



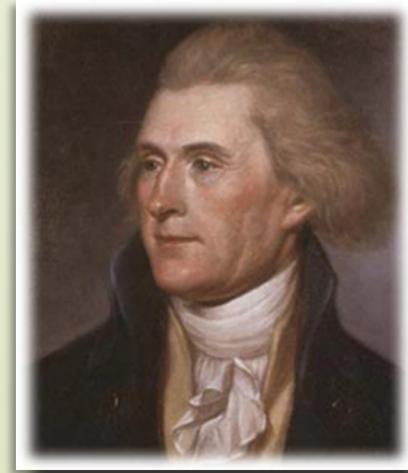
NEW MEXICO STATE LAND OFFICE

Aubrey Dunn, Land Commissioner

Investments and Pensions
Oversight Committee
October 19, 2017

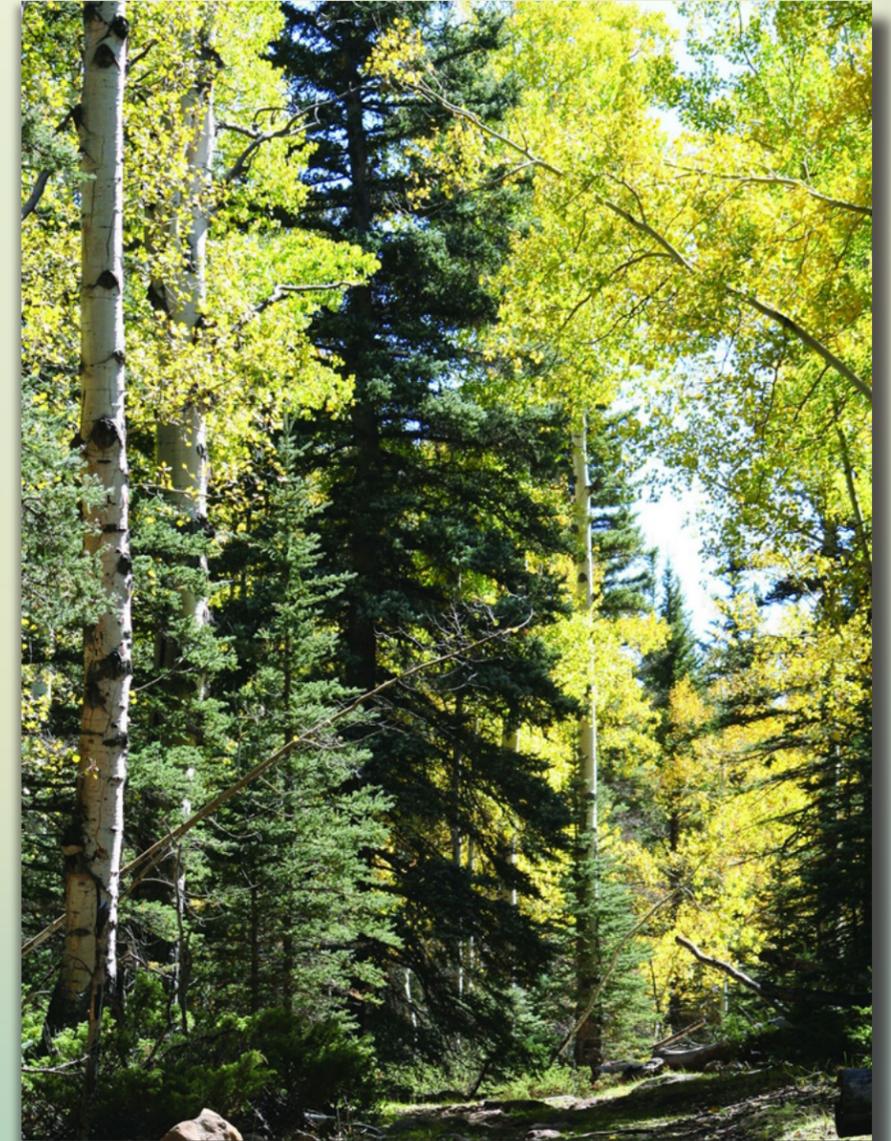
How Land Management Began

- Thomas Jefferson proposed the public land survey system that is used today.
- The system was created by the Land Ordinance of 1785 to survey land ceded to the U.S. following the end of the American Revolution.
- This system incorporates a land survey that uses a mathematical rectangular grid applied to the land area.



