

PERFORMANCE REPORT CARD

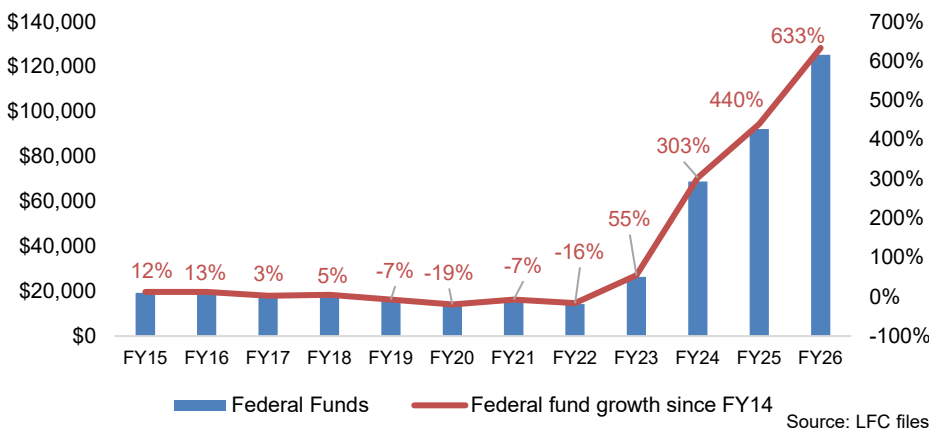
Energy, Minerals and Natural Resources Department
Third Quarter, Fiscal Year 2025

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

The Energy, Minerals and Natural Resources Department’s (EMNRD) third-quarter performance measures were impacted by federal uncertainty and historic issues. The Oil Conservation Division’s (OCD) orphan and abandoned well plugging program plugged just nine wells in the third quarter, for a total of 36 through three quarters. The State Forestry Division (SFD) treated 2,659 acres, a 5,000-acre difference between quarters, and is set to possibly miss its end-of-year target. Both cite being limited by federal funding and the subsequent uncertainty it creates with agency operations. OCD and SFD are not the only program of EMNRD to have issues with federal funding; the Energy, Conservation and Management Division (ECMD) also notes delays with receiving federal funds. EMNRD’s overall budget for FY25 is \$175.8 million, with over half of it (52.5 percent) composed of federal funds. As federal uncertainty continues, EMNRD and other stakeholders should look to how other states or partners are weathering the storm.

EMNRD Federal Funds growth since FY14
(in thousands)



Healthy Forests

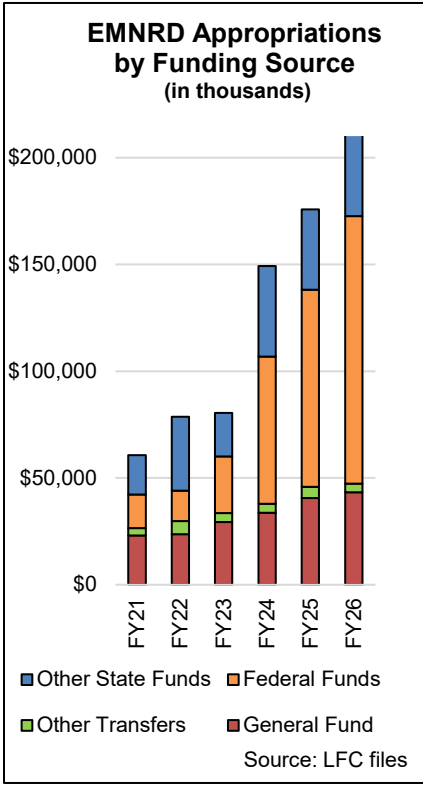
Wildland Firefighter Training. The State Forestry Division (SFD) saw a significant bump in training numbers after the fires in 2022, resulting in historic numbers of newly trained wildland firefighters in 2023 and 2024. SFD saw a significant increase in participants in the third quarter, in part due to the fires in Los Angeles.

Forest and Watershed Treatment. SFD reports, due to the emerging uncertainties surrounding the program’s ability to complete scheduled projects on federal

lands, it was unable to complete the targeted amount of treated acres. It reported six new projects for over 2,200 acres are currently on hold with the U.S. Forest Service. SFD notes it is discussing with federal and other state partners whether current federal funding levels will continue or if funds will be reduced, in particular from the Inflation Reduction Act. SFD is working to find additional ways to reduce treatment costs.

