

**Commissioner  
of Public Lands  
Stephanie  
Garcia Richard**



**Legislative  
Finance  
Committee**

**10-27-2021**

# **STATE LAND OFFICE**

## **FY 2023**

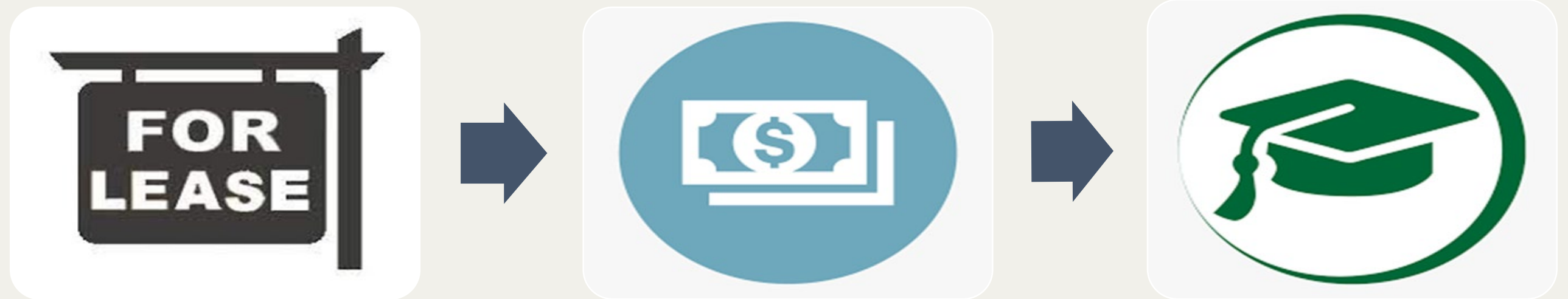
# **BUDGET REQUEST**

# OPEN FOR BUSINESS

Agriculture  
Land Stewardship  
Renewable Energy  
Outdoor Recreation  
Oil, Gas and Minerals  
Business Development

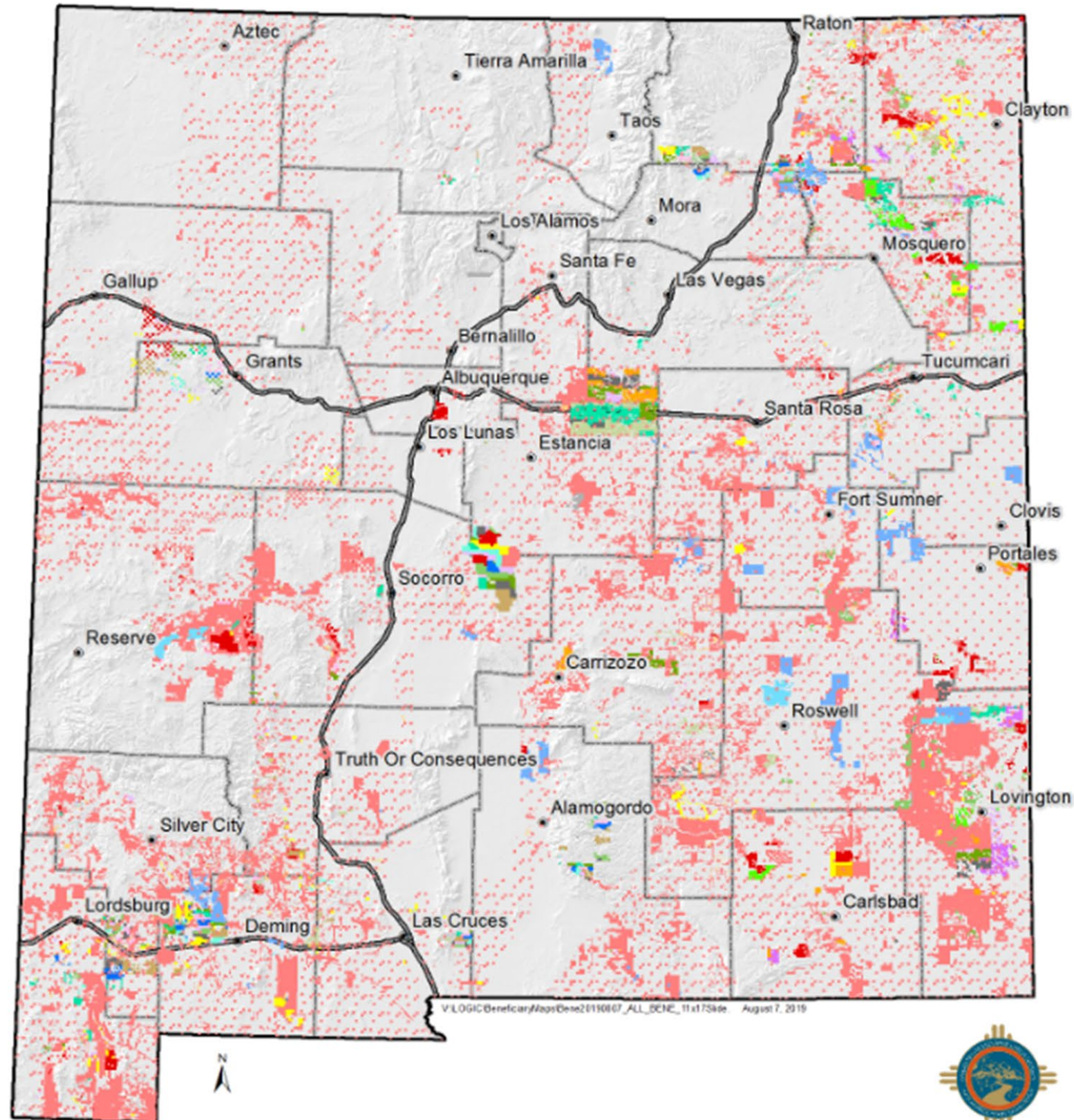


# NEW MEXICO STATE LAND OFFICE



*The State Land Office is comprised of 175 employees in its Santa Fe office and 11 District Offices (Albuquerque, Carlsbad, Clovis, Farmington, Hobbs, Las Cruces, Logan, Moriarty, Roswell, Silver City, Socorro) who are responsible for administering 9 million surface acres and 13 million acres of mineral estate on behalf of trust beneficiaries.*

