

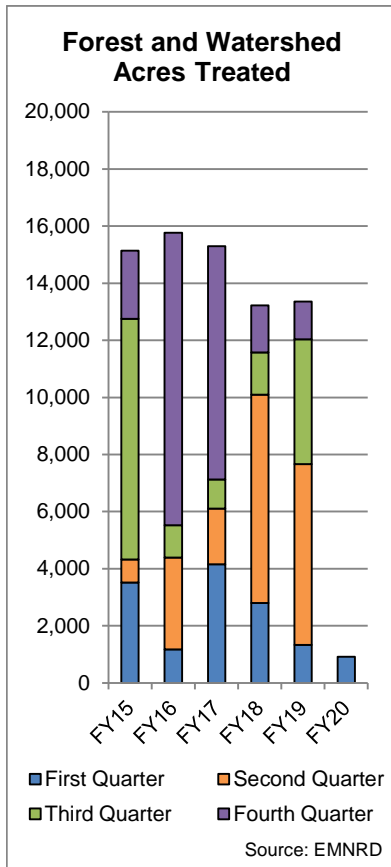
ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	Yes

Energy, Minerals and Natural Resources Department

The Energy, Minerals and Natural Resources Department (EMNRD) is pursuing initiatives in FY20 to improve performance in key areas, such as a modernization and marketing plan to increase State Parks visitation and a reorganization of the Oil and Gas Conservation Division (OCD) that aims to address the agency's need to pay competitive salaries. In 2019, the governor signed a bill to allow OCD to assess industry fees, as other states are doing, to help cover the cost of its operations.

EMNRD proposed adding performance measures in FY21 that will capture data on waste created by oil and gas activity as well as the complexity of the drilling permit application process. The agency should also consider adding key measures in the Renewable Energy and Energy Efficiency Program to reflect the goals of the \$20 million capital appropriation made in FY20.



Healthy Forests

The State Forestry Division (Healthy Forests) reports a slow fire season in New Mexico and around the country meant fewer opportunities for firefighters to be deployed in or out of state, which in turn meant interest in training was low. The agency expects an increase in the number of non-federal firefighters trained in the second quarter when at least three trainings will be held, including for employees of the Department of Transportation (DOT) under a new DOT-EMNRD memorandum of understanding to share resources in rural areas. In FY19, State Forestry reported that New Mexico is experiencing a decline in rural fire department recruitment and volunteer retention.

The division treated over 13 thousand acres of overgrown forests and watersheds to increase resilience to fire, drought, insects, and disease in FY19, more than 2,000 acres below the target. For FY20, the Legislature appropriated \$2 million annually to a new forest land protection revolving fund to administer forest and watershed management projects. State Forestry has a list of planned projects to be completed with this funding, but weather conditions such as early snowfall may prevent some from being started until the fourth quarter.

Budget: \$13,828.8 FTE: 78

Measure	FY18 Actual	FY19 Actual	FY20 Target	FY20 Q1	Rating
Nonfederal wildland firefighters provided training	1,205	1,454	1,500	40	Y
Acres treated in New Mexico's forest and watersheds	13,226	13,358	15,500	913	Y
Program Rating					Y

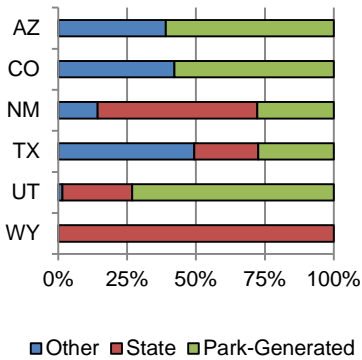
State Parks

Visitation to state parks was lower in FY19 than in FY18 due to drought conditions, fire closures, and dam construction. Additionally, two parks experienced failures of traffic counter equipment, likely lowering visitation numbers artificially. In FY20, the State Parks program will pursue a modernization plan to improve visitor experience and promote park visitation. The program also has a new marketing campaign called Next

PERFORMANCE REPORT CARD

Energy, Minerals and Natural Resources Department
First Quarter, Fiscal Year 2020

Percent of State Park Revenues, by Source



Source: EMNRD and LFC Files

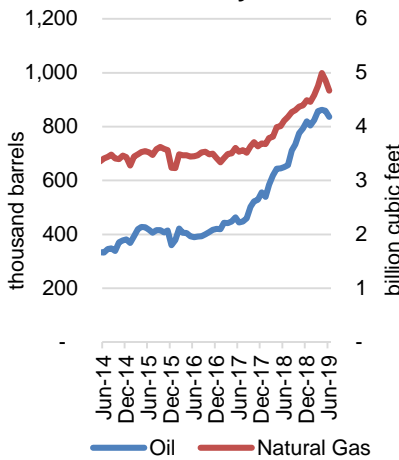
Generation of Adventure and is partnering with the Tourism Department to attract visitors.

Self-generated revenue per visitor represents the total revenue collected from day use and overnight camping fees divided by the number of parks visitors. State Park program fees for entry, camping, and facilities are some of the lowest in the country. EMNRD is considering changes to the State Parks fee structure for camping and use of other amenities, as well as installation of payment kiosks that accept non-cash payment methods to improve revenue collection and modernize visitor experience.

