



# New Mexico State Land Office FY2025 LFC Budget Presentation November 16, 2023

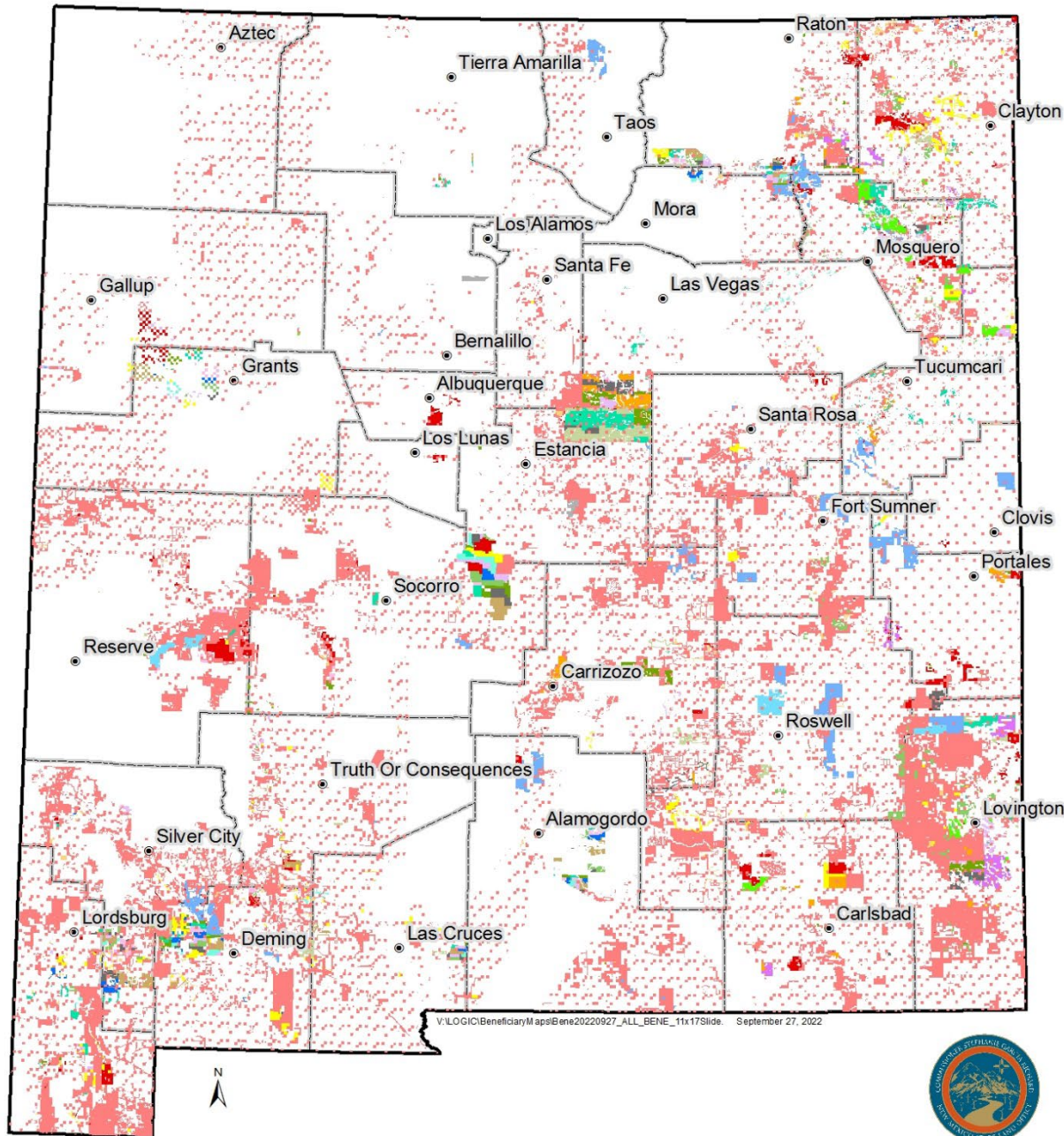




# OPEN FOR BUSINESS



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