# TRUST BENEFICIARIES

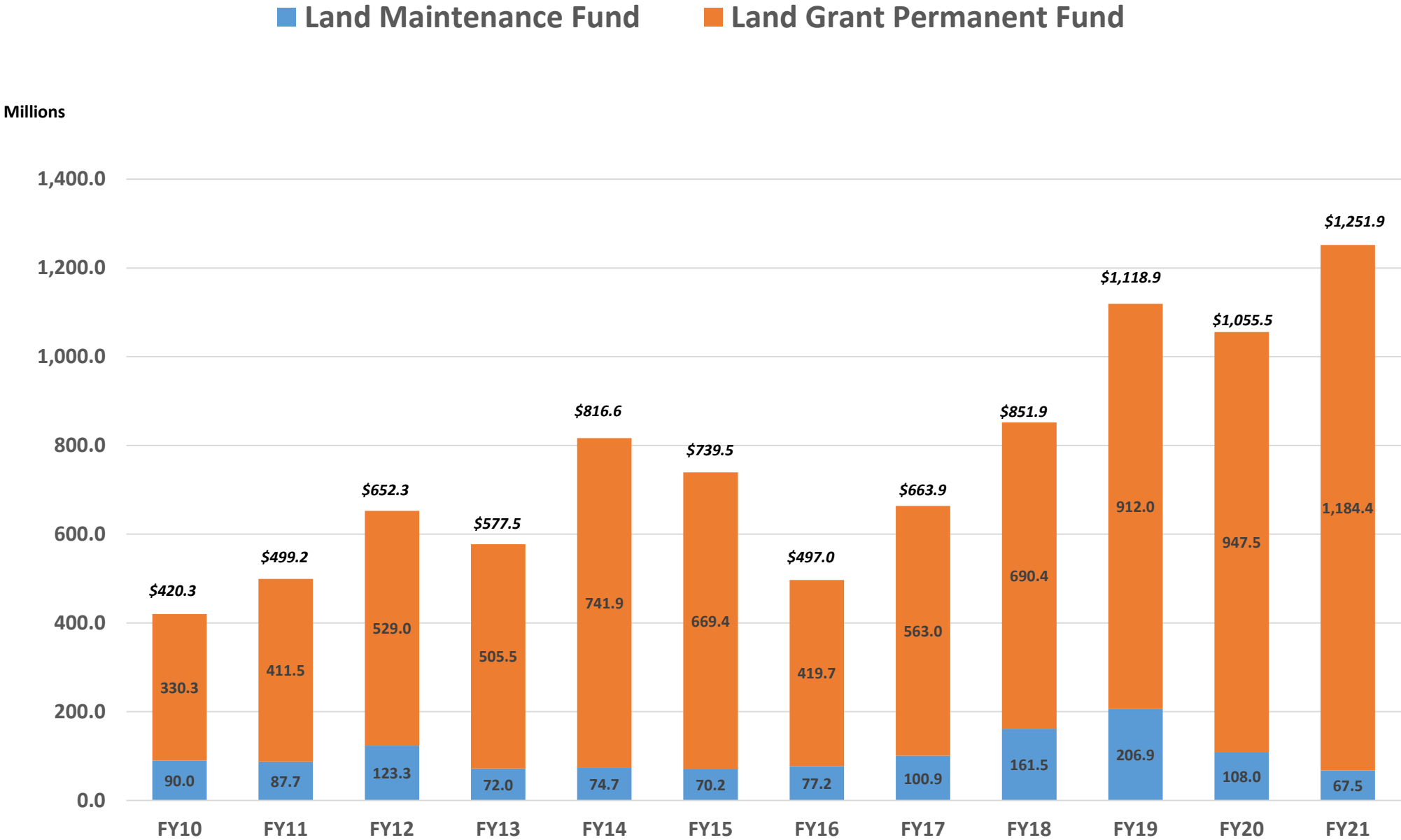


## New Mexico Beneficiaries

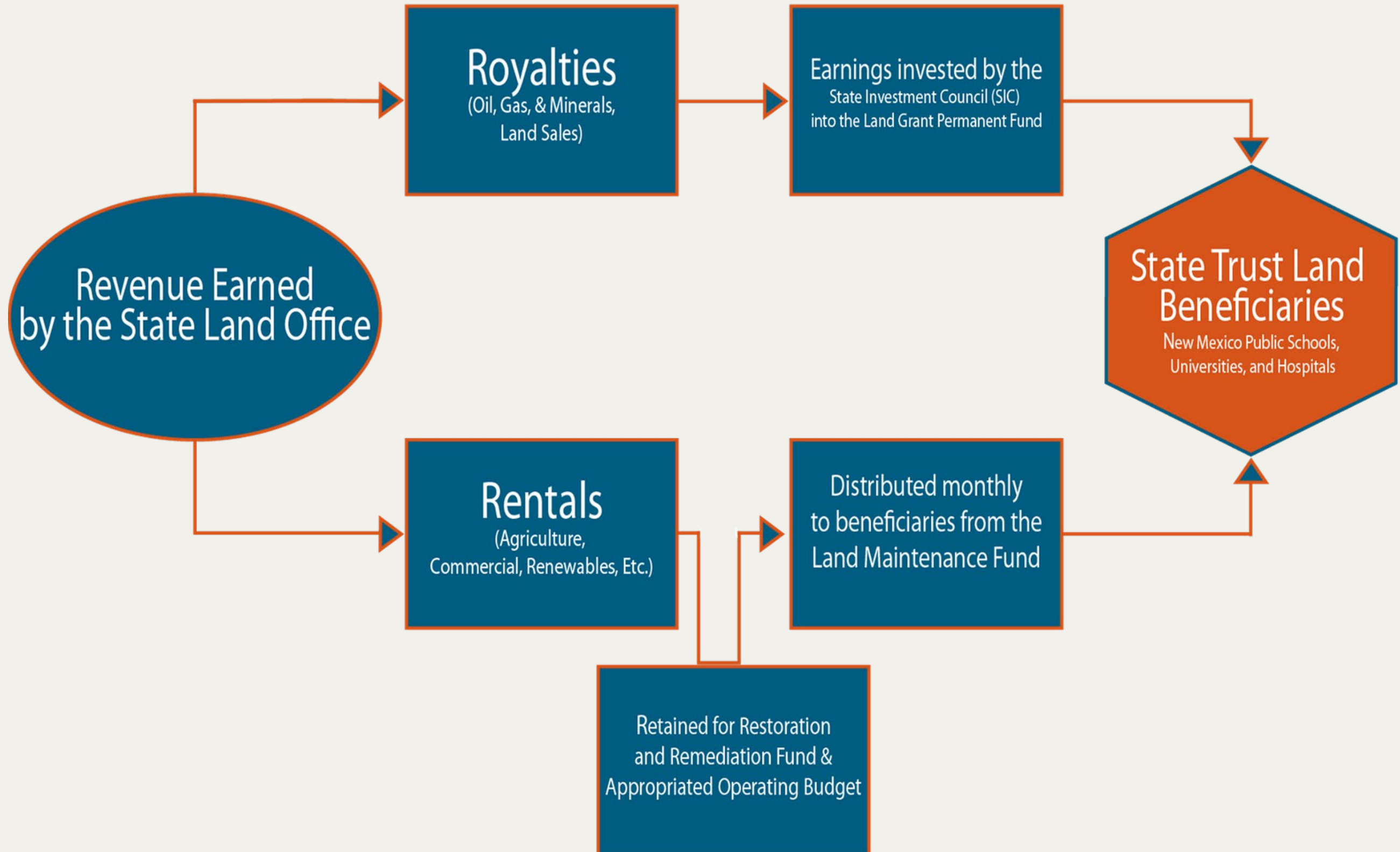
- Carrie Tingley Hospital
- Charitable, Penal and Reform
- Common Schools
- Eastern New Mexico University
- Improvements to the Rio Grande
- New Mexico Boys School
- New Mexico Highlands University
- New Mexico Institute of Mining Technology
- New Mexico Military Institute
- New Mexico Miners Hospital
- New Mexico Penitentiary
- New Mexico State Hospital
- New Mexico State University
- New Mexico School for the Deaf
- New Mexico Schools for the Deaf/Visually Impaired
- New Mexico School for the Visually Impaired
- New Mexico State Hospital
- New Mexico State Parks Commission
- New Mexico State University
- Northern New Mexico College
- Public Buildings
- University of New Mexico
- Water Reservoirs
- Western New Mexico University
- Western New Mexico University/New Mexico Highlands University
- Western NM University/NM Highlands University

