

Public Comment for the Record

Re: Proposed Amendments to 19.2.100.23 NMAC – Oil and Gas Financial Assurance Rule
New Mexico State Land Office

May 28th, 2026

To the Commissioner and Hearing Officer:

I strongly support the proposed amendments to 19.2.100.23 NMAC regarding oil and gas financial assurance requirements on New Mexico state trust lands.

For decades, New Mexico has allowed an extractive economic model in which private companies extract wealth from public lands while leaving the public with the long-term environmental liabilities, cleanup costs, groundwater contamination risks, and infrastructure burdens. The current bonding structure — as low as \$10,000 per lease under the existing rule — is grossly inadequate and disconnected from the actual costs of plugging, remediation, reclamation, spill response, and long-term monitoring.

The proposed rule finally begins to address that imbalance by increasing the minimum financial assurance requirement to \$150,000 per lease and establishing heightened requirements tied to inactive wells, marginal wells, unremediated spills, prior compliance failures, and environmental risk factors. These changes are necessary, overdue, and rooted in the reality of what cleanup actually costs in New Mexico.

According to the State Land Office overview, current bond minimums are insufficient to cover actual plugging and remediation liabilities. The New Energy Economy public briefing further notes that actual plugging costs can range from approximately \$120,000 to more than \$300,000 per well before remediation costs are even included. In many cases, contamination cleanup extends into the millions of dollars, especially when groundwater, produced water releases, soil contamination, or long-term monitoring are involved.

New Mexico taxpayers should not continue subsidizing environmental risk through inadequate bonding structures that incentivize companies to walk away from aging infrastructure. The historic pattern is clear: extract profits during productive years, transfer liabilities to smaller operators, and leave the public holding the bill when bankruptcy or insolvency occurs. The proposed rule recognizes that this is not merely a regulatory issue; it is a public accountability issue.

I particularly support the provisions establishing heightened financial assurance requirements for leases involving inactive wells, extremely marginal wells, unremediated releases, prior bond claims, or histories of noncompliance. I also support the annual reporting requirements requiring inventories of wells, spills, infrastructure, and enforcement actions. Public transparency is essential if the State Land Office is to properly assess cumulative environmental liabilities across state trust lands.

However, I urge the State Land Office to strengthen the rule further in several areas.

First, operators with repeated produced water spills, blowouts, corrosion failures, and chronic equipment failures should automatically trigger heightened financial assurance review. The environmental and groundwater risks associated with repeated spills are too severe to ignore. As highlighted in public materials submitted by New Energy Economy, New Mexico experienced tens of thousands of reported spills in recent years, resulting in millions of gallons of contamination released into soils, aquifers, and waterways. A company's operational history matters and should directly affect its bonding obligations.

Second, the State Land Office should carefully review whether the proposed cap of \$40 million for bulk financial assurance is sufficient for large operators with extensive portfolios and cumulative reclamation exposure. Given inflation, increasing remediation complexity, groundwater contamination risks, and the growing number of aging wells statewide, the state must avoid creating another structural shortfall that eventually shifts liabilities back onto taxpayers.

Third, climate conditions, water scarcity, and cumulative environmental stress must be integrated into future bonding assessments. New Mexico is already facing severe groundwater stress, declining river flows, aquifer depletion, drought intensification, and growing infrastructure burdens. In this environment, oil and gas contamination events carry amplified long-term consequences for communities, agriculture, ecosystems, and public health. Bonding requirements must reflect the true environmental risk profile of operating in an arid state increasingly defined by water scarcity.

This rulemaking is not anti-business. It is about financial realism, environmental accountability, and preventing the public from subsidizing corporate liabilities. Responsible operators that properly maintain infrastructure, remediate contamination, and comply with environmental obligations should have no difficulty meeting reasonable financial assurance requirements tied to the actual costs their operations may impose on the public.

The polluter must pay. That principle should not be controversial. Without meaningful financial assurance requirements, New Mexico risks repeating the same cycle that has already left communities burdened with abandoned wells, contaminated lands, degraded aquifers, methane leakage, and cleanup obligations that far exceed available public funds.

I urge the State Land Office to adopt the proposed rule and strengthen it where possible to ensure that environmental liabilities are not transferred to future generations of New Mexicans.

Respectfully submitted,

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