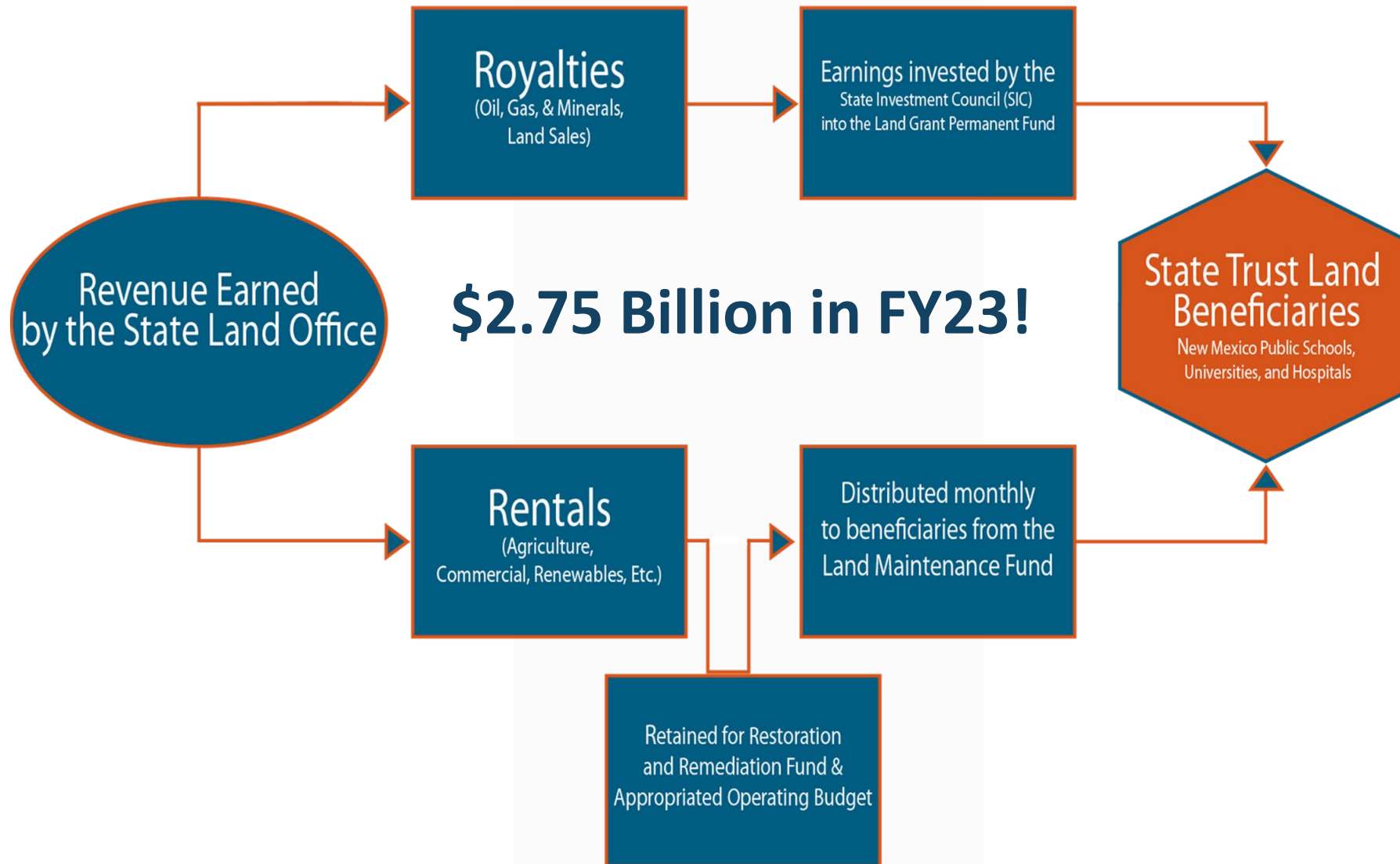


## New Mexico Land Trust Beneficiaries

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

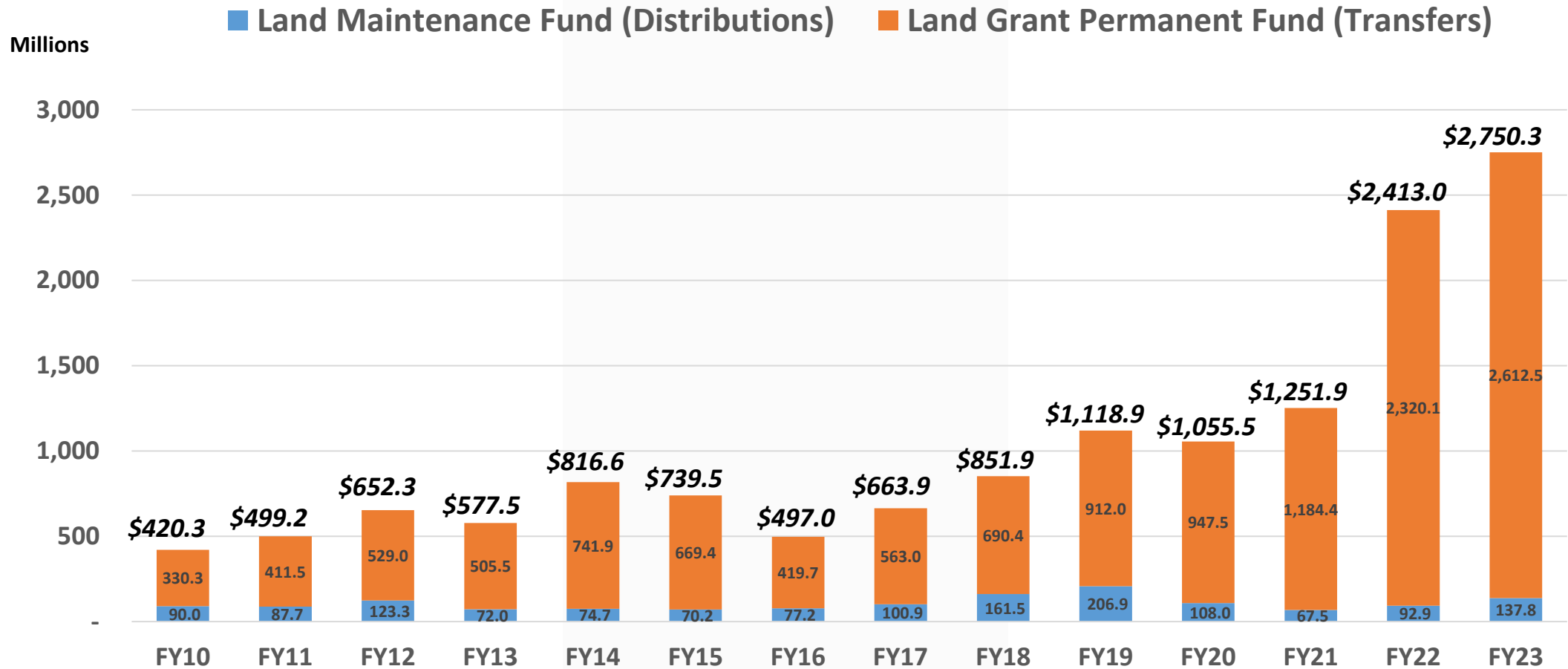


