

**STATE OF NEW MEXICO
NEW MEXICO OIL CONSERVATION COMMISSION**

**IN THE MATTER OF PROPOSED
AMENDMENTS TO 19.15.2, 19.15.5,
19.15.8, 19.15.9, AND 19.15.25 NMAC**

CASE NO. 24683

**COMMISSIONER OF PUBLIC LANDS' AND NEW MEXICO STATE LAND OFFICE'S
POST-HEARING STATEMENT**

Stephanie Garcia Richard, Commissioner of Public Lands of the State of New Mexico, and the New Mexico State Land Office (“State Land Office”), through undersigned counsel, submits this post-hearing statement.

I. Applicants’ Proposed Rule Amendments Should be Adopted in Their Entirety

Applicants established through an exhaustive, multi-week evidentiary hearing that: (1) there is an urgent need to provide the Oil Conservation Division (“OCD”) with additional regulatory tools to address pervasive compliance problems plaguing the oil and gas industry, including an excessive number of inactive wells; (2) financial assurance requirements should be adjusted to match current facts – both the scope of the inactive well problem and the cost of plugging inactive wells and remedying other compliance deficiencies; (3) imposing additional financial assurance requirements on operators who are causing active compliance problems is equitable and necessary; and (4) imposing more carefully tailored guardrails on the transfer of wells from one operator to another will help OCD, the State Land Office and other landowners, and the oil and gas industry alike to reduce future compliance problems. Applicants’ proposed rule amendments are carefully tailored to protect New Mexico’s natural resources and to provide OCD with better oversight over irresponsible and high-risk operators, and the burdens the amendments would impose on industry are modest and proportionate. The rule amendments are

the product not only of extensive proceedings but also of painstaking negotiation between Applicants, OCD, and industry. The State Land Office urges the Commission to adopt Applicants' proposed amendments.

II. The Passage of HB80 Does Not Materially Affect the Proposed Rule Revisions

In the most recent (2026) legislative session, the Legislature approved – and the Governor signed – HB80. Effective July 2027, the bill increases the amount of a severance tax on oil and gas production (*see* NMSA 1978, § 7-30-4) that is distributed to the Oil and Gas Reclamation Fund, from just under 20% to (depending on year) between 50% -100%. HB80 also provides modest amendments to the administration and use of the Fund.

Notably, the Governor's bill signing message makes clear that HB80 provides another useful tool for addressing the ongoing problem of inactive wells and related harms (such as unremediated oil and wastewater spills), but does not in any way displace oil and gas companies' duties to operate responsibly: "I want to make abundantly clear that the work of plugging orphaned wells cannot wait until the phased-in distributions begin. I expect well owners (including those in the Legislature) to fulfill their responsibility in managing their assets as well as avoiding any potential conflicts of interest with businesses related to well plugging or environmental remediation." *See* House Executive Message No. 92, at 1 (attached). HB80's provision of additional funding for true orphan wells in no way diminishes the urgency of adopting Applicants' rule amendments – the efforts are complementary and not in competition or tension.

For the foregoing reasons, the State Land Office respectfully requests that the Commission adopt Applicants' proposed rule amendments in their entirety.

Respectfully submitted,

/s/ Ari Biernoff

Ari Biernoff
General Counsel
New Mexico State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
(505) 699-1519
abiernoff@nmslo.gov

*Attorney for Commissioner of Public Lands
Stephanie Garcia Richard and
New Mexico State Land Office*

Certificate of Service

I certify that on April 3, 2026, I served a copy of the foregoing to the following via email:

Tannis Fox
Morgan O’Grady
Western Environmental Law Center
409 East Palace Avenue, #2
Santa Fe, NM 87501
fox@westernlaw.org
ogradey@westernlaw.org

*Attorneys for Applicants Western
Environmental Law Center, Citizens Caring
for the Future, Conservation Voters New
Mexico Education Fund, Diné C.A.R.E.,
Earthworks, Naeva, New Mexico Interfaith
Power and Light, Sierra Club, and
WildEarth Guardians*

Jesse Tremaine
Chris Moander
Michael Hall
Assistant General Counsels
New Mexico Energy, Minerals, and
Natural Resources Department
1220 South St. Francis Drive
Santa Fe, NM 87505
jessek.tremaine@emnrd.nm.gov
chris.moander@emnrd.nm.gov
michael.hall@emnrd.nm.gov

Attorneys for Oil Conservation Division

Michael H. Feldewert
Adam G. Rankin
Paula M. Vance
Holland & Hart, LLP
P.O. Box 2208
Santa Fe, NM 87504
mfeldewert@hollandhart.com
agrankin@hollandhart.com
pmvance@hollandhart.com

Aaron B. Tucker
Holland & Hart, LLP
555 17th Street, Suite 3200,
Denver, CO 80202
abtucker@hollandhart.com

Attorneys for OXY USA Inc.