# NMSLO EARNINGS BY YEAR

Up 90% Over Last 5 Years; Last Three Years Have Each Exceeded \$1 Billion

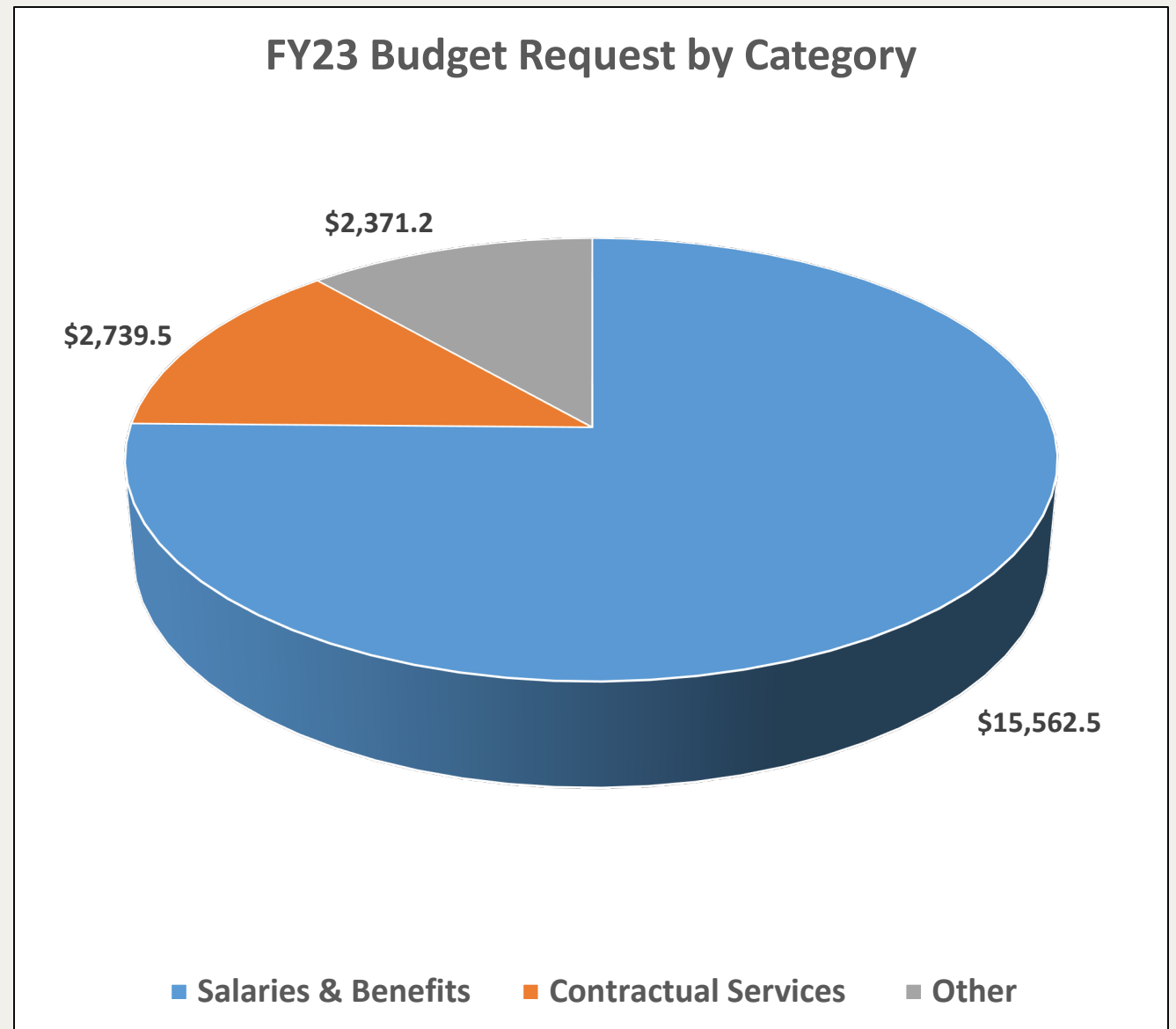


# New Mexico State Land Office Revenue Flow



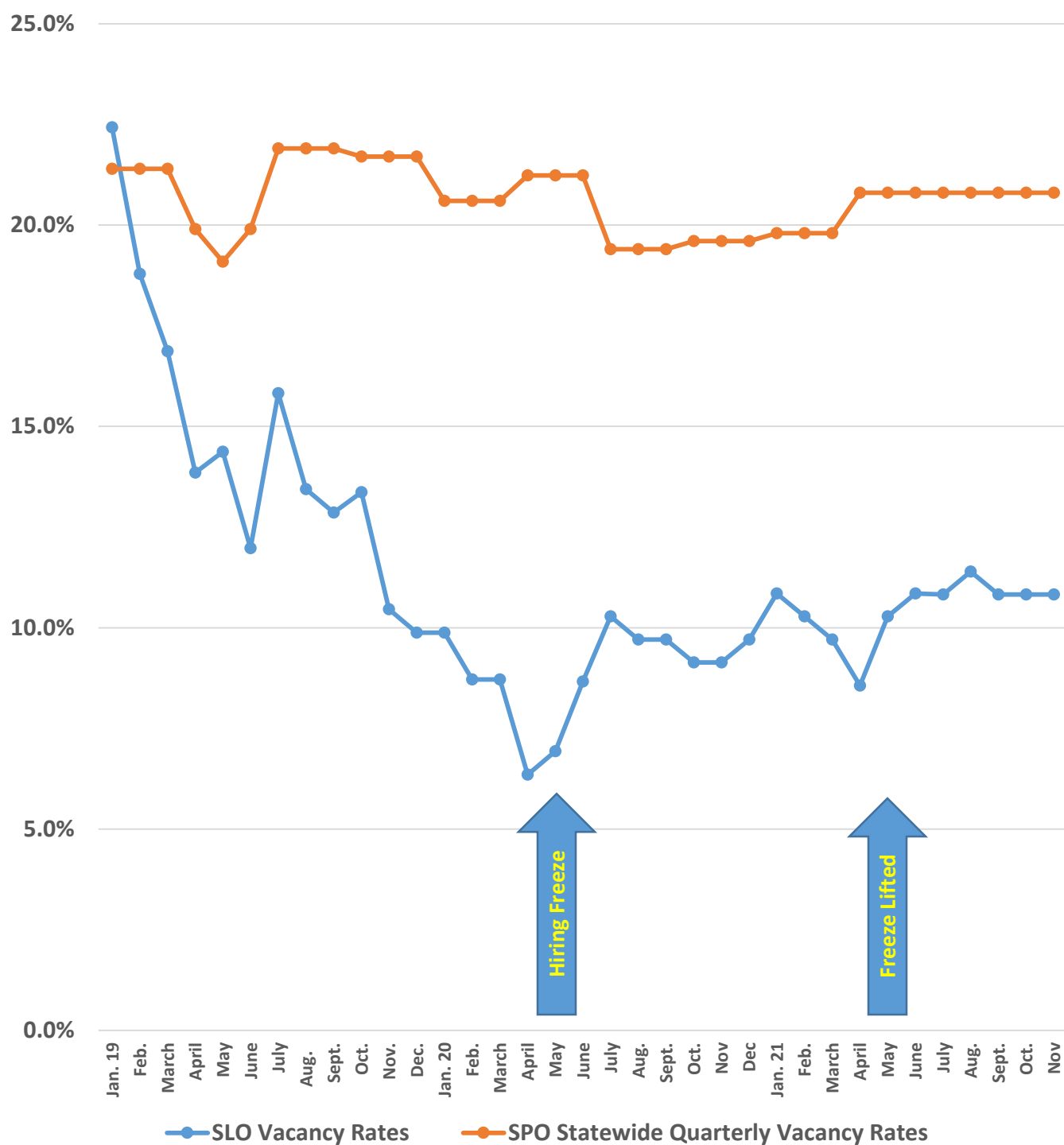
# REQUEST OVERVIEW

- Operations funded by agency revenue (**NOT** General Funds)
- **\$20,673,200** base budget request reflects a **5%** (\$984,600) increase over FY22 Operational.  
Including:
  - \$314,700 (S&B) for three new remediation & reclamation positions and to fill existing FTEs (4% budgeted vacancy rate)
  - \$158,600 to restore Contractual Services to FY21 funding level
  - \$511,300 (Other) to address deferred needs that are now necessary to avoid significant impact to agency operations (replace high-mileage vehicles, IT servers/equipment, travel for site inspections, professional development for specialized staff, etc.)



