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| LFC Requester: | Jonas Armstrong |
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**AGENCY BILL ANALYSIS
2015 REGULAR SESSION**

WITHIN 24 HOURS OF BILL POSTING, EMAIL ANALYSIS TO:

LFC@NMLEGIS.GOV

and

DFA@STATE.NM.US

{Include the bill no. in the email subject line, e.g., HB2, and only attach one bill analysis and related documentation per email message}

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Check all that apply:

Original **Amendment**
Correction **Substitute**

Date February 25, 2015
Bill No: HB 383s

Sponsor: Rep. David Gallegos **Agency Code:** Attorney General's Office - 305
Short Financial Assurance for **Person Writing** Tannis L. Fox, AAG
Title: Abandoned Wells **Phone:** 827-6695 **Email** tfox@nmag.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Nonrecurring | Fund Affected |
|---------------|------|------------------------------|------------------|
| FY15 | FY16 | | |
| | | | |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

| Estimated Revenue | | | Recurring or Nonrecurring | Fund Affected |
|-------------------|------|------|---------------------------------|------------------|
| FY15 | FY16 | FY17 | | |
| | | | | |
| | | | | |

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

| | FY15 | FY16 | FY17 | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected |
|--------------|-------------|-------------|-------------|------------------------------|--------------------------------------|--------------------------|
| Total | | | | | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act:

SECTION III: NARRATIVE

This analysis is neither a formal Attorney General’s Opinion nor an Attorney General’s Advisory Letter. This is a staff analysis in response to an agency’s, committee’s, or legislator’s request.

BILL SUMMARY

Synopsis:

Section 7-20-14 of the Oil and Gas Act allows the Oil Conservation Division to require “one-well financial assurance” for wells that are “held in a temporarily abandoned status for more than two years.” The substitute for HB 383 proposes to amend that section to require OCD to require the “one-well financial assurance,” and to give operators the option of posting “blanket plugging financial assurance.”

HB 383 committee substitute has an emergency clause.

FISCAL IMPLICATIONS N/A

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

SIGNIFICANT ISSUES None

PERFORMANCE IMPLICATIONS N/A

ADMINISTRATIVE IMPLICATIONS N/A

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Companion to SB 442 committee substitute

TECHNICAL ISSUES None identified

OTHER SUBSTANTIVE ISSUES None identified

ALTERNATIVES None identified

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Oil and gas operations will continue to be allowed but not required to post one-well financial assurance for abandoned wells and will not have the option of posting blanket financial assurance.

AMENDMENTS None identified