Andrew J. Cloutier
Ann Cox Tripp
Hinkle Shanor LLP
P.O. Box 10
Roswell, NM 88202-0010
acloutier@hinklelawfirm.com

atripp@hinklelawfirm.com

*Attorneys for Independent Petroleum
Association of New Mexico*

Miguel A. Suazo
James Martin
James Parrot
Jacob L. Everhart
Beatty and Wozniak, P.C.
500 Don Gaspar Avenue
Santa Fe, NM 87505
msuazo@bwenergylaw.com
jmartin@bwenergylaw.com
jparrot@bwenergylaw.com
jeverhart@bwenergylaw.com

*Attorneys for New Mexico Oil and
Gas Association*

Jennifer L. Bradfute
Matthias Sayer
Bradfute Sayer P.C.
P.O. Box 90233
Albuquerque, NM 87199
jennifer@bradfutelaw.com
matthias@bradfutelaw.com

Jordan L. Kessler
EOG Resources, Inc.
125 Lincoln Avenue, Suite 213
Santa Fe, NM 87501
Jordan_kessler@eogresources.com

Attorneys for EOG Resources, Inc.

Mariel Nanasi
422 Old Santa Fe Trail
Santa Fe, NM 87501
mnanasi@newenergyeconomy.org
Attorney for New Energy Economy

Nicholas R. Maxwell
P.O. Box 1064
Hobbs, NM 88241
inspector@sunshineaudit.com

Felicia Orth

Hearing Officer
New Mexico Energy, Minerals, and
Natural Resources Department
Wendell Chino Building
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
Felicia.l.orth@gmail.com

*Oil Conservation Commission Hearing
Officer*

Zachary A. Shandler
Assistant Attorney General
New Mexico Department of Justice
P.O. Box 1508
Santa Fe, New Mexico 87504
zshandler@nm DOJ.gov

Oil Conservation Commission Counsel

Sheila Apodaca
New Mexico Energy, Minerals, and
Natural Resources Department
Wendell Chino Building
1220 South St. Francis Drive
Santa Fe, New Mexico 87505
occ.hearings@emnrd.nm.gov

Oil Conservation Commission Clerk

/s/ Ari Biernoff



State of New Mexico

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2026 MAR 9 PM 5:53

Michelle Lujan Grisham
Governor

March 9, 2026

HOUSE EXECUTIVE MESSAGE NO. 92

The Honorable Javier Martínez, Speaker of the House and
Members of the House of Representatives
State Capitol Building
Santa Fe, New Mexico 87501

Honorable Speaker Martínez and Members of the House:

Pursuant to my authority under Article IV, Section 22 of the New Mexico Constitution, I have signed HOUSE ENERGY, ENVIRONMENT AND NATURAL RESOURCES COMMITTEE SUBSTITUTE FOR HOUSE BILL 80 (“HB 80”), enacted by the Fifty-Seventh Legislature, Second Session, 2026. I must note, however, that New Mexico faces significant and growing financial liabilities for oil and gas well cleanup. While most wells are plugged by operators, the Oil Conservation Division (“OCD”) of the Energy, Minerals and Natural Resources Department must intervene when wells are left inactive and unplugged without authorization. OCD currently has plugging authority for roughly 700 wells on state and private lands, and the State may need to assume responsibility for an additional 1,400 inactive wells. More than 3,000 additional wells are at risk of becoming orphaned. In total, the Legislative Finance Committee estimates New Mexico’s current and anticipated liability for well plugging and site remediation between \$700 million and \$1.6 billion.

While this bill would make significant strides towards putting public money aside for that forecasted liability by increasing the percentage of the revenue from the Oil Conservation Tax towards a non-reverting reclamation fund, I want to make abundantly clear that the work of plugging orphaned wells *cannot wait* until the phased-in distributions begin. I expect well owners (including those in the Legislature) to fulfill their responsibility in managing their assets as well as avoiding any potential conflicts of interest with businesses related to well plugging or environmental remediation.

