



RE: Oppose **HB 35 Children's Health Protection Zones**

Mr./Madame Chair and Committee Members:

The New Mexico Business Coalition (NMBC) represents hundreds of businesses and thousands of New Mexicans. We focus on making New Mexico a better place to live and work, with abundant good-paying jobs to provide for our families.

NMBC respectfully opposes HB 35 Children's Health Protection Zones. The oil and gas industry has long been a cornerstone of New Mexico's economy, contributing approximately 45% of the state's revenues. The oil and gas industry is a responsible operator and steward of the state's natural resources; we fully acknowledge and respect the importance of safeguarding public health and ensuring environmental protection. However, we believe that specific provisions of the proposed legislation are overly restrictive, potentially undermining the oil and gas sector's economic contributions while not providing a clear path for the industry to balance operational needs with public health goals.

1. The Economic Contribution of Oil and Gas Operations: The oil and gas industry is vital to New Mexico's economy. In addition to the 45% of state revenue it generates, their operations directly and indirectly support thousands of jobs, fund public services, and provide resources essential to local and state-wide prosperity. The imposition of arbitrary setbacks, such as the prohibition of new drilling permits in children's health protection zones, risks limiting production and diminishing the economic benefits of the oil and gas sector to New Mexico.

2. Balancing Public Health Concerns with Operational Needs: We share the state's commitment to protecting public health, particularly for vulnerable populations like children. However, we believe the proposed setbacks and operational restrictions go beyond what is necessary to ensure public safety. The industry already adheres to stringent state and federal regulations to minimize environmental impact and reduce emissions. Further, oil and gas operators have consistently worked to implement best practices, advanced technology, and proactive environmental monitoring systems, including emissions detection systems, leak detection, and response plans. These efforts are already in place to minimize risks to public health in areas near schools and residential neighborhoods.

Operators' requirement to submit detailed protection zone inventories and maps is one example of an unnecessary administrative burden. While transparency and communication are key, these measures could be streamlined and made more efficient to avoid overregulation. Operators are already required to maintain and update detailed records of their operations, and we believe that existing reporting structures can be adjusted without imposing duplicative paperwork and reporting requirements that burden operators with unnecessary costs and delays.

3. Variance Provisions and Flexibility: The provision allowing for variances in setback requirements, should an operator demonstrate that denying a permit would result in the loss of economic value or severe adverse economic impact, is a critical safeguard. We appreciate that the law acknowledges the need for flexibility in cases where strict enforcement would lead to significant financial harm. However, obtaining such variances must be clearly defined and streamlined to avoid unnecessary litigation and delays, which could further hinder the state's economy.

Additionally, operators must be granted flexibility when dealing with complex, non-routine operational circumstances such as well abandonment, re-abandonment, and emergency repairs. The law should ensure that such procedures can be carried out efficiently without the threat of punitive penalties, mainly when environmental or public health risks are absent.

4. Excessive Penalties for Violations: The proposed penalties for violating these new requirements, particularly the \$30,000 per day fines for each noncompliance incident in a children's health protection zone, are excessively punitive. Such high penalties do not incentivize greater compliance or innovation but could undermine operators' ability to operate effectively in New Mexico. It is crucial that penalties are proportionate to the nature of the violation and that operators are given adequate time and support to correct minor infractions without the threat of crippling financial penalties.

5. Ongoing Dialogue and Collaboration: The state's regulations must evolve alongside industry practices, incorporating technological advances and new scientific data. New rules and guidelines, such as those pertaining to leak detection, should be developed in close consultation with industry experts to ensure that the resulting standards are both practical and achievable.

We urge the legislature to consider the significant economic impact that these regulations will have on New Mexico's economy. By focusing on clear, scientifically backed regulations and engaging in an open dialogue with the oil and gas sector, the state can continue to enjoy the economic benefits of responsible oil and gas operations while ensuring the safety and health of its citizens.

Conclusion: The oil and gas industry has supported policies that protect public health and the environment, but NMBC urges lawmakers to reconsider provisions that unnecessarily restrict operations, impose excessive penalties, and place undue burdens on operators. By working together, we can achieve a balanced approach that ensures both New Mexico's continued economic vitality and the safety and well-being of its residents.

Until that is accomplished, we urge you to vote "NO" on HB 35 Children's Health Protection Zones.

Respectfully submitted,



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President & CEO