In the third quarter, SFD treated 2,659 acres. SFD has plans to treat 21.6 thousand acres with notices to proceed pending and 8,270 acres in the planning stages. Despite the large number of planned treated acres, due to increasing uncertainty, it is unlikely SFD will treat the targeted number of acres.

	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	FY25 Q3	Rating
Budget: \$61,269 FTE: 145							
Number of nonfederal wildland firefighters provided professional and technical incident command system training.	1,554	3,012	1,500	0	364	1,542	G
Number of acres treated in New Mexico’s forest and watersheds.	15,735	13,954	14,500	810	7,556	2,659	Y
Program Rating	Y	G					Y

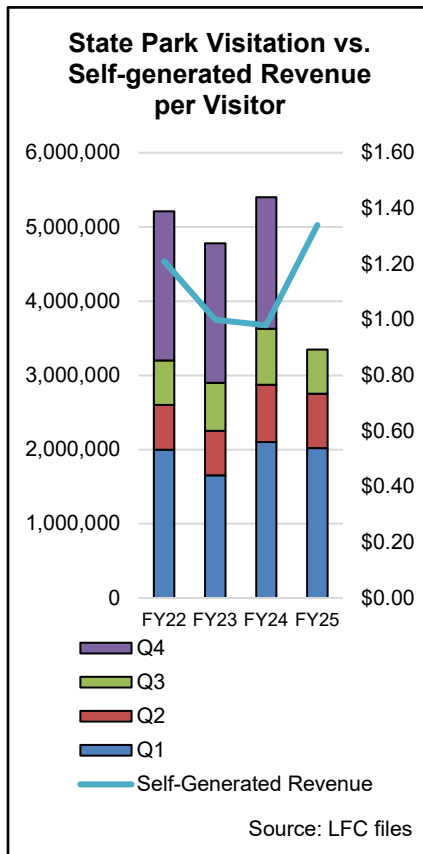


Conservation and Management

As of the conclusion of the third quarter, the Energy, Conservation and Management Division had received 1,768 applications for the solar market development tax credit. Of these, 612 applications were returned as incomplete and 1,156 were successfully approved for processing. ECMD also received 204 applications for the energy conserving products credit and 85 applications for the sustainable building tax credit. The division is working with EMNRD IT staff to make improvements to its online application portal to accommodate updated clean car and clean car charging tax credits passed in the 2024 legislative session.

In late 2022, ECMD applied for grid modernization grant funding from the federal government under the federal Infrastructure Investment and Jobs Act. This grant is expected to bring in more than \$35 million to New Mexico over a five-year period, and ECMD was awarded \$14.4 million for the program's first two years (FY22-23). The grant requires a 15 percent state match and the Legislature appropriated funds in both FY24 and FY25. ECMD has noted issues with receiving federal funding, either through slow processing or no response. The state should be closely monitored because most of ECMD's funding and initiatives are federally funded. Pauses or lapses in federal funding for projects, such as the community energy efficiency block grants, would inhibit the state's energy transition.

Budget: \$6,373.9 FTE: 34	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	FY25 Q3	Rating
Percent of completed applications for clean energy tax credits reviewed within 30 days of receipt	99%	99%	95%	99.9%	100%	99.9%	G
Program Rating	G	G					G



State Parks

New state park fees have increased the amount of revenue the division receives. Despite middling visitation numbers, the amount of revenue per visitor has increased to over double the FY25 target amount. State Parks also reported, as directed by the Department of Finance Administration, it will be collecting gross revenues from a central reservation system, replacing the previous net revenues system previously used. As a result, State Parks notes the revenue report will differ from previous quarters.