# New Mexico State Land Office Revenue Flow



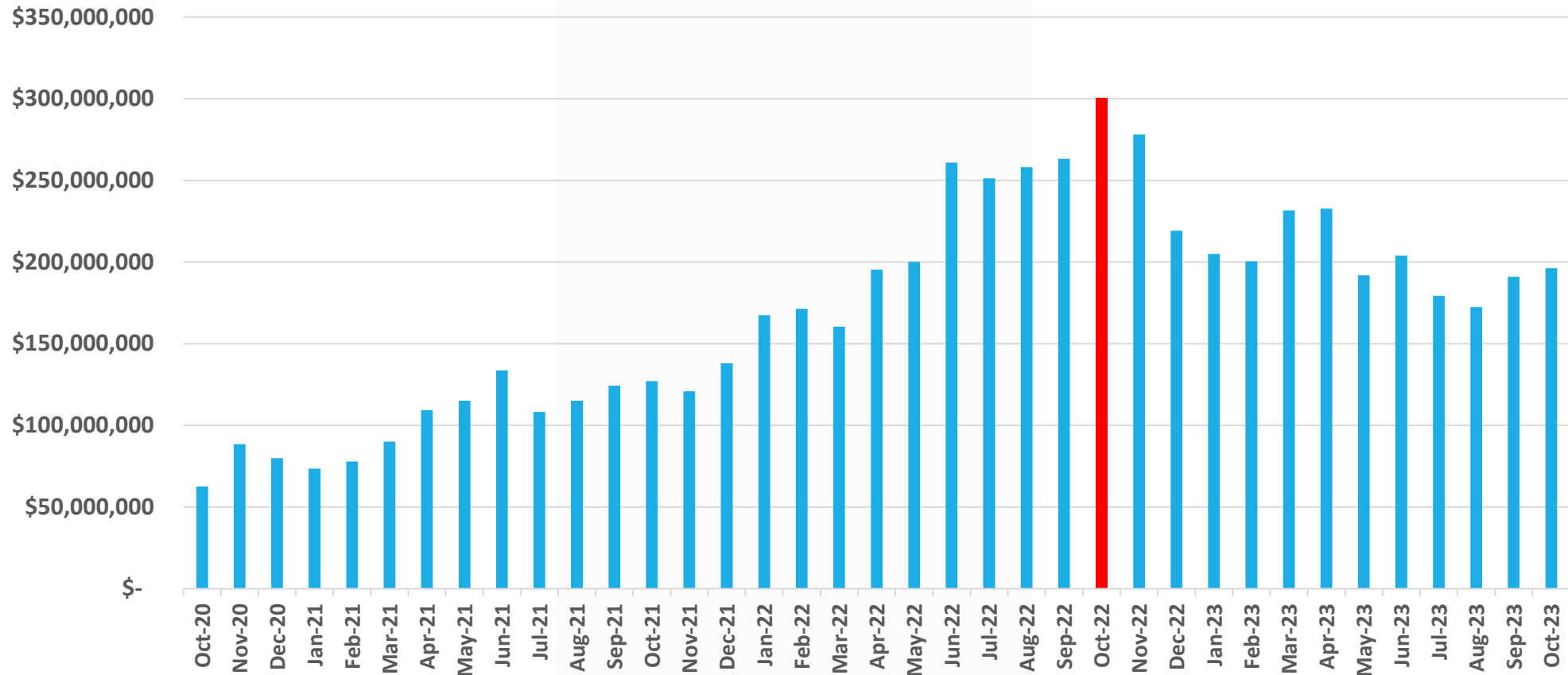
# State Land Office Earnings

+223% Over 5 Years; +14% Year-Over-Year