Respectfully yours,

Handwritten signature of Michelle Lujan Grisham in black ink.
Michelle Lujan Grisham
Governor

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Time: 5:53 a.m. (p.m.)

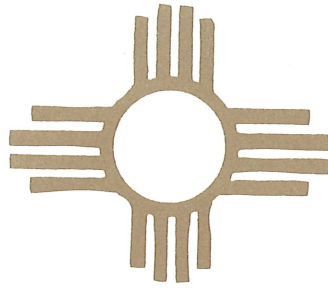
Date: March 9th 2026

By [Signature]
Secretary of State

Time: _____ a.m. p.m.

Date: _____ 2026

By _____
Chief Clerk of the House



The Legislature
of the
State of New Mexico

57th Legislature, 2nd Session

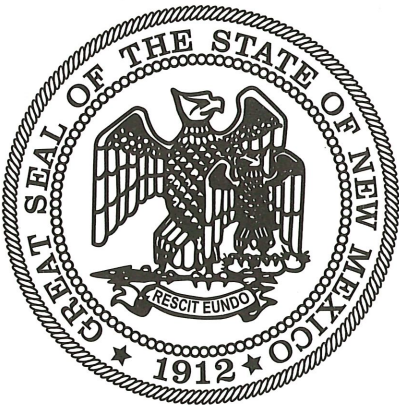
LAWS 2026

CHAPTER 60

HOUSE ENERGY, ENVIRONMENT AND NATURAL RESOURCES
COMMITTEE SUBSTITUTE FOR

HOUSE BILL 80

Introduced by



CHAPTER 60

AN ACT

RELATING TO THE OIL AND GAS RECLAMATION FUND; INCREASING THE AMOUNT OF THE TAX IMPOSED PURSUANT TO THE OIL AND GAS CONSERVATION TAX ACT DISTRIBUTED TO THE FUND; AMENDING HOW MONEY IN THE FUND CAN BE USED; MAKING AN APPROPRIATION.

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

SECTION 1. Section 7-1-6.21 NMSA 1978 (being Laws 1985, Chapter 65, Section 7, as amended) is amended to read:

"7-1-6.21. DISTRIBUTION TO OIL AND GAS RECLAMATION FUND.--A distribution pursuant to Section 7-1-6.20 NMSA 1978 shall be made to the oil and gas reclamation fund in an amount equal to the following percentages of the net receipts attributable to the tax imposed under the Oil and Gas Conservation Tax Act:

A. beginning July 1, 2027 and prior to July 1, 2028, fifty percent;

B. beginning July 1, 2028 and prior to July 1, 2029, seventy-five percent;

C. beginning July 1, 2029 and prior to July 1, 2037, one hundred percent; and

D. beginning July 1, 2037, fifty percent."

SECTION 2. Section 70-2-37 NMSA 1978 (being Laws 1977, Chapter 237, Section 4, as amended) is amended to read:

"70-2-37. OIL AND GAS RECLAMATION FUND CREATED--

1 DISPOSITION OF FUND.--The "oil and gas reclamation fund" is
2 created as a nonreverting fund in the state treasury. In
3 addition to other sources, money in the fund may consist of
4 distributions, appropriations, gifts, grants and donations.
5 The energy, minerals and natural resources department shall
6 administer the fund, and money in the fund is appropriated to
7 that department for use by the division in carrying out the
8 provisions of Section 70-2-38 NMSA 1978."

9 SECTION 3. Section 70-2-38 NMSA 1978 (being Laws 1977,
10 Chapter 237, Section 5, as amended) is amended to read:

11 "70-2-38. OIL AND GAS RECLAMATION FUND ADMINISTERED--
12 PLUGGING WELLS ON FEDERAL LAND--RIGHT OF INDEMNIFICATION--
13 ANNUAL REPORT--CONTRACTORS SELLING EQUIPMENT FOR SALVAGE.--

14 A. Expenditures from the oil and gas reclamation
15 fund may be used by the director of the division for the
16 purposes of:

17 (1) employing the necessary personnel to
18 survey abandoned wells, well sites and associated production
19 facilities;

20 (2) preparing plans for administering and
21 performing the plugging of abandoned wells that have not been
22 plugged or that have been improperly plugged and for the
23 restoration and remediation of abandoned well sites and
24 associated production facilities that have not been properly
25 restored and remediated; and

1 (3) beginning July 1, 2028, supporting
2 statewide education on general energy and the sources and
3 impacts of all energy-related emissions in an amount not to
4 exceed two hundred fifty thousand dollars (\$250,000)
5 annually.

