

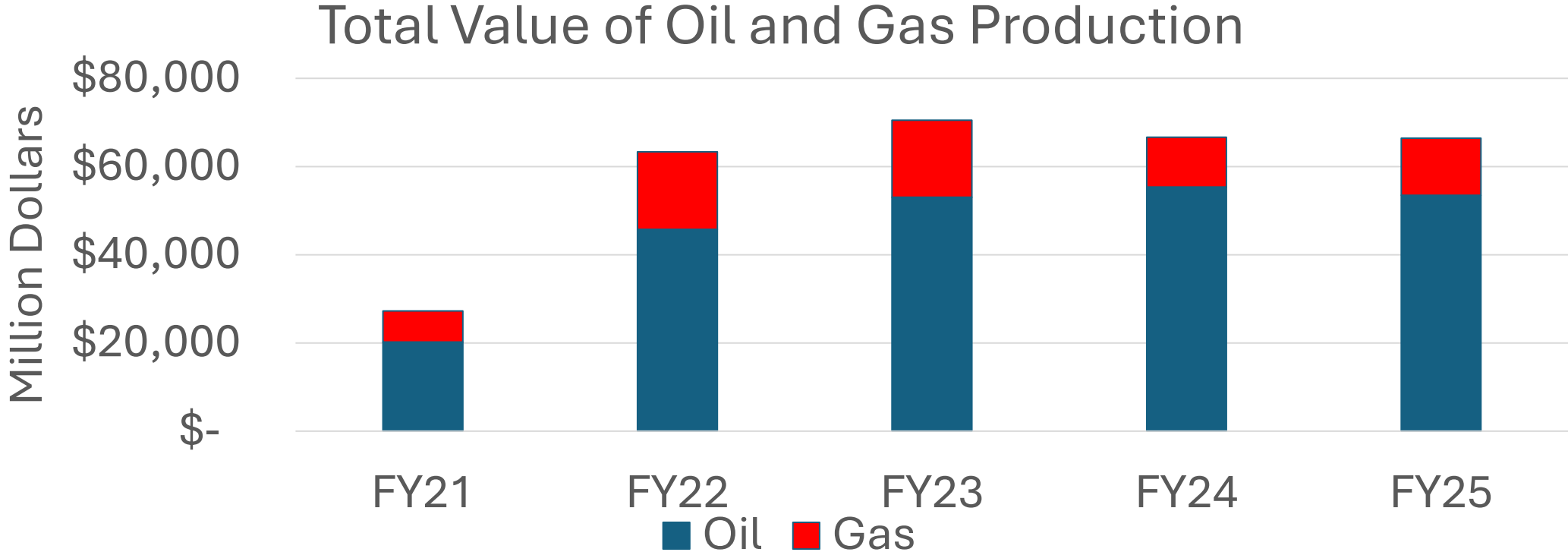
Economic Issues Affecting the Oil and Gas Industry in New Mexico

Presented to the Water and Natural Resources Committee

October 30, 2025

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Total Value of Oil & Gas Produced in New Mexico



FY25 oil price fell 12% but production increased 10%
Improved efficiency with lower profits

FY24 State & Local Taxes from the Oil & Gas Industry

Tax Type:	Billion\$
Production Taxes*	\$4.2
Property Taxes	\$0.8
Gross Receipts Tax	\$0.8
Income Taxes	\$0.5
Total Taxes	\$6.2