# Oil and Gas Royalties by Month (Sales)

Fiscal Years 2021-2023

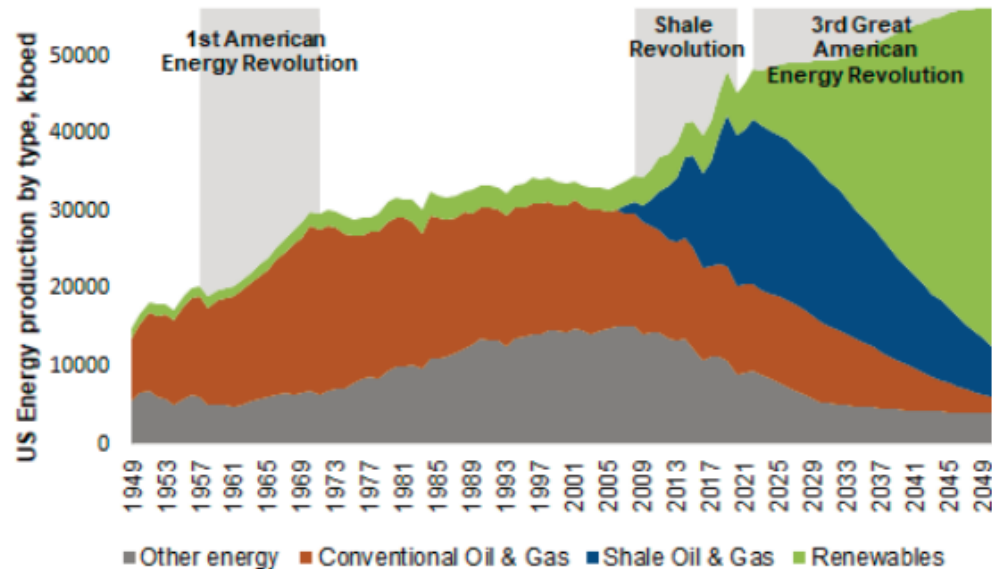


# Energy Transformation

Goldman Sachs: Carbonomics, the Third American Energy Revolution (March 22, 2023)

