

HB 286 UPDATE, 2/8/2013

Today in the House Energy Committee, the financial assurance bill (HB 286) that would increase bonding from \$50,000 maximum to \$100,000 minimum plus \$5,000 per well was heard. All mineral owners would then be held liable if the operator is unavailable. The bill also would increase fines for any violation of the Act, order, permit or rule to \$10,000 per day per violation, no cap. If the violation was knowing then the penalty would be \$15,000 per day per violation.

IPANM, Devon, chevron, NMOGA and Concho strongly spoke against the bill. The usual people spoke in favor of the bill on the grounds that this was a modernization of the Oil and Gas Act. The Attorney General sent a representative to be the expert witness on the bill. The bill was requested by the Attorney General.

IPANM raised issues about small operators, stripper wells and the difficulty in holding funds in cash for a well bond. Several democrat members of the committee asked to amend the bill on the grounds they did not want to make mineral owners liable, and the total cost for bonding would be unreasonable, particularly on small operators. The bill was temporarily tabled for amendments and will be heard again next week.