# VACANCY RATE

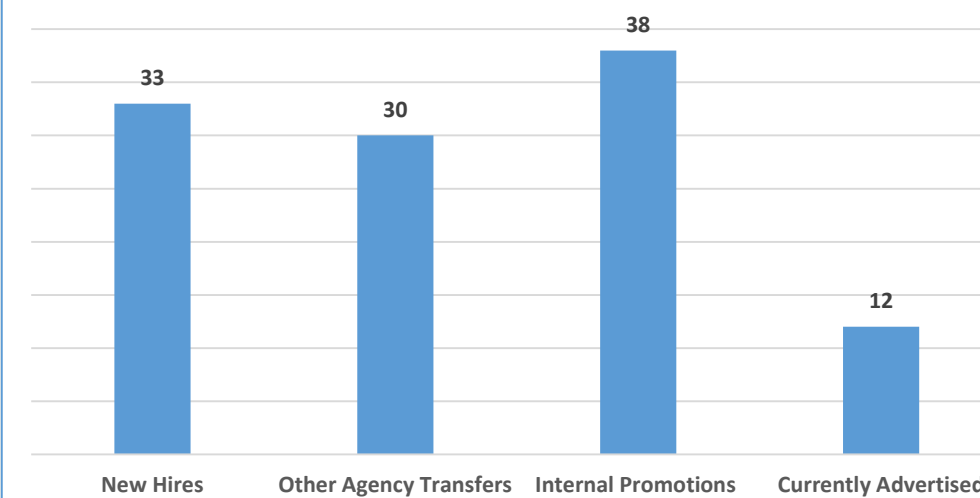
NMSLO v. Statewide Vacancy Rates by Month



Current Vacancies	
Total Positions	175.5
Classified Vacancies	17
GOVEX Vacancies	1
Total Vacancies	18
Filled FTE	156.5
<b>Vacancy Rate</b>	<b>10.85%</b>

Status of Vacant Positions	
Currently Advertised	12
In the interview Process	3
Pending SPO/DFA Approval	0
Pending SLO Action	3

113 Positions Advertised Since January 2019



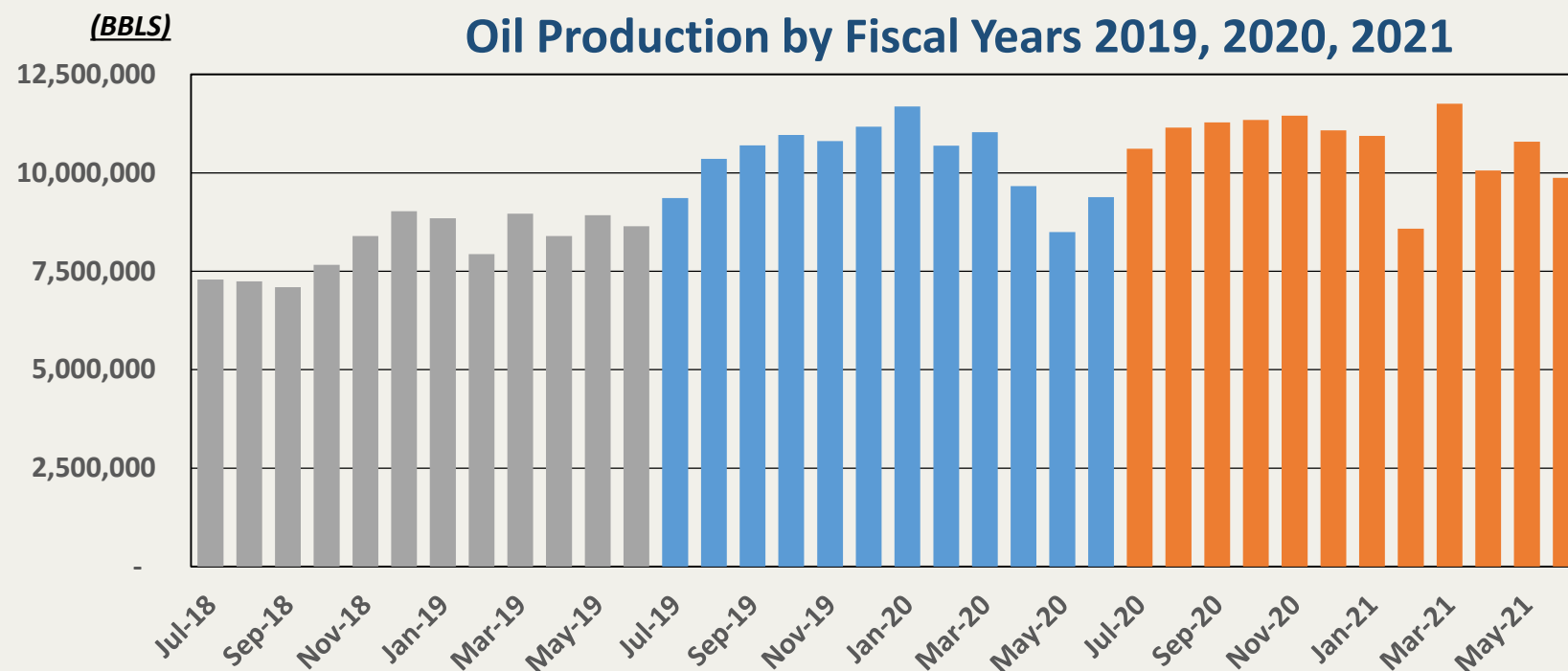
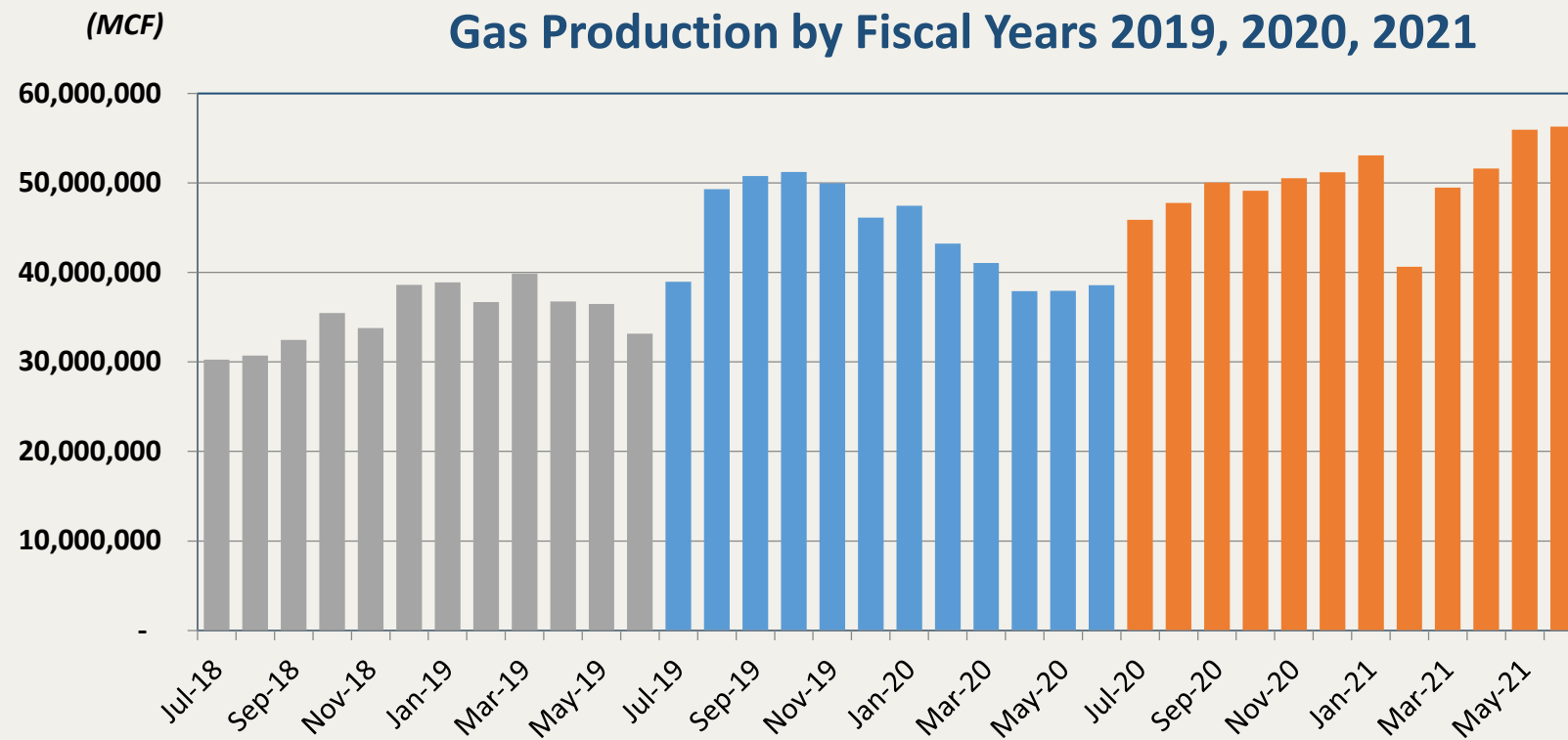