**Exhibit 1: We are entering the third American post-WW2 energy revolution...**

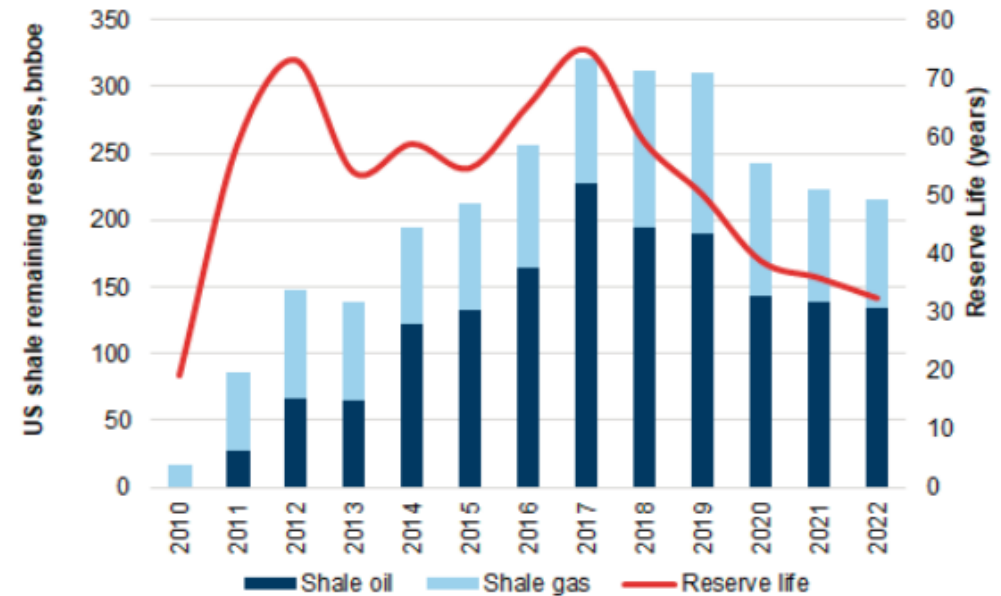
US energy production by type, kboed



Source: EIA (historical), Goldman Sachs Global Investment Research

**Exhibit 2: ...with shrinking US shale reserves sealing the end of a decade of oil & gas resource expansion**

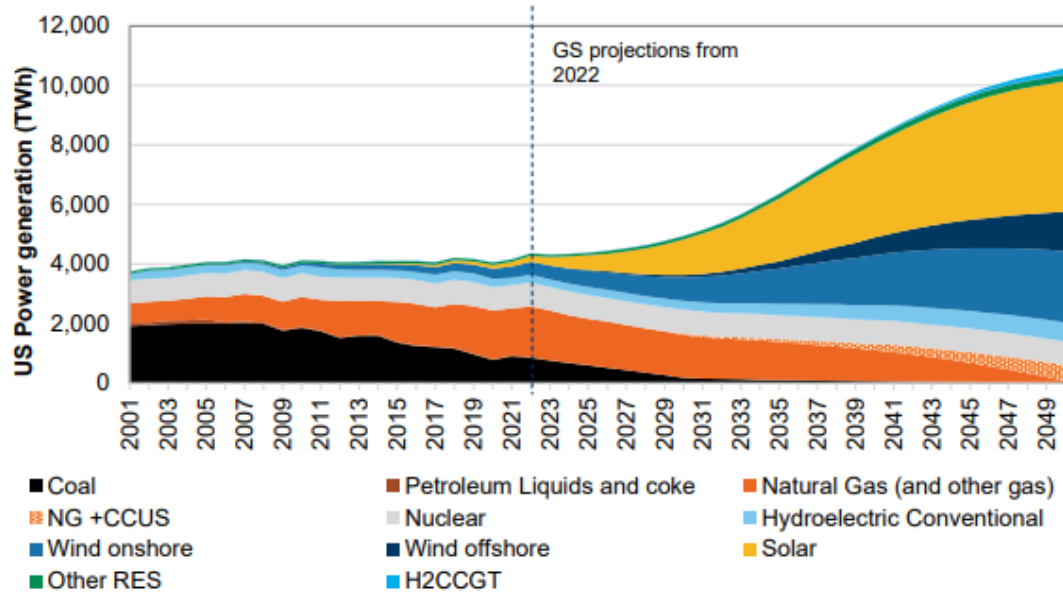
US shale remaining reserves, bnboe



Source: Company data, Goldman Sachs Global Investment Research

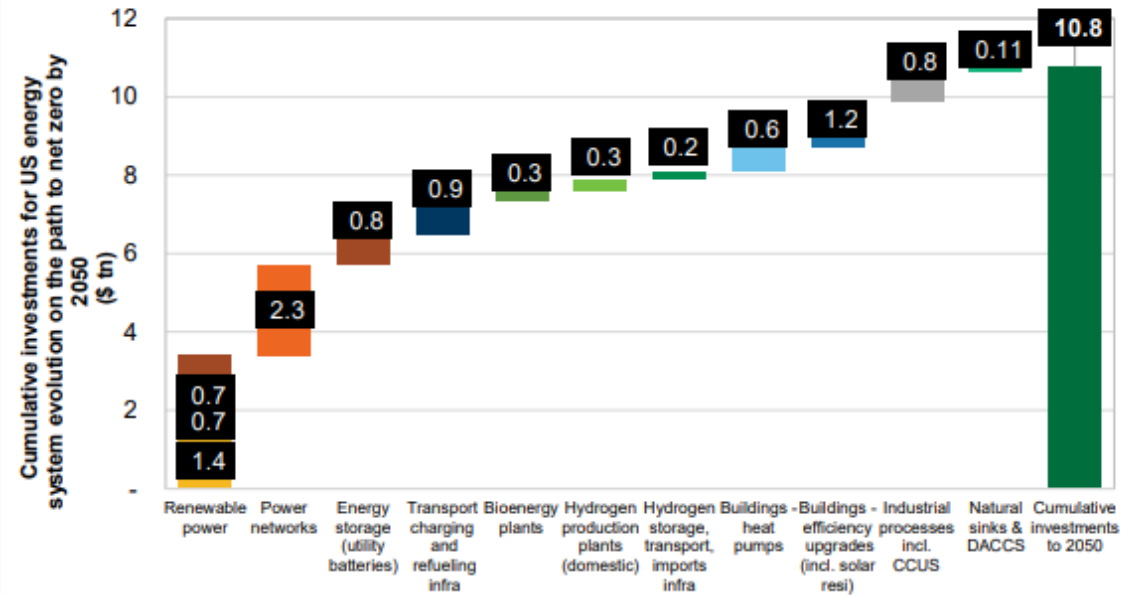
# Shifting Landscape of Power Generation

