

HOUSE BILL 361

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

INTRODUCED BY

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AN ACT

RELATING TO NATURAL RESOURCES; PROVIDING THAT THE ENERGY,
MINERALS AND NATURAL RESOURCES DEPARTMENT MAY AUTHORIZE THE
CONVERSION OF AN OIL OR GAS WELL INTO A FACILITY THAT PROVIDES
ENERGY STORAGE OR DEVELOPS GEOTHERMAL ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. A new section of Chapter 71 NMSA 1978 is
enacted to read:

"[NEW MATERIAL] SHORT TITLE.--This act may be cited as the
"Well Repurposing Act"."

SECTION 2. A new section of Chapter 71 NMSA 1978 is
enacted to read:

"[NEW MATERIAL] DEFINITIONS.--As used in the Well
Repurposing Act:

A. "energy storage" means the ability to capture

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1 energy sources at one time for use at a later time;

2 B. "geothermal energy development" means the
3 development of geothermal resources; and

4 C. "geothermal resources" means the natural heat of
5 the earth in excess of two hundred fifty degrees Fahrenheit, or
6 the energy, in whatever form, below the surface of the earth
7 present in, resulting from, created by or that may be extracted
8 from this natural heat in excess of two hundred fifty degrees
9 Fahrenheit, and all minerals in solution or other products
10 obtained from naturally heated fluids, brines, associated gases
11 and steam, in whatever form, found below the surface of the
12 earth, but excluding oil, hydrocarbon gas and other hydrocarbon
13 substances and excluding the heating and cooling capacity of
14 the earth not resulting from the natural heat of the earth in
15 excess of two hundred fifty degrees Fahrenheit, as may be used
16 for the heating and cooling of buildings through an on-site
17 geo-exchange heat pump or similar on-site system."

18 SECTION 3. A new section of Chapter 71 NMSA 1978 is
19 enacted to read:

20 "[NEW MATERIAL] AUTHORIZATION OF OIL OR GAS WELL
21 ~~CONVERSION--ENERGY STORAGE--GEOTHERMAL ENERGY DEVELOPMENT.--~~The
22 energy, minerals and natural resources department may authorize
23 the conversion of an oil or gas well into a facility that
24 provides or supports energy storage or geothermal energy
25 development. When authorizing such a conversion, the

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1 department may establish fees and financial assurance
2 requirements specific to the energy storage or geothermal
3 development uses."

4 SECTION 4. A new section of Chapter 71 NMSA 1978 is
5 enacted to read:

6 "[NEW MATERIAL] WELL REPURPOSED FOR ENERGY STORAGE--
7 BENEFICIAL USE.--

8 A. An oil or gas well that is authorized by the
9 energy, minerals and natural resources department pursuant to
10 the Well Repurposing Act to be used for energy storage and that
11 is actively operated for energy storage shall not be considered
12 an inactive or abandoned well and shall be considered a well
13 that is being used for beneficial purposes.

14 B. If an oil or gas well authorized for energy
15 storage ceases storage operations for twelve months or longer,
16 the well shall be plugged and abandoned pursuant to state law
17 and rules issued by the oil conservation division of the
18 energy, minerals and natural resources department."

19 SECTION 5. EFFECTIVE DATE.--The effective date of the
20 provisions of this act is July 1, 2025.