

Two bills produce mixed results for conservationists, oil industry

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Call it a tale of two energy bills.

A bill that would have made the [most significant changes in decades](#) to the nearly 90-year-old Oil and Gas Act died on the House floor without a vote, even though Gov. Michelle Lujan Grisham backed it.

But a bill that will create a clean transportation fuel standard made it through the Legislature, mostly along party lines and [not without a fight](#). Lujan Grisham has expressed support for the bill and is expected to sign it.

The fossil fuel industry didn't support either bill. It simply attacked the proposed Oil and Gas Act changes more fervently. That measure would have hit drillers' pocketbooks more directly by raising bonding insurance rates on wells and removing the cap on penalties they would pay for breaking rules.

The outcome of these two bills made advocates for both the industry and the environment feel this legislative session generated mixed results.

Contentious bill dies quietly

The bill that was introduced this year to revise the 1935 fossil fuel law was different in a couple of ways from the version that fell to the wayside last year.

Unlike last year's proposal, this one contained no language calling for climate impacts to be considered in fossil fuel activities. It also had the support of Lujan Grisham, who brought together conservation, community and industry groups as well as state regulators and lawmakers to discuss the changes.

Yet despite this cooperative effort, the version of the bill that went to the first legislative committee hearing stirred spirited opposition from both the industry and environmentalists.

"I think it's fair to say no one is happy," House Energy, Environment and Natural Resources Committee Chairman Matthew McQueen, D-Galisteo, remarked at the beginning of the hearing.

Conservationists were unhappy this version no longer required oil wells to be set back from homes, schools, businesses, institutions and water bodies. Operators and industry representatives decried how the bill would have eliminated the cap on penalties and increased the maximum bonding amounts drillers pay upfront as insurance to \$10 million from the current \$250,000.

These provisions were intended to bolster coverage of wells that could end up abandoned and eventually become "orphaned" — a term used to describe defunct wells a company can't afford to plug and clean up because it's gone bankrupt or out of business.

The state is responsible for plugging orphaned wells on state and private lands and partners with the federal Bureau of Land Management to clean up wells on federal lands.

Opponents said the bill would disproportionately hurt smaller operators. Several business owners said they would either go under or would have to move to a neighboring state.

The legislation to change the Oil and Gas Act “had too many complex issues bundled into one massive bill that would have decimated small producers and dramatically stalled overall future oil and gas production in New Mexico,” Jim Winchester, executive director of the Independent Petroleum Association of New Mexico, wrote in an email. “[Association] members are grateful that the Legislature recognized the overreach of the numerous regulatory proposals packed into this monstrous, activist-driven bill.”

One conservationist lambasted the Democratic-controlled Legislature as again caving to industry.

“Our leadership isn’t willing to stand up to the oil and gas industry to put in basic public health and environmental protection,” Gail Evans, an attorney with the Center for Biological Diversity, said in an interview.

The bill that got to the House floor had been stripped of the setbacks for new oil wells, and the proposed bonding-rate increases had been softened, she said. And yet this “watered-down version” still couldn’t get a House vote, she said.

Of the roughly 75,000 active oil wells in the state, only 800 are within a mile of schools, and these wells would have been grandfathered in, Evans said.

Yet the industry still fought it, and lawmakers acquiesced, she said.

“It seems that in our Roundhouse, if industry is against it, it doesn’t get the votes,” Evans said.

Clean fuels bill makes it

The clean fuels bill is aimed at reducing transportation pollutants that advocates say are bad for the climate and public health, including carbon dioxide, carbon monoxide, sulfur dioxide, particulates and volatile organic compounds.

A system will be established to reward entities that produce fuels that are less carbon-intensive, whether it's biodiesel or electricity to power a fleet of vehicles.

Such producers would earn clean-fuel credits. At the same time, producers of high-carbon fuels like oil would have to either curb their pollution or buy credits from the clean fuel producers or low-polluting utilities.

The bill passed with legislative Republicans unanimously opposed, joined by a handful of rural Democrats. Winchester, the industry advocate, said his concerns with the bill were increased costs to producers getting passed to consumers at the gas pump, as well as other costs that will hurt the overall industry.

Evans is also no fan of the bill, because it allows dirty energy producers to buy credits as so-called offsets instead of making them stop polluting. That's why large operators such as ExxonMobil supported the bill, Evans said. Not having industrywide opposition appeared to give this bill enough momentum to pass, she added.

Group such as Youth United for Climate Crisis Action shared her sentiment, testifying against the bill at committee hearings and arguing fuel producers and vendors shouldn't be allowed to obtain, trade and sell credits to keep polluting. However, more mainstream environmental groups such as Conservation Voters New Mexico and the Natural Resources Defense Council hailed the bill's passage, saying it will greatly help to decarbonize the state's transportation sector.

"I view this as the year of transportation," said Camilla Feibelman, director of Sierra Club's Rio Grande Chapter.