How We Got The Land

- 1850: **Organic Act** established the Territory of New Mexico. Sections 16 and 36 for Common Schools.
- 1898: **Ferguson Act** deeded additional lands to support civil institutions and higher education.
- Alpheus A. Keen appointed First land commissioner.
- 1910: **Enabling Act** authorized the Territory to organize for statehood.
- Sections 2 and 32 reserved for Common Schools.
- 1912: Statehood.

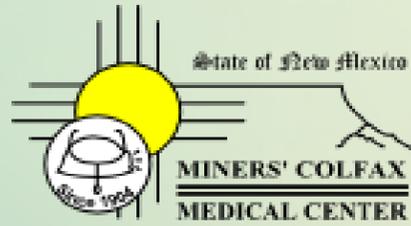


State Land Trust Beneficiaries

New Mexico Boys School



Public (Common) Schools



New Mexico School for the Blind and Visually Impaired



Las Vegas Behavioral Health Institute



Carrie Tingley Hospital



- Capital Buildings
- Charitable Penal and Reform
- Penitentiary of New Mexico
- Rio Grande Improvements
- Saline Lands, UNM



Land Ownership in New Mexico

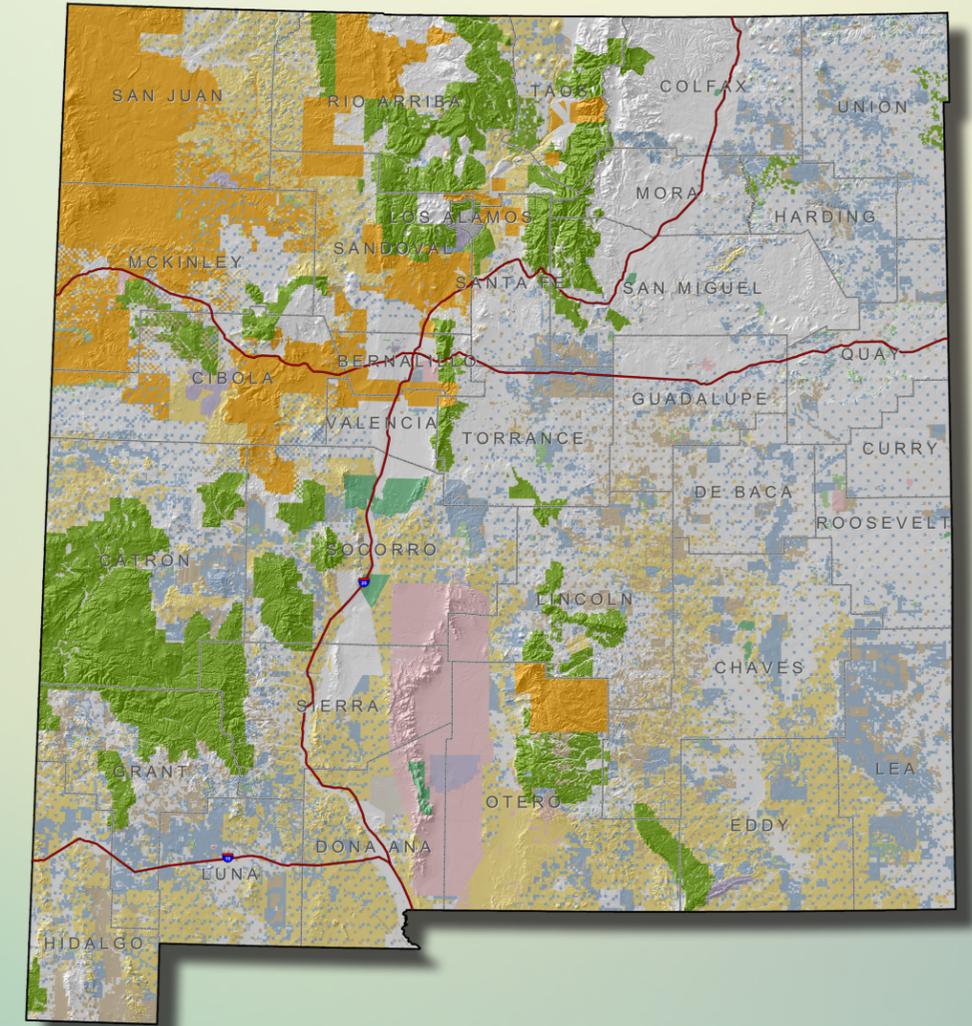
- Private: 43%
 - BLM: 34%
 - Tribal: 10%
 - State Trust: 11%
 - State: 2% (MDGF, NMDOT, EMNRD)