# FY21 ACCOMPLISHMENTS

- Highest earnings on record (\$1.25 billion)
- Executed seven additional renewable energy leases
- Partnered with the City of Las Cruces on solar array project; Bernalillo County on recreational complex; Audubon on Melrose Woods project
- Major economic development projects (Netflix, Prewitt Business Park, etc.)
- Created standalone Cultural Resources Office
- Launched Accountability and Enforcement Program / enhanced royalty auditing
- Issued new fresh water policy
- Successfully completed conversion from antiquated, 1990s, mainframe ONGARD system
- Helped enact strong methane rule
- Advocated for bonding report (first study of its kind on trust lands)
- Signed 4 year Game and Fish Easement
- Increased dispersed camping opportunities
- Completed 40 land maintenance projects in 16 counties
- And more ...

# O&G ACTIVITY

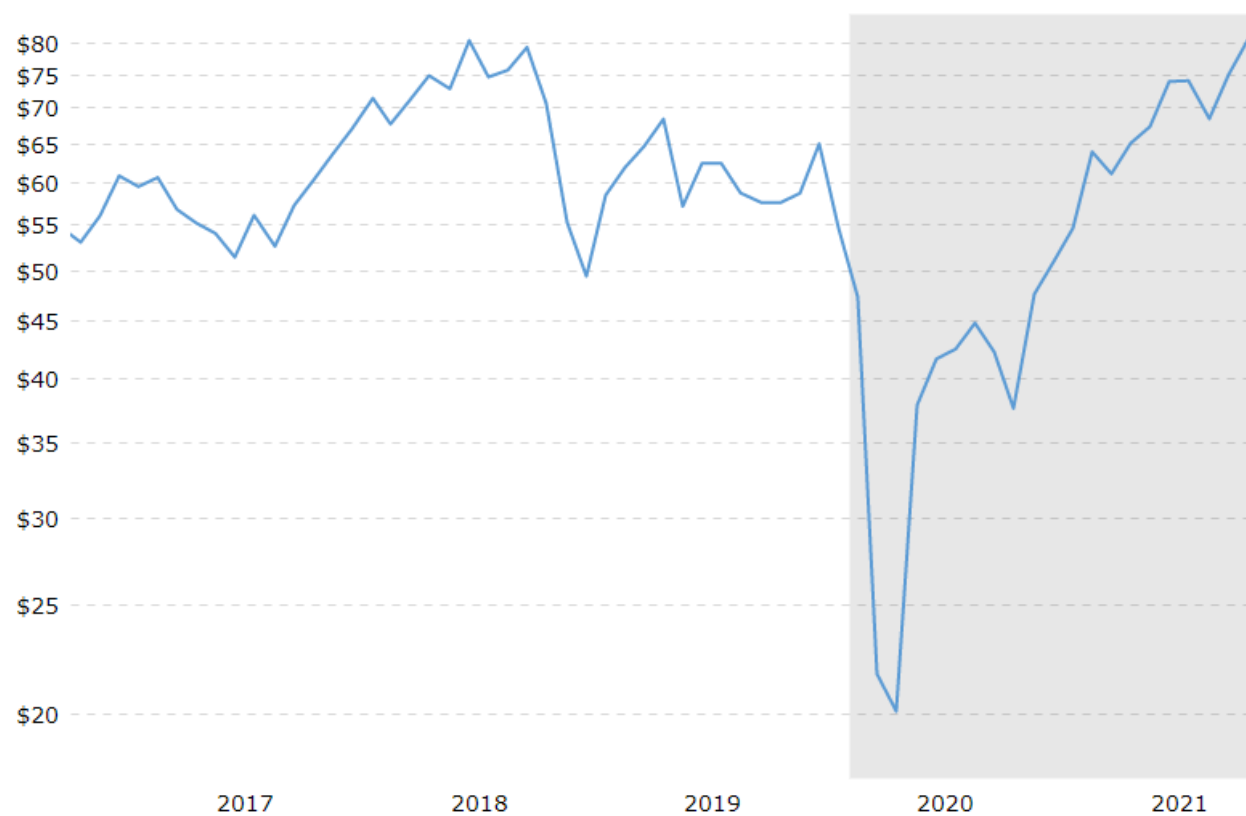
Higher prices, strong production



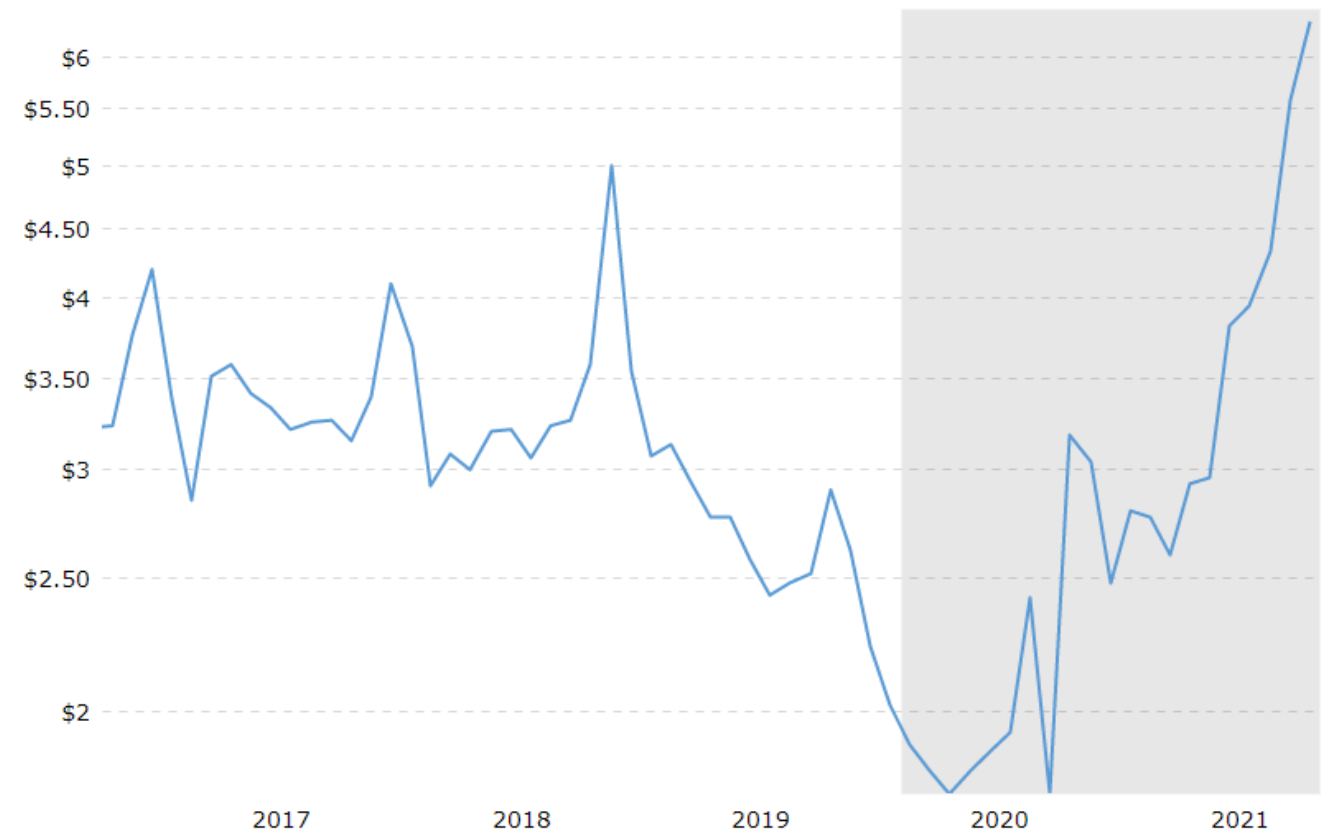
# O&G ACTIVITY

## Oil and Gas Prices Over Last Five Years

**Oil (WTI) Exceed \$80 BBLs for the First Time in 7 Years**

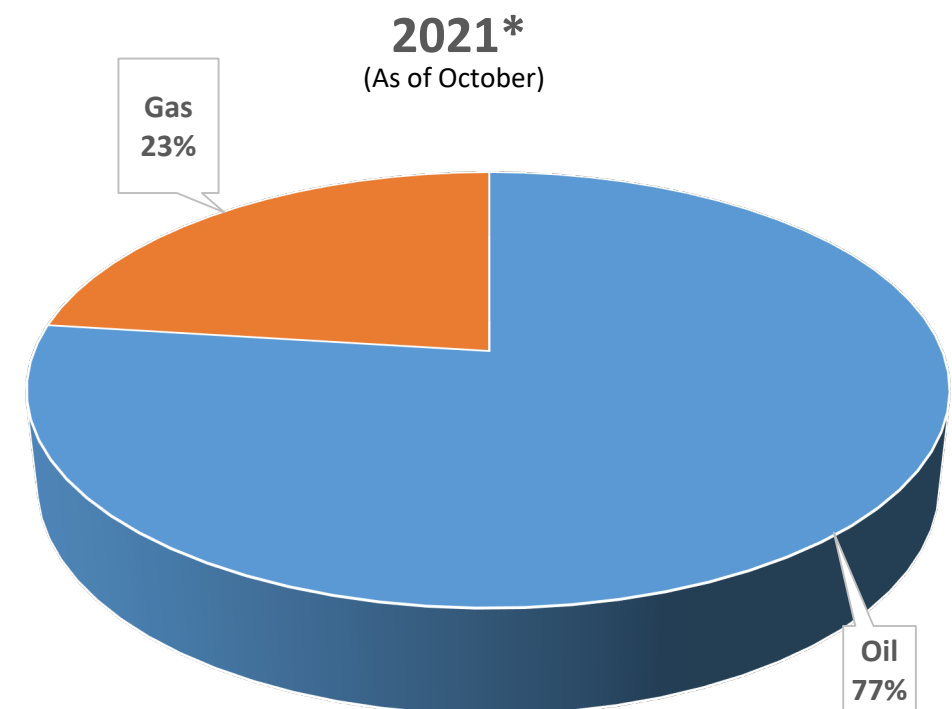
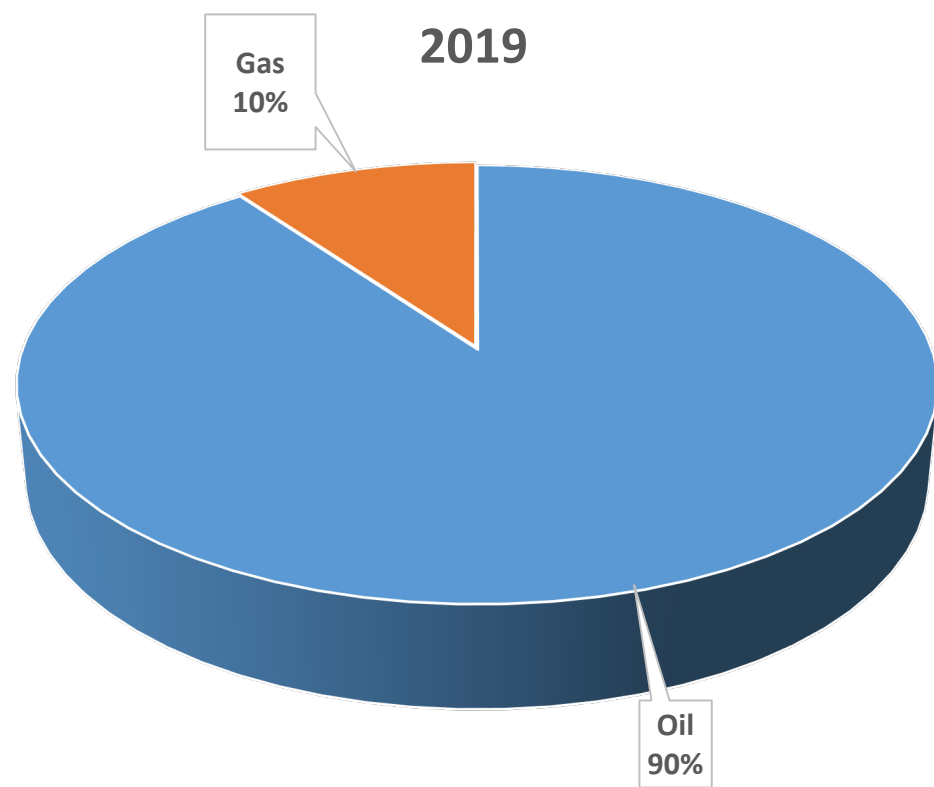


