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SENATE MEMORIAL 20

**54TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2019**

INTRODUCED BY

Gay G. Kernan and Stuart Ingle

A MEMORIAL

DECLARING FEBRUARY 6, 2019 "OIL AND GAS INDUSTRY DAY" IN THE  
SENATE.

WHEREAS, New Mexico is one of North America's leading  
energy producers, ranking third in oil production and ninth in  
natural gas production according to data collected by the  
United States energy information administration; and

WHEREAS, the Permian basin is at the center of an energy  
resurgence attracting interest from around the world; and

WHEREAS, a 2018 resource review by the United States  
geological survey described the Permian basin as the "largest  
continuous oil and gas resource ever assessed" with an  
estimated potential for extraction of forty-six billion three  
hundred million barrels of oil plus two hundred eighty-one  
trillion cubic feet of gas and twenty billion barrels of

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1 natural gas liquids; and

2 WHEREAS, the oil and natural gas industry is the largest  
3 private sector employer in New Mexico, providing more than one  
4 hundred thousand direct and indirect jobs for state residents;  
5 and

6 WHEREAS, the revenues collected from New Mexico's oil and  
7 natural gas industry help fund the state's schools, roads and  
8 public facilities; and

9 WHEREAS, the oil and natural gas industry in New Mexico is  
10 the state's leading educational supporter and provides over  
11 ninety percent of all school capital investment through the  
12 land grant permanent fund, also known as the permanent school  
13 fund; and

14 WHEREAS, the New Mexico tax research institute, analyzing  
15 data from the legislative finance committee and the department  
16 of finance and administration, estimates that the oil and  
17 natural gas industry in New Mexico contributed approximately  
18 two billion two hundred one million seven hundred thousand  
19 dollars (\$2,201,700,000), or roughly thirty-two percent, to the  
20 state general fund during fiscal year 2018; and

21 WHEREAS, the oil and natural gas industry in New Mexico  
22 also contributed approximately seven hundred forty-nine million  
23 seven hundred thousand dollars (\$749,700,000) to the corpus of  
24 the land grant permanent fund and the severance tax permanent  
25 fund in fiscal year 2018; and

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1           WHEREAS, as of fiscal year 2018, ninety-six and eight-  
2 tenths percent of the land grant permanent fund and eighty-  
3 seven percent of the severance tax permanent fund are composed  
4 of contributions made by the oil and natural gas industry in  
5 New Mexico through the payment of royalties and severance  
6 taxes; and

7           WHEREAS, the New Mexico tax research institute estimates  
8 that the oil and natural gas industry generated approximately  
9 eight hundred twenty-two million three hundred thousand dollars  
10 (\$822,300,000) in funding for public schools in New Mexico and  
11 approximately two hundred forty million five hundred thousand  
12 dollars (\$240,500,000) for colleges and universities in the  
13 state in fiscal year 2018; and

14           WHEREAS, according to the United States department of the  
15 interior, New Mexico earned six hundred thirty-four million  
16 nine hundred thousand dollars (\$634,900,000) from energy and  
17 mineral production on federal and tribal lands during fiscal  
18 year 2018, making it the number one state for earnings last  
19 year; and

20           WHEREAS, approximately eighty percent of year-over-year  
21 growth in estimated revenue collection in fiscal year 2018 has  
22 been attributed to increased oil and natural gas production and  
23 higher severance tax collections, improved oil and natural gas  
24 industry-related rents and royalties and additional gross  
25 receipts tax revenue from Eddy and Lea counties in the Permian

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1 basin, according to legislative finance committee economists;  
2 and

3 WHEREAS, natural gas is the second-largest source of  
4 electricity generation in New Mexico and provides heating for  
5 two-thirds of the state's households, according to the United  
6 States energy information administration; and

7 WHEREAS, New Mexico's oil and natural gas producers are  
8 committed to innovating and investing in cutting-edge  
9 technologies to further minimize the industry's environmental  
10 footprint while safely and responsibly growing energy  
11 production; and

12 WHEREAS, the number of rigs operating in New Mexico in  
13 2018 was more than double the number from the previous year;  
14 and

15 WHEREAS, oil and gas producers, independent of the  
16 revenues paid to the state through royalties and taxes,  
17 invested millions of dollars in the ten New Mexico counties in  
18 which they operate, providing scholarships to students, rewards  
19 to teachers, investments in emergency services and equipment  
20 and contributions to schools and youth community programs; and

21 WHEREAS, an unprecedented coalition of sixteen oil and gas  
22 companies, each represented by its chief executive officer,  
23 formed the Permian strategic partnership to work in partnership  
24 with local stakeholders to address infrastructure challenges  
25 and strengthen communities across west Texas and southeast New

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1 Mexico; and

2 WHEREAS, the Permian strategic partnership completed an  
3 initial analysis in 2018, which identified the need for safer  
4 roads, superior schools, quality health care, affordable  
5 housing and a trained workforce as priority focus areas across  
6 the Permian basin; and

7 WHEREAS, the companies participating in the Permian  
8 strategic partnership have committed one hundred million  
9 dollars (\$100,000,000) for investments in the communities  
10 impacted by oil and gas production in the basin; and

11 WHEREAS, oil and gas industry companies remain committed  
12 to collaborating with New Mexico's residents, non-governmental  
13 organizations and public sector stakeholders to inform and  
14 safeguard the development of positive and sound public policies  
15 regulating industry;

16 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE  
17 OF NEW MEXICO that February 6, 2019 be declared "Oil and Gas  
18 Industry Day" in the senate; and

19 BE IT FURTHER RESOLVED that copies of this memorial be  
20 transmitted to the New Mexico oil and gas association, the  
21 Permian basin petroleum association and the independent  
22 petroleum association of New Mexico.