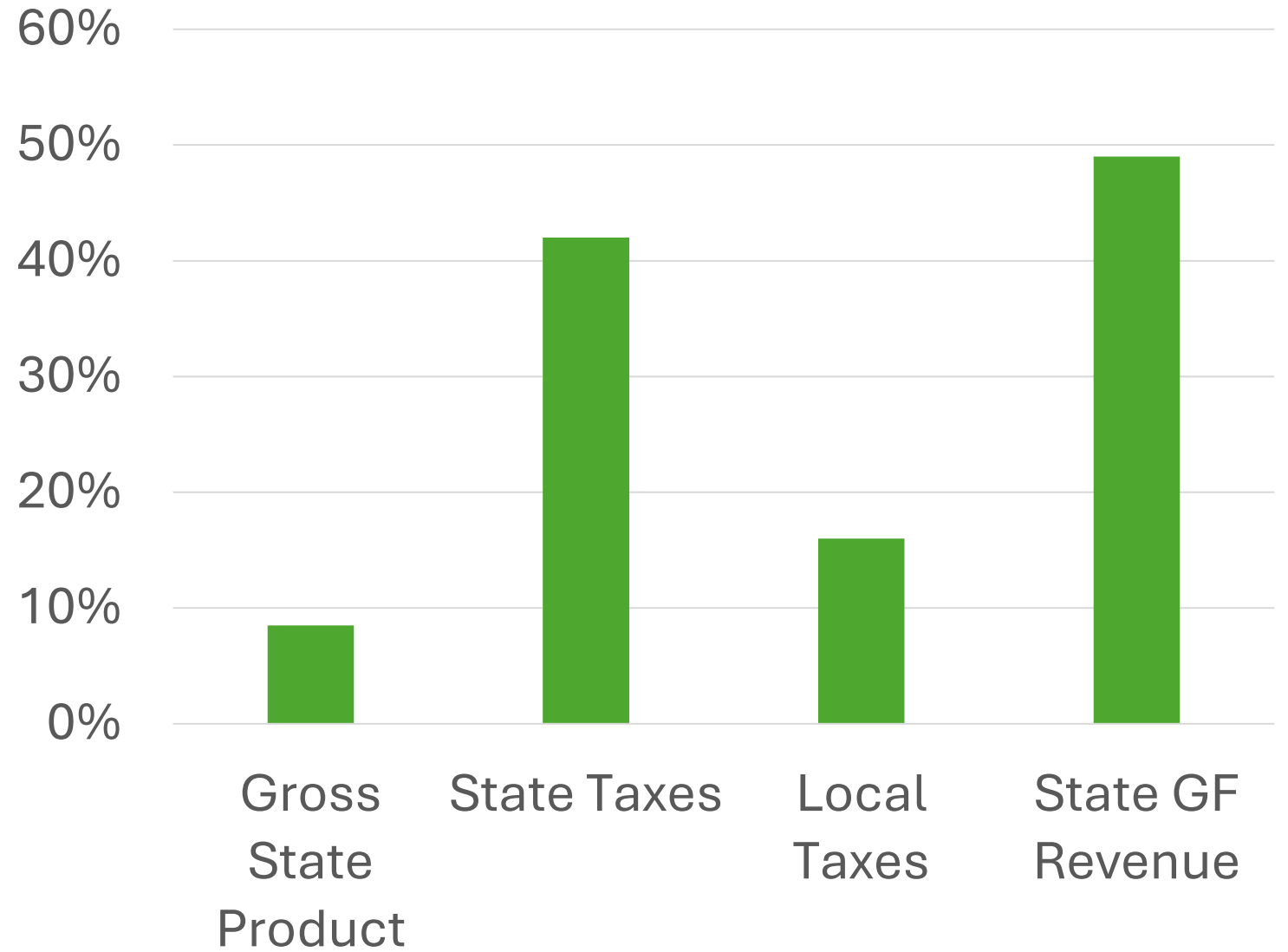
*Severance, School, Conservation, NGPT

FY24 Lease Payments to Governments by Oil & Gas Industry (Billion\$)

	State	Federal	Total
State Land	\$2.4		\$2.4
Federal Land	\$2.8	\$3.0	\$5.8
Total	\$5.2	\$3.0	\$8.2

