

April 7, 2005

SENATE EXECUTIVE MESSAGE NO. 74

The Honorable Ben D. Altamirano and  
Members of the Senate  
State Capitol Building  
Santa Fe, New Mexico 87501

Honorable President Pro Tempore Altamirano and Members of the Senate:

Pursuant to the Constitution of the State of New Mexico, Article IV, Section 22, I hereby VETO and return SENATE BILL 424 which was enacted during the Forty-Seventh Legislature, First Session, 2005.

The basis for this action is that this bill reduces the financial assurance requirement for plugging oil and gas wells by allowing an insurance policy to satisfy this requirement instead of a surety bond, letter of credit or cash deposit. There is no absolute guarantee that an insurance policy will provide adequate coverage for the costs of plugging a well, unlike a bond, letter of credit or cash deposit. Moreover, since the State would be required to plug or clean-up an oil or gas well in the case of default by an oil and gas company, taxpayers must be one-hundred percent ensured of financial reimbursement. There is no reasonable justification for changing the protections we already have in place under the law. It is also my understanding that no other state allows financial assurance of this nature.

Accordingly, signature of this bill is not appropriate at this time.

Respectfully yours,

Bill Richardson  
Governor

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RECEIVED FROM THE OFFICE OF THE GOVERNOR:

Time: \_\_\_\_\_ a.m./p.m.

Date: \_\_\_\_\_ 2005

by:

\_\_\_\_\_  
Chief Clerk of the Senate

Time: \_\_\_\_\_ a.m./p.m.

Date: \_\_\_\_\_ 2005

by:

\_\_\_\_\_  
Secretary of State