**Exhibit 61: We estimate that total demand for power in the US will increase 2.5 times to 2050...**  
US electricity generation (TWh)



Source: EIA, Goldman Sachs Global Investment Research

**Exhibit 16: We see c.\$11 trn being invested to reimagine the US energy system...**  
Cumulative investment opportunity by 2050 (US trn)



Source: Goldman Sachs Global Investment Research



# Positioning Trust Lands for the Future

## Where We Are

- Most existing revenue comes from finite resources
- Must prepare for oil and gas downturn / in the midst of a major energy transition
- Need to develop other ways to make money
- Impact of climate change on agency charged with long-term stewardship of millions of acres of lands
- Limited agency resources to meet both existing and new workload demands

## What We Are Doing

### Diversification

- Renewable Energy
- Transmission/Grid Modernization
- Economic Development Opportunities
- Conservation Leasing

### Reduce Legacy Risks/Costs

- Plug wells, site cleanup, bonding
- Deal with it now before it is a problem for future generations
- Lease with understanding of long-term impact (landscape perspective)

# FY23 Accomplishments

- Record \$2.75 billion in earnings
- Quadrupled capacity of renewables under lease, four new leases
- Processed 1,000 business leases and ROWs, including \$50 million SunZia transmission line and Farolito affordable housing
- Finalized Ft. Sill land exchange
- Treated thousands of acres, including post-fire activities on the 25,360 acres impacted by the Cooks Peak fire
- Leased 654 acres to City of Socorro for recreational uses
- Processed over 600 agricultural leases
- Issued Executive Order banning new O&G leases within 1-mile of schools
- Identified and corrected over 800 unbonded O&G leases, over 200 spills
- Exceeded 300 wells plugged at industry's expense under Accountability & Enforcement Program
- Stepped up new Environmental Compliance Office, handling 114 incidents
- Held O&G industry trainings with over 130 participants per session
- And more...

# Budget Request Overview

## Total Request: \$26,320,500

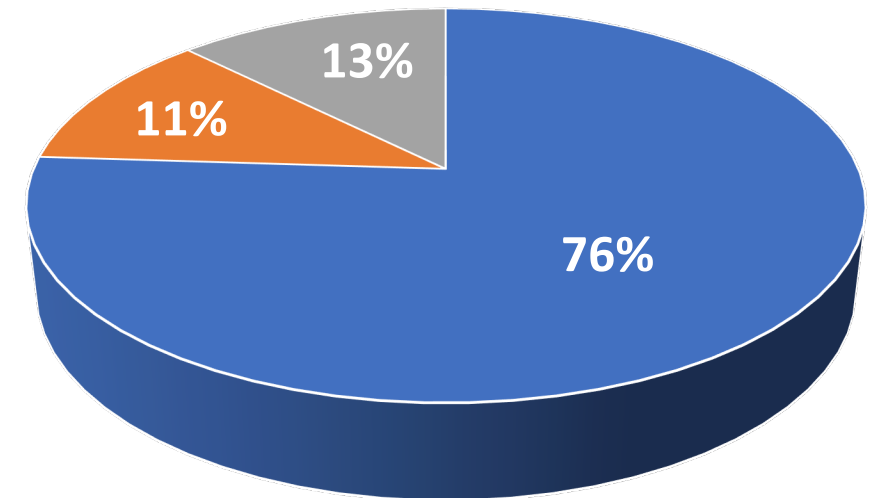
- Budget paid from % of agency earnings (Other State Funds)
- 7% increase over FY23 (\$1,732,400)

