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RE: Oppose HB 257 Oil and Gas Well Transfer Rulemaking

Mr./Madame Chair and Committee Members:

Better Together New Mexico (BTNM) brings together hundreds of advocacy groups and thousands of New Mexicans statewide. Our mission is to unite New Mexicans through grassroots initiatives and work to positively shape the decisions that affect our lives, families, and communities.

BTNM opposes HB 257 Oil and Gas Well Transfer Rulemaking. This bill seeks to amend the Oil and Gas Act to allow the Oil Conservation Division (OCD) to consider compliance and financial assurance when evaluating oil and gas well transfers. While the intention is to reduce risks from abandoned or orphaned wells, the bill could stop transfers that need to be made, creating even more of a problem the state says it is trying to address.

The bill could create unfair barriers to legitimate asset transfers. This is an inappropriate and unfair issue to be taken up legislatively. We don't see this happening with other business sectors, nor would we want to. Many businesses rely on asset transfers for growth, scalability, and flexibility. By introducing subjective reviews that restrict transfers based on financial entanglements or compliance histories, HB 257 creates uncertainty and could discourage business investment. Smaller operators would face additional challenges than larger companies, potentially stifling competition and innovation.

HB 257 would significantly increase the administrative complexity of well transfers, requiring the OCD to evaluate multiple subjective factors. This would likely lead to delays in business transactions and additional costs for businesses and regulatory agencies. More resources would be needed for oversight, diverting attention from core business operations and slowing down vital projects.

Restricting business transfers could have ripple effects on the broader economy, especially for industries reliant on asset mobility. Smaller operators might struggle to expand or enter the market, potentially leading to fewer jobs and less economic growth.

While HB 257 aims to mitigate risks from abandoned wells, its approach creates unfair barriers to business operations, increases regulatory burdens, and could harm the broader economy. Lawmakers should consider alternative measures that balance environmental protection with a fair and supportive business environment for all industries.

For these reasons, we oppose HB 257 and urge you to vote "NO" on its passage.

Thank you for considering my comments,

A handwritten signature in blue ink that reads 'Carla J. Sonntag'.

Carla J. Sonntag
President and CEO