



Office of the Governor

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## **Oil and Gas Transfer Rule Making**

House Bill 257

Sponsors: Reps. Matthew McQueen and Kristina Ortez

### **OVERVIEW**

House Bill 257 strengthens New Mexico's oversight of oil and gas well transfers, ensuring wells change hands only between responsible operators to protect environmental interests and shield taxpayers from abandoned well risks.

This amendment addresses a critical gap in well transfer regulation, ensuring that wells are managed by operators with both the financial capacity and regulatory compliance history to maintain them properly. It represents a significant step toward reducing orphaned wells and protecting state resources.

### **KEY CHANGES**

The bill authorizes the Oil Conservation Division to limit well transfers when:

1. Either the transferor, transferee, or entities owning more than 25% interest have:
  - Outstanding notices of violations of the Oil and Gas Act.
  - Active enforcement actions related to spills/releases.
  - Non-compliance with natural gas capture or reporting requirements.
2. The transferee lacks:
  - The ability to provide adequate financial assurance.
  - Lacks sufficient financial capacity to manage well liabilities based on production projections.

### **BENEFITS**

#### Environmental & Community Protection

- Prevents the release of natural gas that may contain harmful chemicals, such as benzene, from improperly maintained or abandoned wells.
- Reduces the risk of abandoned wells that release unabated methane, a potent greenhouse gas, into the atmosphere.

#### Fiscal Responsibility

- Ensures that operators—not taxpayers—bear the costs of well decommissioning and orphaned well cleanup, reducing the state's financial burden.