## Increases By Category

- *S&B*
  - \$1,464,500 (+7.9%)
  - 5% vacancy rate, six new FTE
- *Contractual Services*
  - \$139,800 (+4.9%)
- *Other*
  - \$128,100 (+4%)

## FY25 Request by Category

■ Salaries & Benefits ■ Contracts ■ Other

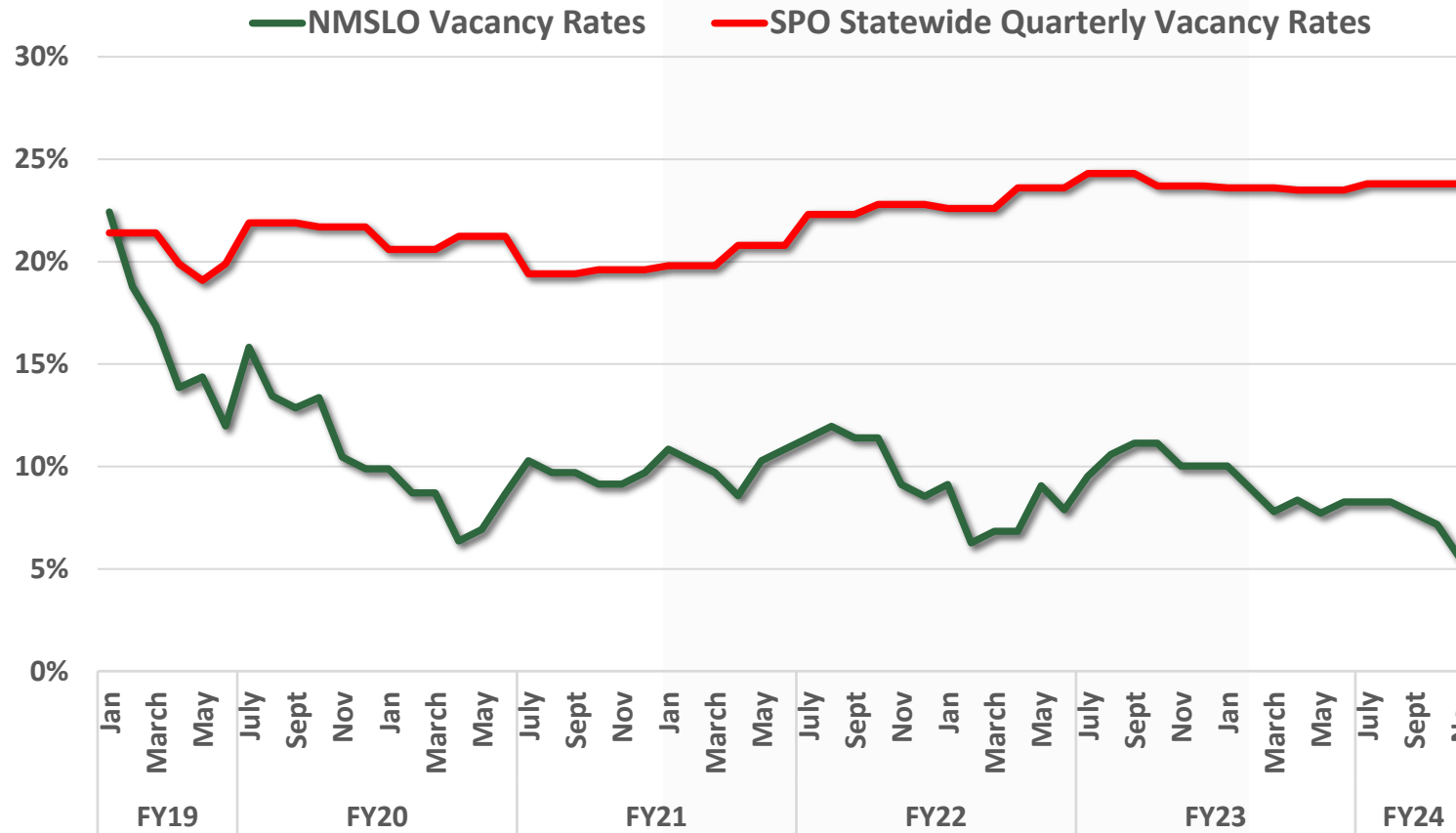


# Investing in Our Employees



# NMSLO v. Statewide Vacancy Rate

Consistently Maintain Low Rate with Full S&B Utilization



|                     |              |
|---------------------|--------------|
| Total FTE Positions | 181.5        |
| Filled              | 171.5        |
| Vacant              | 10           |
| <b>Vacancy Rate</b> | <b>5.51%</b> |

