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Oil Conservation Commission adopts rule authorizing civil penalties for Oil and Gas Act violations

House Bill 546 allows Oil Conservation Division to issue civil penalties for violations for first time since 2009

Santa Fe, NM – On January 1, 2020 a portion of House Bill 546 (HB 546) went into effect, allowing the Energy, Minerals and Natural Resources Department’s (EMNRD) Oil Conservation Division (OCD) to assess administrative civil penalties for violations of New Mexico’s Oil and Gas Act. HB 546 passed during the 2019 legislative session. The Act directed the Division to undergo rulemaking to outline the process. The draft rule went before the Oil Conservation Commission (OCC) on January 2nd, 2020. OCC members include the Oil Conservation Division Director, Adrienne Sandoval; a designate from the EMNRD Secretary, Dr. Thomas Engler; and a designate from the State Land Office, Jordan Kessler. Today, the final order was signed. The rule will be in effect upon publication in the New Mexico Register. This is the first time since 2009 the OCD will be able to issue administrative penalties, allowing for better regulation of the booming oil and gas industry.

Without the ability to issue administrative penalties for rule violations, the agency has issued only 3 penalties in the past 11 years. Penalties begin at \$2,500 per day with a cap of \$10,000 per day. Fines in excess of \$200,000 must be issued by a court, as required in HB 546.

“Reinstating the Division’s authority to assess civil penalties gives us another tool in our toolbox to ensure that the oil and gas industry is acting responsibly in New Mexico,” said Oil Conservation Division Director Adrienne Sandoval. “New Mexico is a great example of how industry can thrive while also being responsible, and this new rule is another step in the right direction to improving regulatory compliance and ensuring a level playing field for diligent operators.”

To learn more about the rule, visit the OCD website: <http://www.emnrd.state.nm.us/OCD/>

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