

STAFF REPORTS

NEW MEXICO GOVERNMENT AFFAIRS,
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January and February of the first quarter were busy as the second session of the 54th New Mexico Legislative session was taking place. This being a 30 day session it was limited to fiscal matters and those issues the Governor asked the legislature to consider.

Regarding legislation that was related to the industry, here is a brief synopsis:

Passed:

The legislature did not pass any significant legislation specific to the oil and gas industry.

Failed to Pass:

House Bill 293 – NMED Greenhouse Gas Evaluations - HB 293, sponsored by Rep. Matthew McQueen (D-Santa Fe) had its only hearing in the House Energy, Environment and Natural Resources Committee. The legislation would have appropriated \$150,000 to the New Mexico Environment Department (NMED) to finalize the evaluation of emissions trends and proposed policies to reduce carbon dioxide and other greenhouse gas emissions.

During the hearing, several members of the audience were in support of the bill including the Sierra Club, Conservation Voters of New Mexico, and the Public Regulation Commission. The supporters of the bill stated they believed it would help efforts to protect the environment and combat climate change. No one from the audience spoke in opposition.

Rep. Larry Scott (R-Hobbs) expressed concerns that even though the bill stated the task force would evaluate ‘market based opportunities,’ it would not consider major opportunities because of a prejudice against oil and natural gas development. Rep. Scott specifically asked about selling CO₂ to Occidental Petroleum. Rep. McQueen stated this was just a study and that they would analyze all opportunities, including using CO₂ for enhanced oil recovery, as proposed by Occidental Petroleum, which he said would be a market-based opportunity.

The bill was passed in the House Energy, Environment and Natural Resources Committee but never received a second hearing in the House Appropriations and Finance Committee to which it was also referred.

House Bill 318 – Oil and Gas Tax Changes – HB 318, sponsored by Rep. James Strickler (R-Farmington), sought to create a temporary tax differential for oil produced from a qualified enhanced oil recovery project that uses anthropogenic carbon dioxide to displace oil. The bill also created a definition for “anthropogenic carbon dioxide.”

The sponsor spent a considerable amount of time explaining to the members of the House Energy, Environment and Natural Resources Committee how things are taxed and metered during the bill’s first and only committee hearing. The bill was heard in the final days of the session and was ultimately tabled with the expressed interest to bring it back up next year.

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House Memorial 29 – Energy Operation Bonding Amounts – HM 29, sponsored by Rep. Matthew McQueen (D-Santa Fe), requested that the New Mexico State Land Office (SLO), the Energy, Minerals and Natural Resources Department (EMNRD), and the New Mexico Environment Department (NMED) conduct a bond adequacy review and provide recommendations to adjust bonding amounts to cover “reasonably anticipated” remediation and reclamation costs and lease obligations “for energy-related and oil-and-gas extraction-related activities.”

The memorial was never heard on the House floor after passing its one and only committee hearing along party lines (8-4) in the House Energy, Environment and Natural Resources Committee.

Senate Bill 180 – Fees for Used Oil Businesses - SB 180, sponsored by Sen. Liz Stefanics (D-Santa Fe), was heard in only one committee, the Senate Conservation Committee. If passed, SB 180 would have amended the Hazardous Waste Act (HWA) to allow the Environmental Improvement Board (EIB) to include used oil generators in the hazardous waste fee rules. The bill would also increase the maximum civil penalty amounts that the Environment Department (NMED) can assess for violations of hazardous waste management rules.

Although the bill passed the Senate Conservation Committee, there was significant debate about whether the language of the bill was clear about the use of fees and how penalties would be assessed. The Secretary of the NMED, James Kenney, appeared as the expert witness and stated to members that the department did not intend to assess the maximum penalties requested, but did think that they needed to be updated.

The bill was never heard in the other two Senate committees to which it was referred.

PBPA was also in committee in support of several road funding bills directed to road improvements in southeast New Mexico. We also stood in support of a “construction management” bill that Sec. Sandoval was advocating to speed up the bid process on road construction.

Needless to say March brought about different challenges with COVID-19. Governor Lujan Grisham was one of the first Governors to call for a statewide stay in place, general at first and then becoming more restrictive including a mandatory 14-day quarantine for persons flying into NM from out of state.

Throughout these different orders, PBPA has been in direct contact with the Governor’s office as well as the regulatory agencies in order to protect the industry and keeping employees working without undue restrictions.