*As of 11/7/23*

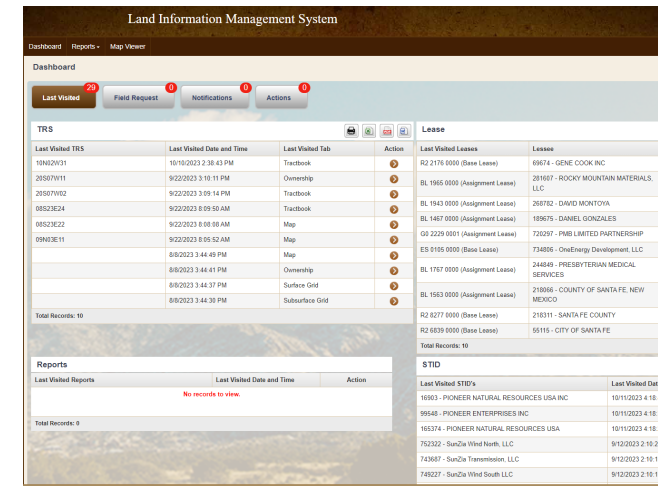
# Personnel Requests

- **Oil and Gas Leasing (2 FTE):** Petroleum engineer within units and communitizations section (80-85% of all agency revenue) and lease management position to efficiently process applications while maintaining appropriate oversight.
- **Royalty Management (2 FTE):** Record revenue is directly tied to increased processing and auditing workload; the division reviewed over 400,000 royalty detail lines in FY23 – exceeding 33,000 lines per month.
- **Tribal Consultation (1 FTE):** Dedicated position will advance more meaningful consultation with tribes and ensure perspectives are adequately considered in state and federal actions (programmatic agreements).
- **Grant Partnerships (1 FTE):** Apply for grants, track and report expenditures and leverage resources; develop/maintain partnerships with state, tribal, federal and local agencies, NGOs, universities and community groups on collaborative projects (forest/watershed health, fire preparedness, etc.).

# Specials

## Land Management System (#1, \$1.7 million)

- Improve functionality of the Land Information Management System (LIMS) (manages 37,000 leases/ROWs on 9 million acres)
- Greater efficiency/accuracy in processing applications, managing projects and supporting audit and compliance efforts



## Royalty Revenue Processing System (#2, \$6 million)

- Currently manage billions of dollars in royalties through mainframe style windows
- Consolidate 233 screens into fewer/more modern interfaces
- Upgrade computer environment and runtime engines
- Improve user productivity, efficiency and audit capacity through enhanced functionality

```

CMD :          ONGARD          06/09/23 09:26:42
OG4PULS      MAINTAIN PUN LEASE  OGSELB -PROD
                                           PAGE 1
PUN          : 1143148 PUN Type : STUNIT1  Pun Eff Dte : 11/29/1994
Property Name : EMPIRE ABO UNIT          ( 309164 )
COMM/UNIT Name : EMPIRE ABO UNIT          ( 300117 )
Pool         : EMPIRE; ABO                ( 22040 )
Master Operator : APACHE CORPORATION
Product      : G History: N From: 06/09/2023 To: 06/09/2023
Total SNI %  : 71.097750

S Lease Number  Attr Eff Date  Strt Date  Stat  Acres in Pun  % in Pun
-----
B00752  2  11/29/1994  11/29/1994  A    120.00  0.271840
B00752  4  11/29/1994  11/29/1994  A    80.00  0.271820
B01483  23 11/29/1994  11/29/1994  D    40.46  0.190760
B02071  14 03/01/1997  11/29/1994  D    80.00  1.551610
B02071  22 08/28/2002  11/29/1994  D    40.00  0.329610
B02071  23 07/27/2021  11/29/1994  D    120.00  0.662040
B02071  25 08/17/2022  11/29/1994  D    40.00  1.029460

E0005: Enter data to modify or PF keys to scroll
PF01 HELP  PF02      PF03 EXIT  PF04 GoTo  PF05      PF06 CONFIRM
PF07 BKWD  PF08 FWD   PF09      PF10      PF11      PF12

CLR PA1 PA2 PA3
  
```

# Capital Outlay

## **Public Bathroom Renovations (\$650,000)**

- Office building originally built in 1960
- Design and renovate six of 10 public restrooms
- Re-purpose existing, unused FY21 appropriation for ceiling re-design for bathroom upgrades
- *No additional funds requested, re-purpose only*



Since 2019, YOUR State Land Office has earned over

**\$8 BILLION for our schools!**



New Mexico Commissioner of Public Lands Stephanie Garcia Richard

QUESTIONS?



 @nmlandoffice  @nm.land.office  @nmlandoffice  
 nmstatelands.org