**Natural Gas (Henry Hub) Exceed \$6 MMBtu for First Time in 11 Years**



# O&G ACTIVITY

Gas royalty Returns Greater Percentage of Revenue



# PRIORITIZING DIVERSIFICATION



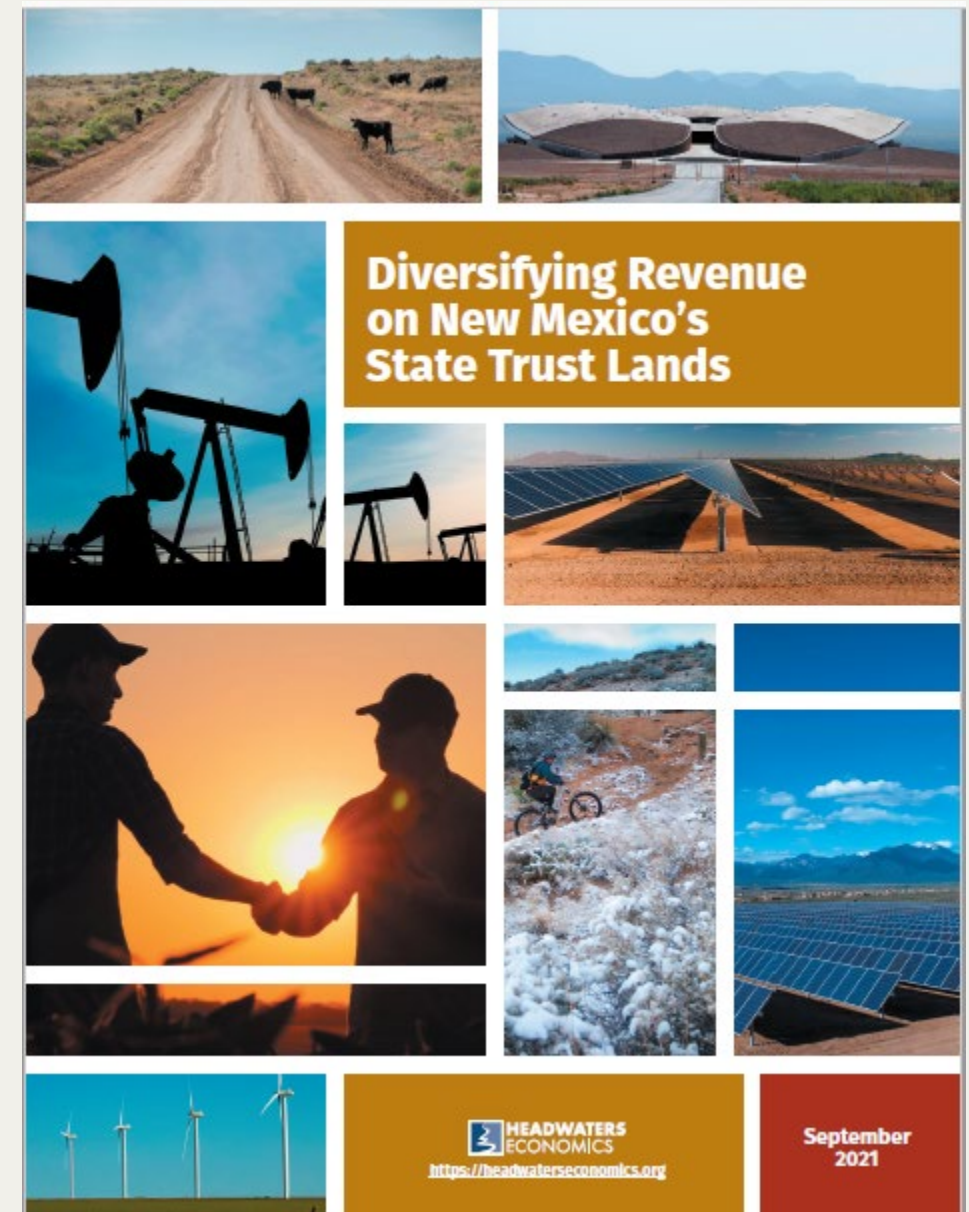
**NETFLIX**



# HEADWATERS ECONOMICS

## Diversification Recommendations Being Implemented by NMSLO

- Expand renewable energy ✓
- Actively pursue commercial development opportunities ✓
- Grow outdoor recreation ✓
- Monetize conservation activities ✓
- Tackle legacy fiscal risks and improve stewardship of oil and gas activities (bonding, remediation/reclamation) ✓
- Expand agency resources and capacity ✓
- Foster partnerships to leverage investment opportunities ✓
- Strategic planning ✓
- Increase oil and gas royalty rate (requires legislation) ⌚



# COMMERCIAL DEVELOPMENT

## Leveraging Econ Opportunities through Municipal Partnerships (Example):

- Signed lease with Netflix through CABQ economic development partnership
- Expanded footprint of project with over 130 acres of state trust land
- UNM designated beneficiary
- \$24 million in estimated lease payments (in addition to jobs, generated tax revenue)



THE UNIVERSITY OF  
NEW MEXICO.



**NETFLIX**



# COMMERCIAL DEVELOPMENT

## Meeting the Needs of Communities While Generating Revenue (Example):

- Luminaria Apartment Project (Greater ABQ Housing Partnership)
- 92 affordable housing units for seniors
- 1.8 acres on Central /Eubank
- \$1.7 million in lease payments
- Beneficiary – public schools





# RENEWABLE ENERGY

Renewable  
Energy in  
Operation



125%

MW Potential  
Under Lease



122%

Active Leases



125%

Revenue  
Generated



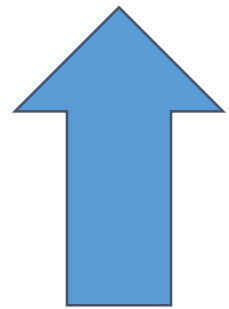
89%





# OPEN FOR ADVENTURE

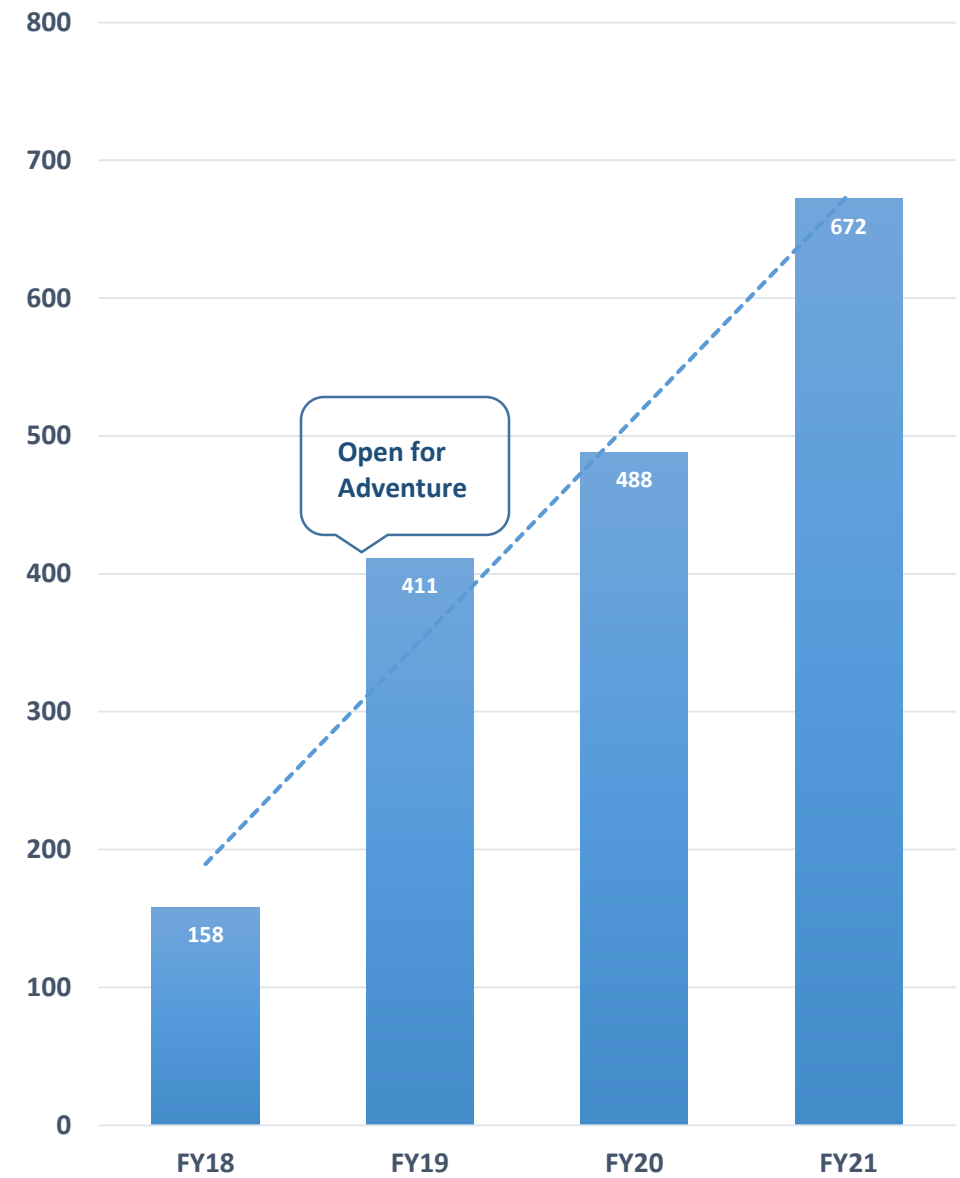
- Hiking
- Cycling
- Fishing
- Hunting
- Climbing
- Camping
- Stargazing
- Birdwatching
- Photography