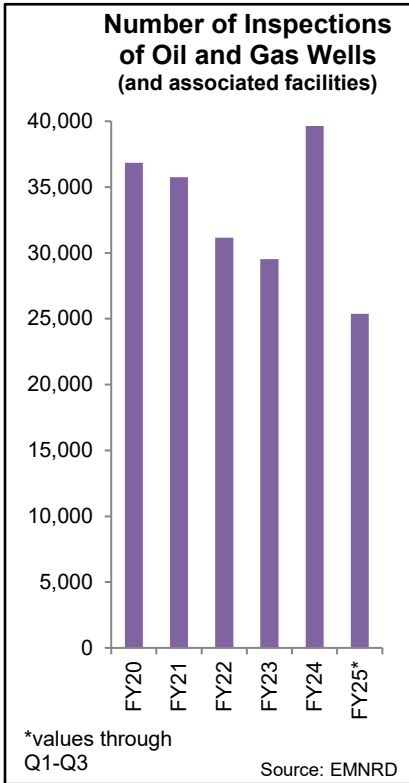
Budget: \$41,352.9 FTE: 241.41	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	FY25 Q3	Rating
Number of visitors to state parks	4.78 million	5.4 million	4.75 million	2.02 million	729.8 thousand	597.4 thousand	G
Amount of self-generated revenue per visitor, in dollars	\$1.01	\$1.21	\$1.00	\$0.80	\$0.99	\$2.25	G
Program Rating	G	G					G

Mine Reclamation

The Coal and Mining Act programs require financial assurance for permitted mines. The coal program monitors six coal mines, all of which are 100 percent covered by financial assurance. The Mining Act Reclamation Program manages 60 mines, of which 59 have

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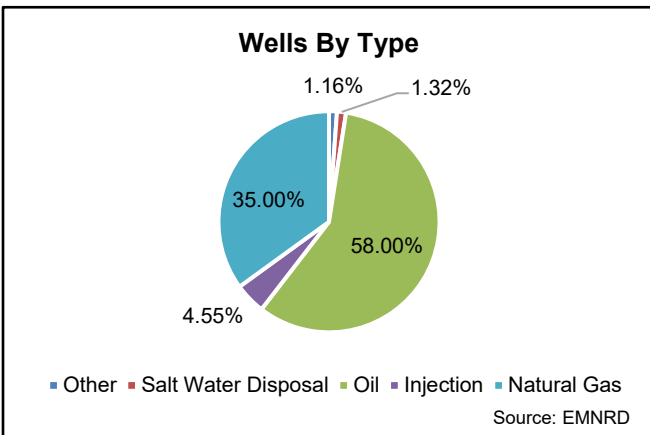


adequate financial assurance posted to cover the cost of reclamation. Together, the programs have a 99 percent compliance rate. Due to the stability of the existing performance measures, new performance measures should be discussed to gain more information on the division's activity.

Budget: \$13,668.1 FTE: 33	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	FY25 Q3	Rating
Percent of permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation.	99%	99%	99%	99%	99%	99%	G
Program Rating	G	G					G

Oil and Gas Conservation

The Oil Conservation Division (OCD) issued 1,629 violations across the state's oil-producing basins during routine inspections in the third quarter of FY25. OCD increased its pace of inspections after three consecutive years of decline while also implementing new inspection protocols. Half way through the fiscal year, OCD is on pace to exceed its 30 thousand inspection target. The division currently has an acting director, with efforts to hire a permanent one underway. The division has 33 vacant FTE, a funded vacancy rate of 15.3 percent and \$1.5 million in projected vacancy savings in FY25.



OCD is behind its target for plugging abandoned wells, a persistent issue. Use of federal funds for plugging has been delayed due to new requirements and compliance with the Endangered Species and National Historic Preservation acts. OCD also noted lags in receiving federal funds for plugging abandoned and orphaned wells should be closely monitored. With up to 700 orphaned wells on the agency's list for plugging, the agency's ability to complete these plugging projects, with the aid of federal funds, is critical to protecting public health and safety. LFC will soon present a program evaluation of OCD's orphaned well plugging, with discussion of historic issues regarding access to financial obligations, contract management, and the plugging and remediation of wells.

Budget: \$58,008.3 FTE: 86	FY23 Actual	FY24 Actual	FY25 Target	FY25 Q1	FY25 Q2	FY25 Q3	Rating
Number of inspections of oil and gas wells and associated facilities	29,522	39,640	30,000	11,691	8,749	4,934	G
Number of abandoned wells properly plugged	76	105	70	9	18	9	R
Number of violations issued with associated administrative penalties*	2,552	5,138	N/A	1,343	1,426	1,629	
Program Rating	Y	Y					Y

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