

<b>LFC Requester:</b>	<b>Davidson</b>
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**AGENCY BILL ANALYSIS - 2025 REGULAR SESSION**

**WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO**

**[AgencyAnalysis.nmlegis.gov](http://AgencyAnalysis.nmlegis.gov) and email to [billanalysis@dfa.nm.gov](mailto:billanalysis@dfa.nm.gov)**

*(Analysis must be uploaded as a PDF)*

**SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** January 16, 2025 *Check all that apply:*  
**Bill Number:** HB 35 Original  Correction   
 Amendment  Substitute

**Sponsor:** Debra M. Sariñana **Agency Name and Code** Environment Department, 66700  
Oil and Gas Act Amendments – **Number:** \_\_\_\_\_  
Health Protection Zones **Person Writing** Jonas Armstrong  
**Short Title:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** Jonas.armstrong2@en.v.nm.gov

**ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)**

	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>3 Year Total Cost</b>	<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>Total</b>		\$125.0	\$125.0	\$375.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:  
 Duplicates/Relates to Appropriation in the General Appropriation Act

**SECTION III: NARRATIVE**

**BILL SUMMARY**

Synopsis: House Bill 35 (HB 35) restricts oil and gas operations near elementary, middle, and high schools (known as “children’s health protection zones” in the bill), requires operators to create a protection zone inventory and map, requires operators to develop and implement a leak response and detection plan and alarm response protocol, requires water quality sampling and testing, and suspends operations in children’s health protection zones that are in violation of the air quality control act.

**FISCAL IMPLICATIONS**

The New Mexico Environment Department would create one new position at an estimated cost of \$125,000 annually to monitor the water quality data reported under this bill. The New Mexico Environment Department would require additional funding to create, fill, and sustain the

additional FTE. Without additional funding, the Department would not have available staff and resources to implement without taking resources from other areas of key duties.

## **SIGNIFICANT ISSUES**

### **PERFORMANCE IMPLICATIONS**

None.

### **ADMINISTRATIVE IMPLICATIONS**

None.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 33 creates Children Protection Zones in oil and gas and restricts air emissions in these zones. Definition of Children Protection Zones in both are the same. HB 33 does not duplicate HB 35, but appears to be a companion.

### **TECHNICAL ISSUES**

None.

### **OTHER SUBSTANTIVE ISSUES**

The Oil Conservation Commission should coordinate with the Environment Department – Water Protection Division to confirm water quality testing parameters (i.e., “water contaminants identified as a toxic pollutant by the Water Quality Control Commission...”).

## **ALTERNATIVES**

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

Operators will not be required to create a protection zone inventory and map, to develop and implement a leak response and detection plan and alarm response protocol, to perform water quality sampling and testing, or suspend operations in children’s health protection zones

## **AMENDMENTS**

The Environment Department recommends the following changes:

### **Rulemaking should be handled jointly by OCC and EIB**

Changes to text:

P10, lines 16 and 17: “The commission and environmental improvement board shall jointly adopt.”

*NB also on P20, line 23: addressed by revisions above, but if we decided to discard those, revise to ‘jointly adopt.’*

### **Penalty cap should be increased**

Changes to text:

P13, line 12: “exceed three million dollars (\$3,000,000);” the penalty shall be \$3M or a percent of their net worth (whichever is larger).

### **Remove duplicative notice requirements**

Changes to text:

Remove Section 4(G), P17, lines 6-10

### **Clarify water testing requirements:**

Changes to text:

P20, line 4: "...property. An operator shall conduct water sampling and testing in accordance with the requirements stipulated in NMSA 70-2-XX (Section 9 of this bill), Subsection B and shall file..."

### **NMED/EIB should handle emissions detection**

Rationale: OCD handling these would require new bureau and create start-up and recurring costs; NMED has existing expertise and would require less additional cost

Changes to text:

P20, lines 22-24: strike "the division" and replace with "the environment department"...T

P20 line 23: strike "division" and replace with "the environment department" and strike language about "in consultation with and with concurrent of environmental improvement board..."

P22, line 4: add "environment department and..." after the word division

P22, line 20: strike "division" and replace with "environment department"

P23, lines 2 and 7: strike "division" and replace with "environment department"

P26, lines 15: add environment department after the word division.

P26, line 17: after testing, add "including documentation of the water quality sampling and testing procedures."

P26, Line 19: add and environment department after division.

P26, Line 25 thru Page 27, Line3: Delete this section.

P27, lines 19 and 20: add "and the environment department" after the word "division"

P27, Line 5: add wells after the word water.

P27, Line 10 and 11: delete "and the water does not have a beneficial use." And replace with "or ground water that has a total dissolved solids concentration of 10,001 mg/l or more."

P28, line 12: Add "and the Environment Department" after the word "division."