, and by December 1 of each  
16 year thereafter, the secretary of energy, minerals and natural  
17 resources shall provide a report to the governor, the  
18 legislative finance committee and the library of the  
19 legislative council service regarding:

20 (1) loans approved by the secretary pursuant  
21 to Subsection B of this section;

22 (2) the status of repayment obligations for  
23 revolving loans made pursuant to Subsection B of this section;

24 (3) money used for administrative and  
25 reimbursable costs pursuant to Subsection D of this section;

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1 and

2 (4) the status of the geothermal projects  
3 revolving loan fund."

4 SECTION 6. APPROPRIATIONS.--

5 A. Six hundred thousand dollars (\$600,000) is  
6 appropriated from the general fund to the energy, minerals and  
7 natural resources department for expenditure in fiscal year  
8 2025 for staffing and other operational expenses to carry out  
9 the duties of the Geothermal Resources Development Act and to  
10 administer the geothermal projects development fund and the  
11 geothermal projects revolving loan fund. Any unexpended or  
12 unencumbered balance remaining at the end of fiscal year 2025  
13 shall revert to the general fund.

14 B. Ten million dollars (\$10,000,000) is  
15 appropriated from the general fund to the geothermal projects  
16 development fund for expenditure in fiscal year 2025 and  
17 subsequent fiscal years to fund geothermal development  
18 projects. Any unexpended or unencumbered balance remaining at  
19 the end of a fiscal year shall not revert to the general fund.

20 C. Fifteen million dollars (\$15,000,000) is  
21 appropriated from the general fund to the geothermal projects  
22 revolving loan fund for expenditure in fiscal year 2025 and  
23 subsequent fiscal years to fund geothermal development  
24 projects. Any unexpended or unencumbered balance remaining at  
25 the end of a fiscal year shall not revert to the general fund.

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SECTION 7. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2024.