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To: IPANM membership
From: Karin Foster
Re: NM Legislative Session Week two update:

The second week at the Session was not eventful when it came to discussion of oil and gas issues. However, three bills have now introduced in the House that will take significant work to kill.

HB 136, the Fracturing Fluids Disclosure bill will be heard in House Energy this week at 8am. The sponsor claims this bill is identical to that passed in Texas last year with industry support, however, there are several provisions missing. The bill would require reporting of everything that is used in hydraulic stimulation including constituents in water used; It is also unclear why this change to the oil and gas is needed since industry has been reporting since last February.

HB 189, False reporting to the Environment Department would criminalize any misstatements made to the Department up to 15 years in jail; the penalty would be based on the severity of the resulting injury attributable to the misstatement; \$10,000 per day penalty from day of misstatement to the day of judgment.

HB 259, significantly expands the authority of the Natural Resource Trustee to allow her to prosecute for the release of any hydrocarbon that may have an injurious effect on any natural resource, including soils. Creates joint and several liability for transport, disposal and creation of injurious substances on operators, past operator, contractors and transporters.

Thank you. As always, please don't hesitate to call me anytime if you have any questions.

Karin

HOUSE bills

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Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
HB 5		Dept. of Game & Fish Appropriation Act	HHGIC/HAFC	Stewart
Provides additional funding to the NMGFD but amendments in House Ag may have changed the statutory responsibilities of the NMGD to "manage and conserve NM's public wildlife resources and associated habitats for the benefit of the wildlife and for hunters, anglers and other wildlife users. Actions include... providing technical assistance to both public and private landowners and other affected interests"				
HB 19		Status of Water Rights under Lease	HAGC/HJC	Gonzales
	SB 188		SCONC/SJC	Griego
After significant discussion with several water attorneys, this bill might assist in leasing water rights for temporary oil and gas development.				
HB 108		Rules Development Requirements	HHGAC/HJC	Gentry
A regulatory reform effort; this is a good bill that will require state agency to have more public participation in drafting of regulations; hearings and will extend the public comment period to a set 30 days after initial publication of the rule; this last provision is in support of the Governor's efforts for industry in the GHG cases were in the NM Supreme Court held that there is no final public comment provision allowed after the rule is delivered to the State records center.				
HB 124		Modify Vehicle Gross Weight Limits	HTPWC/HJC	White
This is a bill that may impact vehicle transport of oil field waste				
HB 136		Disclosure of Fracturing Fluid Composition	HENRC/HAGC/HJC	Egolf
Hearing scheduled for Wednesday Jan 31st. While the sponsor claims this is the Texas bill it deletes several sections that industry had fought for in Texas. Adds a new section to the Oil and Gas Act to require that operators disclose the composition of HF fluids to the IOGCC or GWPC of all ingredients used regardless if required on an MSDS sheet; require service companies to provide operator with the information; allows for land owner and adjacent landowners, any agency of the state or the federal government to overcome a trade secrets exemption				
HB 189		No false statements to environment department	HENRC/HJC	Egolf
This bill seeks to criminalize misstatements made to the department; a fourth degree felony for a knowing misrepresentation (18 months jail); a third degree felony if the misrepresentation caused an 'adverse impact to the environment' (three years jail) and a second degree felony if the misrepresentation caused serious bodily injury (15 years jail). There is also a \$10,000 per day penalty from the date of the misrepresentation to the date the penalty is imposed. This bill covers any reporting required under the Environmental improvement Act, the air Quality Control Act; Ground WAter Protection Act or the Environmental Compliance Act.				
HB 214		Oversized Oilfield Vehicle Hours of operation	HTPWC/HJC	Roch
Amends Section 66-7-413.6 to allow for 24 hour operations of oilfield equipment transport vehicles with special permits.				

Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
HB 259		Recover Damages for Natural Resource Injuries	HENRC/HJC	Kane
<p>This bill is a power grab by the Natural Resources Trustee to significantly expand her authority; she has recently added the Oil Pollution Act 33 USC §§2701 et seq. to her list of responsibilities; HB 259 expands the definition of 'facility' beyond the scope of CERCLA (42 USC §§9601 et seq) to protect any resource impacted by 'injurious' substances. The bill defines an injurious substance as any hydrocarbon or anything that poses a 'potential hazard to human health or the environment when improperly treated, transported or disposed of; it expands the list of natural resources to protect to include minerals, soils, sediments geologic resources, ground water and all surface water; the bill requires damages paid for any intentional or unintentional release of an injurious substance imposing joint and several liability on the current owner, any past owners, anyone who arranged for release, disposal or treatment of the substance at the facility and anyone who transported to a disposal or treatment facility. The damages assessed include cost of restoration or replacement; value of the resource lost to the public and the full cost of investigating, assessing and collecting damages and enforcing the state's rights.</p>				

SENATE bills

Bill Numbers		Bill Names	Committee Assignments	Sponsors
House	Senate			
		Tax Expenditure & Revenue Budget & Reporting		Varela
	SB 7		SPAC/SFC	Keller
<p>The tax expenditures budget is one that will be fraught with mistakes since the TRD staff does not understand the nature of the Exemptions, Credits and Deductions the Oil and Gas industry receives. Two years ago, the TRD prepared a report claiming that if all 'loopholes' were closed against industry, the State would have hundreds of millions in additional yearly revenue. These falsehoods are the basis for this bill. However, the concept is supported by LFC leadership. The bill has previously been vetoed by both Richardson and Martinez.</p>				
		Corporate Rates and Combined Reporting		
	SB 13		SCORC/SFC	Wirth
<p>A repeat from the last session; including elimination of discretionary opt out with approval from TRD; the bill last year passed the Senate (28-13) and the House (36-33) but was vetoed; This bill amends corporate income tax rates down and requires unitary corporations to file a combined return with their other unitary corporations as though the entire net income were that of one corporation in NM and then pays based on an apportionment formula; effective date 1/14; similar to SB 59</p>				
		Corp. Tax, Reporting, Single Sales & Repeals		
	SB 59		SCORC/SFC	Cisneros
<p>This bill is identical to Wirth's SB 13 except that it adds provisions changing the formula for apportionment of business income from manufacturing; processing natural resources including hydrocarbons is specifically exempt from the manufacturing definition; repeals several tax credits including the rural jobs tax credit and the high wage jobs tax credit.</p>				