6 B. The director of the division, as funds become
7 available in the oil and gas reclamation fund, shall reclaim
8 and properly plug all abandoned wells and shall restore and
9 remediate abandoned well sites and associated production
10 facilities in accordance with the provisions of the Oil and
11 Gas Act and the rules and regulations promulgated pursuant to
12 that act. The division may order wells plugged and well
13 sites and associated production facilities restored and
14 remediated on federal lands on which there are no bonds
15 running to the benefit of the state in the same manner and in
16 accordance with the same procedure as with wells drilled on
17 state and fee land, including using funds from the oil and
18 gas reclamation fund to pay the cost of plugging. When the
19 costs of plugging a well or restoring and remediating well
20 sites and associated production facilities are paid from the
21 oil and gas reclamation fund, the division is authorized to
22 bring a suit against the operator or district court of the
23 county in which the well is located for indemnification for
24 all costs incurred by the division in plugging the well or
25 restoring and remediating the well site and associated

1 production facilities. Any funds collected pursuant to a
2 judgment in a suit for indemnification brought under the Oil
3 and Gas Act shall be deposited in the oil and gas reclamation
4 fund.

5 C. The director of the division shall make an
6 annual report to the secretary of energy, minerals and
7 natural resources, the governor and the legislature on the
8 use of the oil and gas reclamation fund.

9 D. Contracts for plugging and reclamation and
10 energy education pursuant to this section shall be entered
11 into in accordance with the provisions of the Procurement
12 Code. A contractor employed by the division to plug a well
13 or restore or remediate a well site or associated production
14 facility is authorized to sell the equipment and material or
15 product that is removed from the well, site or facility and
16 to deduct the proceeds of the sales from the costs of
17 plugging, restoring or remediating.

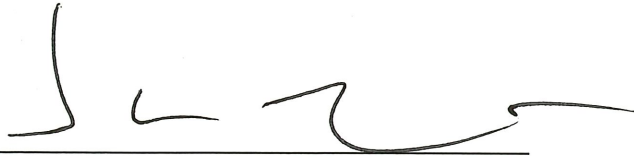
18 E. As used in this section, "associated production
19 facilities" means those facilities used for, intended to be
20 used for or that have been used for the production,
21 treatment, transportation, storage or disposal of oil, gas,
22 brine, product or waste generated during oil and gas
23 operations or used in the production of oil and gas if that
24 facility is, has been or would have been subject to
25 regulation by the division or the commission pursuant to the

1 Oil and Gas Act or the Water Quality Act."

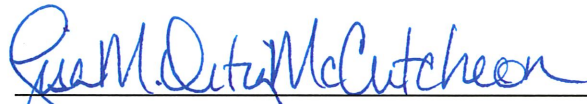
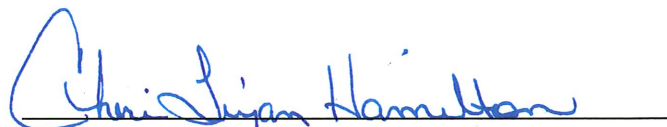
2 SECTION 4. EFFECTIVE DATE.--The effective date of the
3 provisions of this act is July 1, 2027. _____

HENRC/HB 80
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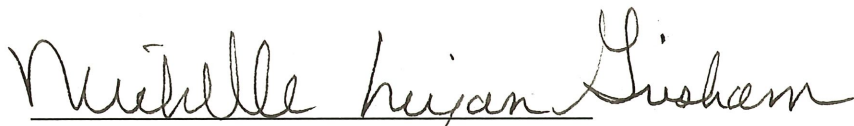
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Javier I. Martínez, Speaker
House of Representatives


Lisa M. Ortiz McCutcheon, Chief Clerk
House of Representatives
Howie C. Morales, President
Senate
Cheri Lujan Hamilton, Chief Clerk
Senate

Approved by me this 9th day of March, 2026


Michelle Lujan Grisham, Governor
State of New Mexico