Budget: \$26,609.9 **FTE:** 241.4

Measure	FY18 Actual	FY19 Actual	FY20 Target	FY20 Q1	Rating
Visitors to state parks, in millions	4.7	4.5	4	2	Y
Self-generated revenue per visitor, in dollars	1.06	1.02	0.94	0.84	Y
Program Rating					Y

New Mexico Production Per Day



Source: OCD

Mine Reclamation

The ASARCO Deming Mill was the only permitted mine that did not have financial assurance in place to cover reclamation costs as of the third quarter. The operator of the mill has now provided EMNRD with the required financial assurance through a collateral form.

Budget: \$8,120 **FTE:** 32

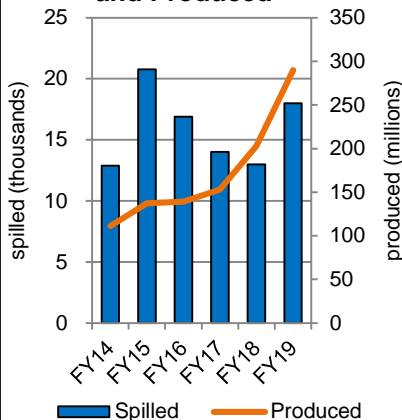
Measure	FY18 Actual	FY19 Actual	FY20 Target	FY20 Q1	Rating
Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation	99%	100%	98%	100%	G
Program Rating					G

Oil and Gas Conservation

The Oil and Gas Conservation Division (OCD) attributes fewer inspections and a lack of compliance with permits and regulations to compliance officer vacancies; currently half of OCD's compliance officer positions are vacant. These positions are located in the department's various field offices, which increases the difficulty of hiring. OCD is engaged in a reorganization effort that will move most compliance officers to Albuquerque with the goal of increasing the applicant pool. However, the effectiveness of this centralization has yet to be determined.

The division continues to process most approved drilling permits within 10 business days, exceeding its target but falling short of FY18 actuals. The division issued 1,620 violations in FY19, 78 percent of the number issued in FY18 despite significantly increased oil and gas production activity this year. OCD reports that this reduction is related to the decrease in number of inspections and is also attributable to vacancies in compliance officer and environmental tech positions.

Barrels of Oil Spilled and Produced



Source: EMNRD and LFC Files

PERFORMANCE REPORT CARD

Energy, Minerals and Natural Resources Department

First Quarter, Fiscal Year 2020

In 2018, 3.5 billion standard cubic feet (scf) of natural gas was vented and 32.7 billion scf was flared in New Mexico, according to data provided to EMNRD from oil and gas operators. For comparison, in 2017 operators reported that the combined total of vented and flared gas was 17 billion scf. OCD proposed a new performance measure for FY21 to track vented and flared gas. The Governmental Accountability Office reports 40 percent of gas lost through venting and flaring on public lands could be captured economically.

OCD is working alongside the Environment Department to develop a methane emissions reduction strategy in accordance with the governor's executive order on addressing climate change and energy waste prevention. OCD's goal will be to prevent the waste of methane and other natural gas in the oil industry. In FY21, OCD will start reporting on the volume of natural gas vented and flared.

The Environmental Bureau of OCD has the additional responsibility of overseeing the Carlsbad brine well remediation project, which is not captured in the division's performance measures. The Environmental Bureau Chief is serving as the project manager, working closely with the contractor hired for the project. Construction was delayed due to difficulty securing access agreements for the site, but is now underway. EMNRD is projecting an \$8.8 million budget shortfall because of costs not anticipated when the appropriation for the project was made.

Budget: \$11,238.1 **FTE:** 70

Measure	FY18 Actual	FY19 Actual	FY20 Target	FY20 Q1	Rating
Inspections of oil and gas wells and associated facilities demonstrating permit and regulatory compliance	42,800	31,043	42,000	10,040	Y
Application to drill permits approved within 10 business days	99.8%	92.9%	95%	98.9%	G
Abandoned oil and gas wells properly plugged	41	31	50	0	R
Violations issued*	2,081	1,620	N/A	580	Y
Program Rating					Y

*Measure is classified as explanatory and does not have a target. Rating is based on comparison with past year performance.

Renewable Energy and Energy Efficiency

The agency reported that it reviewed 90 percent of applications for clean energy tax credits within 30 days. The agency reported 85 waste-isolation-pilot-plant emergency responder and shipment inspection trainings and practice exercises, improving upon the 79 trainings in FY18. Fiscal year 2020 is the first year the program is reporting on technical assistance provided to clean energy projects. Expanding the measures in this program will be key to monitoring progress towards the new administration's renewable energy goals and the Legislature's investments in this area.

Budget: \$3,009.4 **FTE:** 17

Measure	FY18 Actual	FY19 Actual	FY20 Target	FY20 Q1	Rating
Applications for clean energy tax credits reviewed within 30 days	90%	90%	90%	90%	G
Clean energy projects to which the division provided information and technical assistance*	NEW	NEW	N/A	26	G
Program Rating					G

*Measure is classified as explanatory and does not have a target.

The Renewable Energy and Energy Efficiency program, or Energy Conservation and Management Division (ECMD), operates the Energy Savings Performance Contracting program, which implements energy efficient facility improvements without the need for upfront capital funding from state agencies. ECMD monitors, verifies, and guarantees the annual energy savings of these projects, which are used to finance the construction costs. In the first quarter of FY20, ECMD approved four projects at a total cost of \$47.9 million with guaranteed annual savings of \$787.6 thousand. LFC recommends EMNRD add performance measures to capture the energy and financial savings created by this program and adopt best practices to ensure the state receives the best value.