Taxes plus Royalties = \$14.4 billion, over 20% of all industry revenue

Oil & Gas Share of NM Economy, Government Revenue



Over \$5 Billion in Government Services Supported by Oil & Gas in FY24



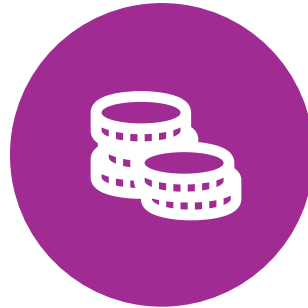
PUBLIC EDUCATION:
\$1.7 BILLION



HIGHER EDUCATION:
\$0.5 BILLION

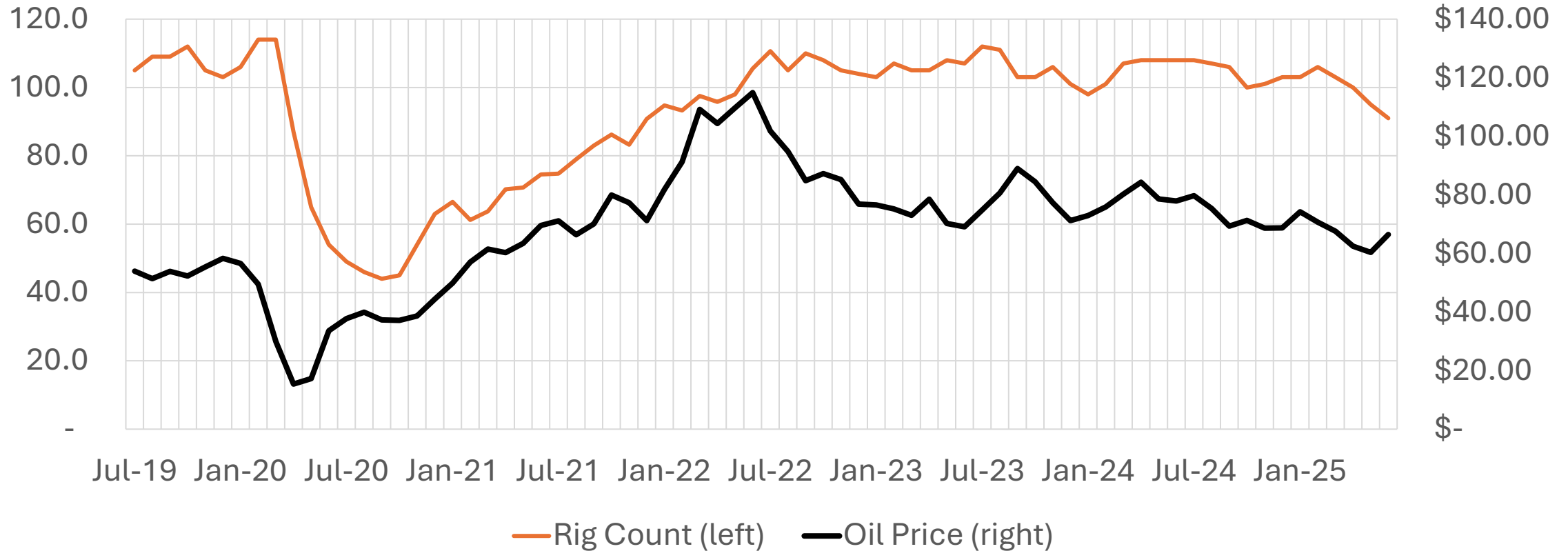


HEALTH CARE:
\$1.2 BILLION



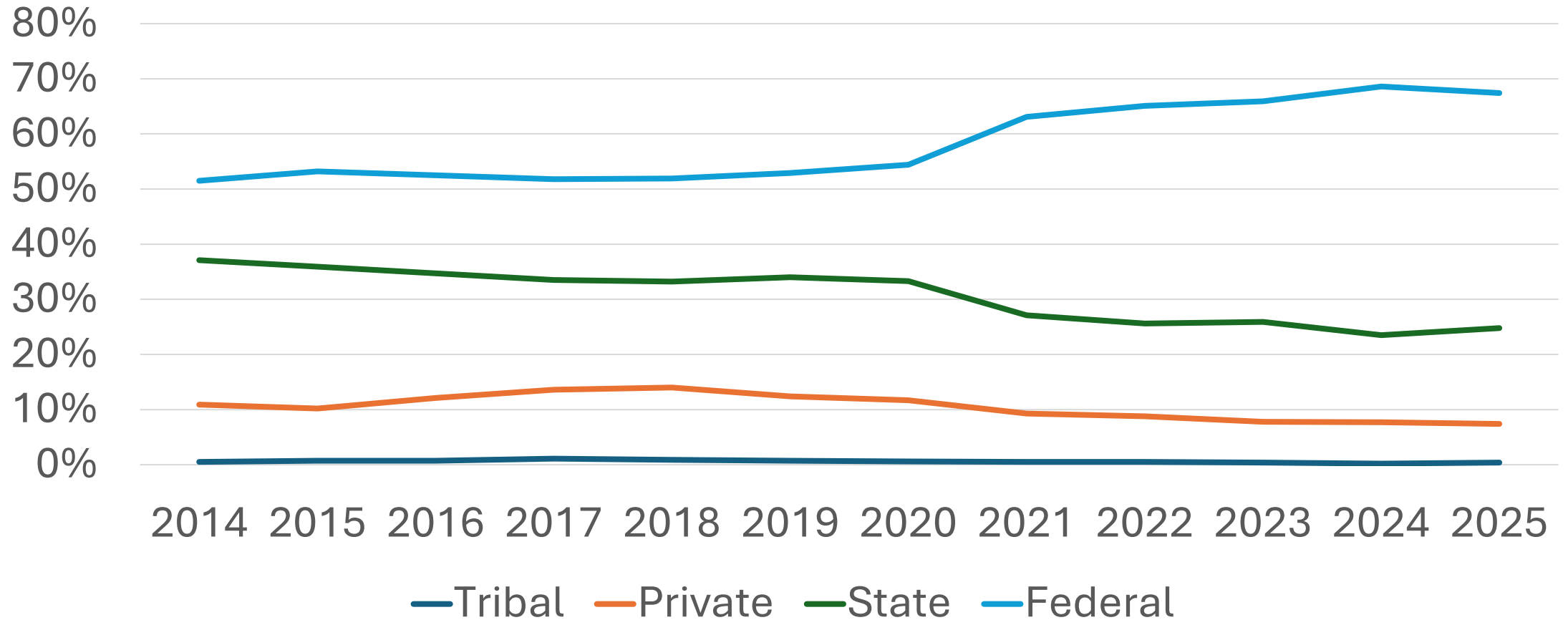
CAPITAL OUTLAY:
\$1.1 BILLION

NM Rig Count, Average Oil Price



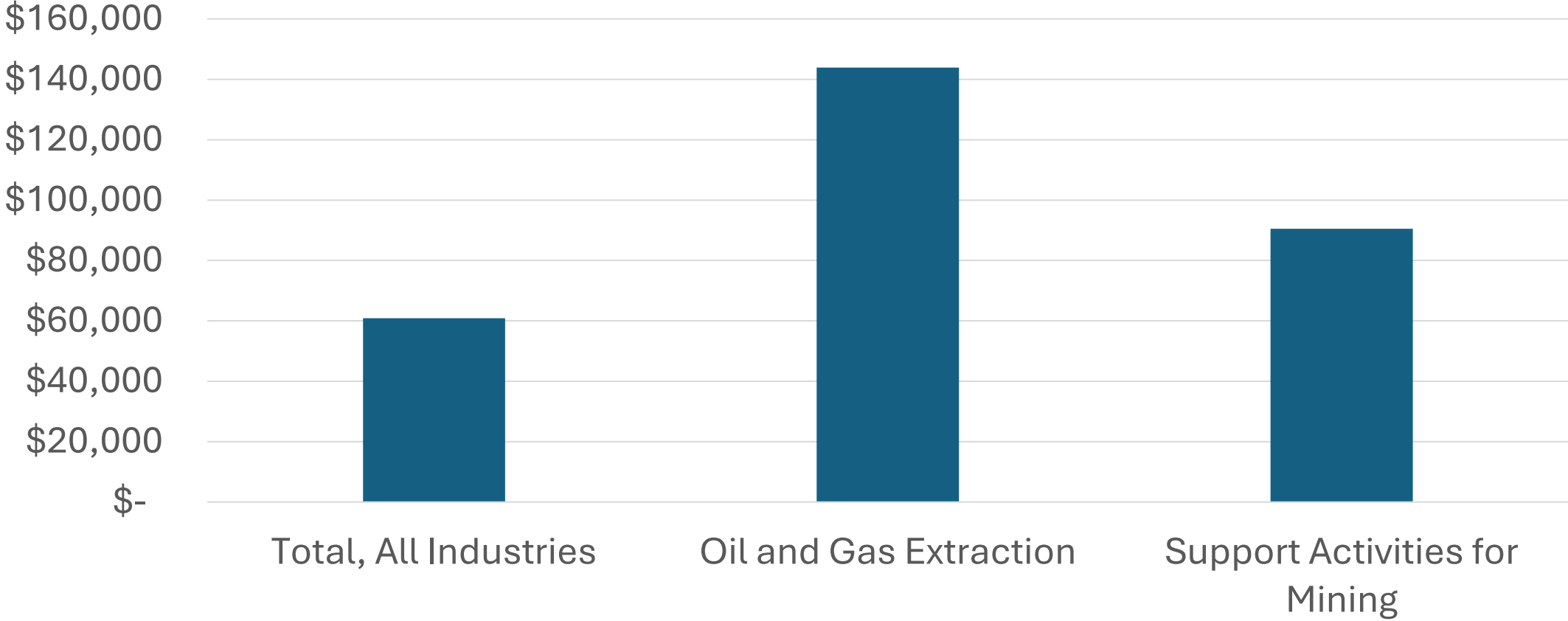
- Oil prices are at their lowest in five years, at or below breakeven level
- NM rig count is down 15% vs year ago

Share of Oil Production by Lease Type



Source: LFC

Average Annual Salaries in 2024



Source: NM Dept. of Workforce Solutions

Tax and Royalty Policy Issues

- Severance taxes and royalties reduce profitability more than income taxes (U.S. Energy Information Administration):
 - Gross revenue levies do not reflect profitability which varies significantly from well-to-well and from year-to-year
- Using average well economics from public data:
 - A 5% increase in the royalty rate reduces net profit by 17%
 - State royalties at 20% reduce profit relative to Federal leases by 19%
 - State royalties at 25% reduce profit relative to Federal leases by 32%
- High taxes and royalties cannot be “exported” to out-of-state consumers due to commodity market competition and NM’s small share of national and global markets

“Shale Giants Slash Thousands of Jobs as Lower Prices Bite” Oilprice.com, Oct. 26, 2025

- ConocoPhillips cutting up to 25% of global workforce
- Chevron cutting 15-20% including 800 jobs in the Permian basin
- ExxonMobil will cut 2,000 jobs worldwide