# 325 %



### Recreational Access Permits By Fiscal Year



# LEVERAGING CONSERVATION

**Environmental markets present financial opportunities for landowners to create additional revenue streams through conservation**

- Carbon capture credits
- Agricultural community partnerships
- Soil and ecosystem management practices
- Conservation leases / easements
- Mitigation payments

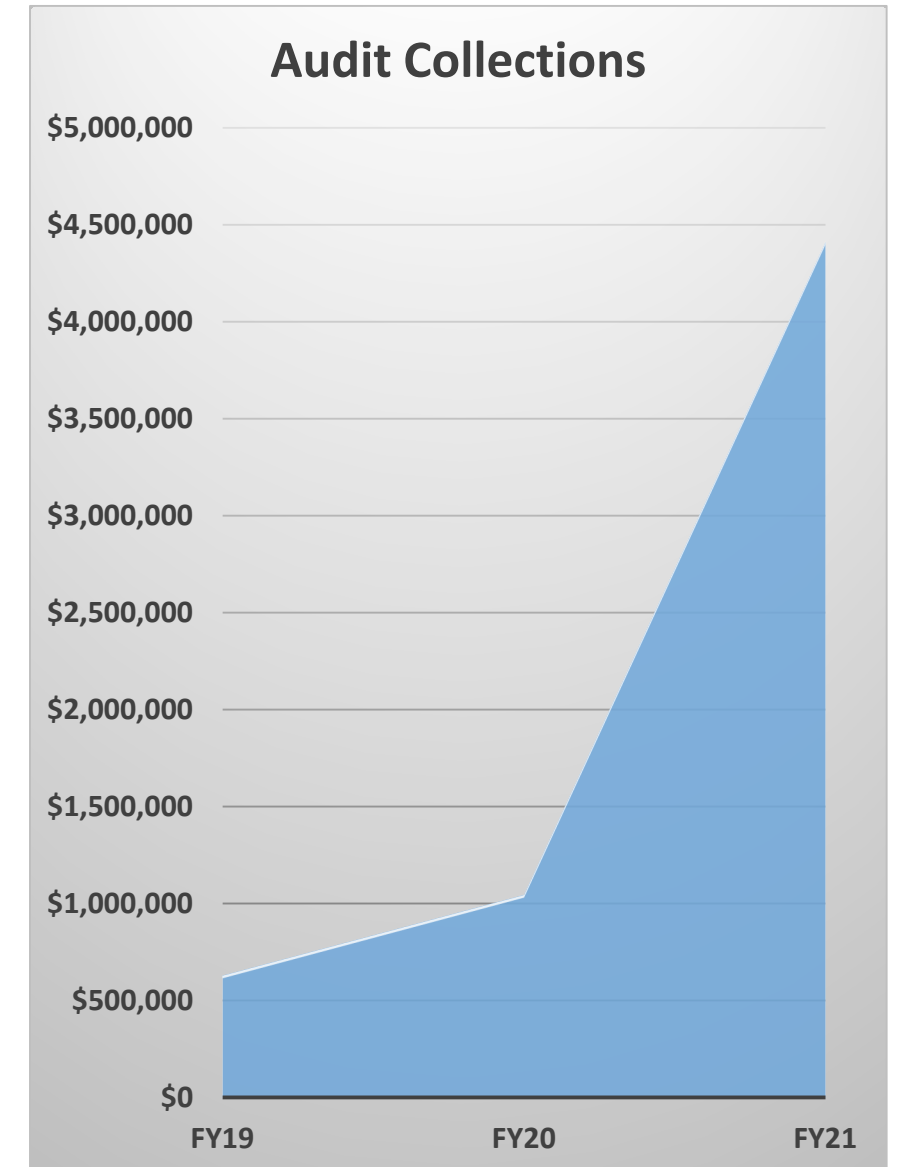
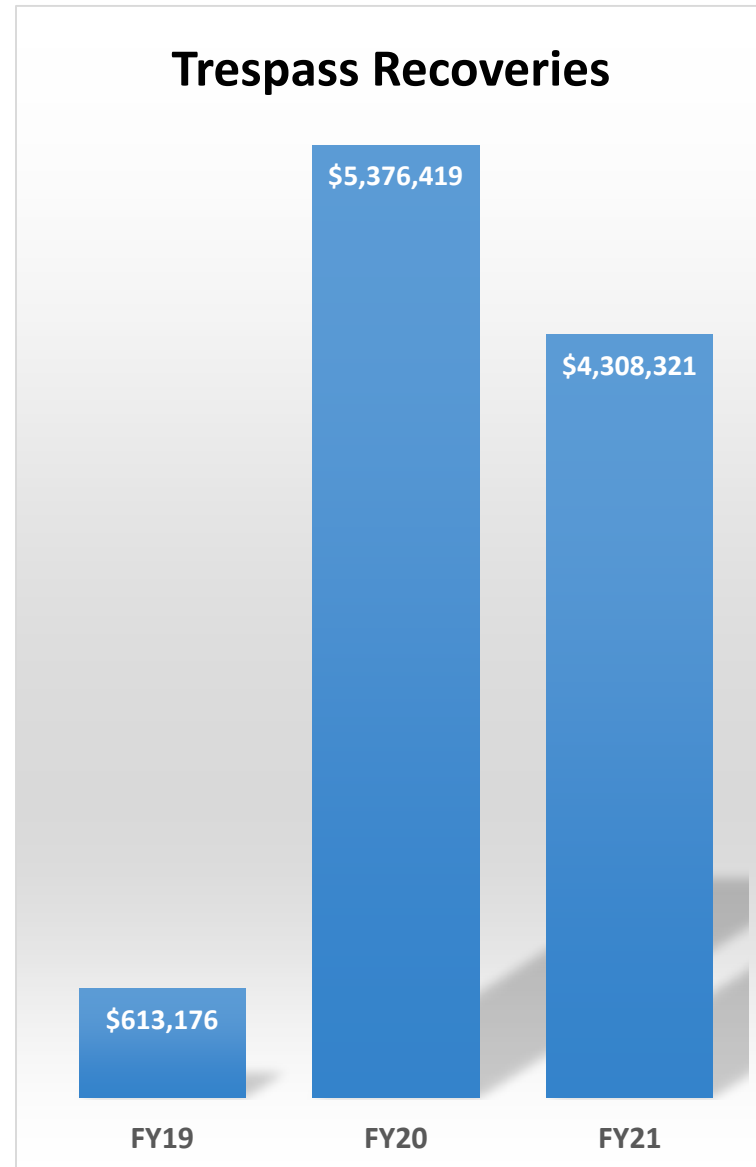
Landscape level planning / asset inventory key to determining viability in various areas and sectors  
(9 million acres of state trust land throughout the state)



# PROTECTING THE TRUST

Working to ensure every dollar owed to beneficiaries, goes to beneficiaries, and that the public is not stuck with cleanup costs

- Accountability and Enforcement Program
- Enhanced Royalty Auditing
- Lease Assignment Compliance Checks
- Trespass & Spill Identification (Satellite Imagery)
- Bonding Reform
- Caliche Mineral Reclamation



# PROTECTING THE TRUST

Accountability & Enforcement Program: Ensure lessees honor their contractual obligations to operate and close out activities responsibly; reduce legacy financial liability for the trust



***Wells Plugged: 32***



***Leases Reclaimed: 14, returning over 8,000 acres***



***Lawsuits Filed: 18 (4 fully resolved, 2 close to resolution)***







# CULTURAL RESOURCES

- Established Cultural Resources Office
- Proposed Cultural Properties Rule – archeological survey required before surface disturbing activities can occur
- Timeline:
  - Pre-publication input & consultation with internal and external stakeholders
  - Draft rule published in NM Register August 10, 2021
  - Public hearing held October 21, 2021
  - Comment period extended until December 6, 2021



QUESTIONS?



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