NMSLO Trust Lands

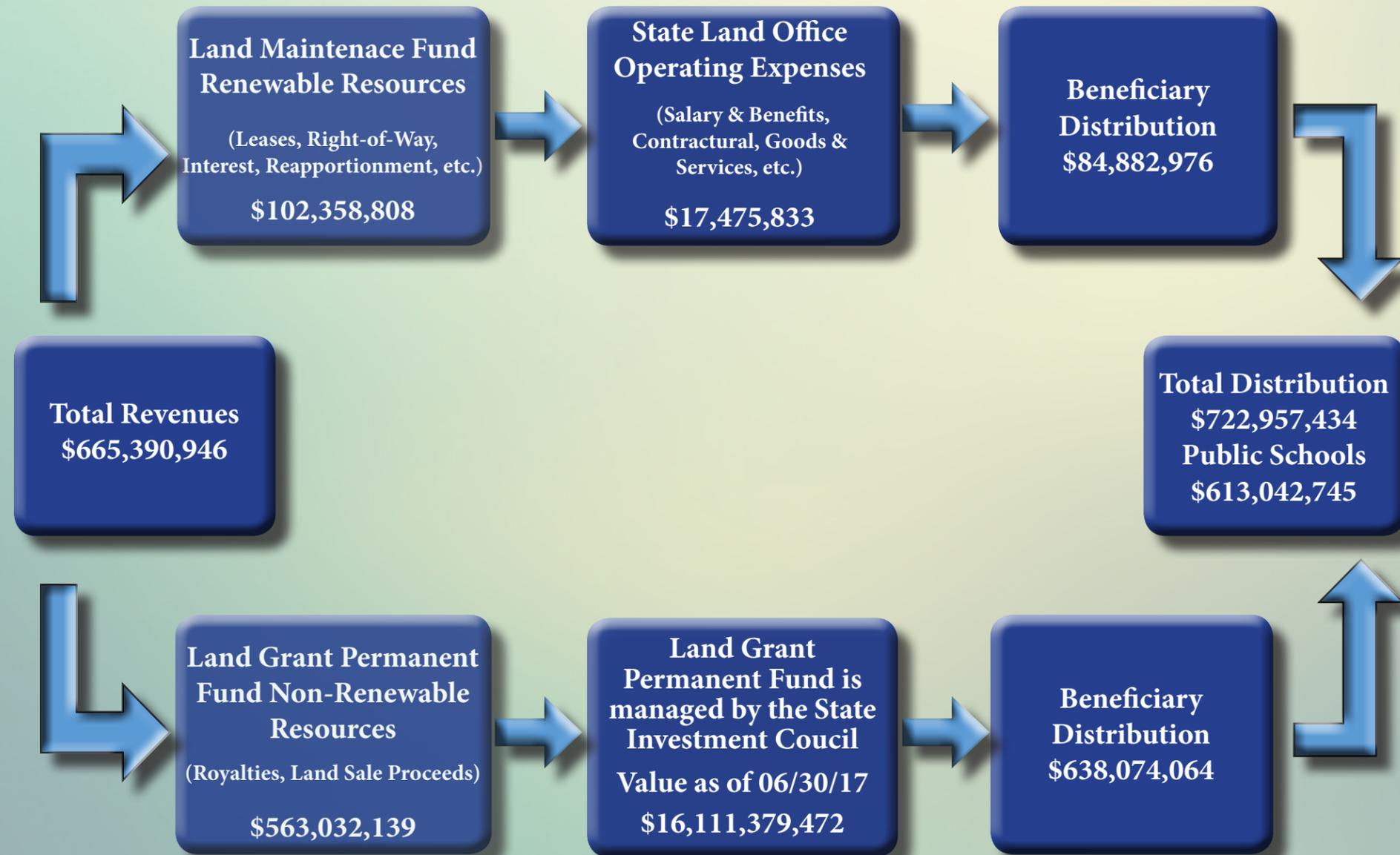
- Surface Estate
- Subsurface Estate
- Surface and Subsurface Estate

Federal Surface Management

- Bureau of Land Management
- Bureau of Reclamation
- Department of Agriculture
- Department of Defense
- Department of Energy
- USDA Forest Service
- Fish and Wildlife Service
- Bureau of Indian Affairs
- National Park Service



Revenue Flow 2017



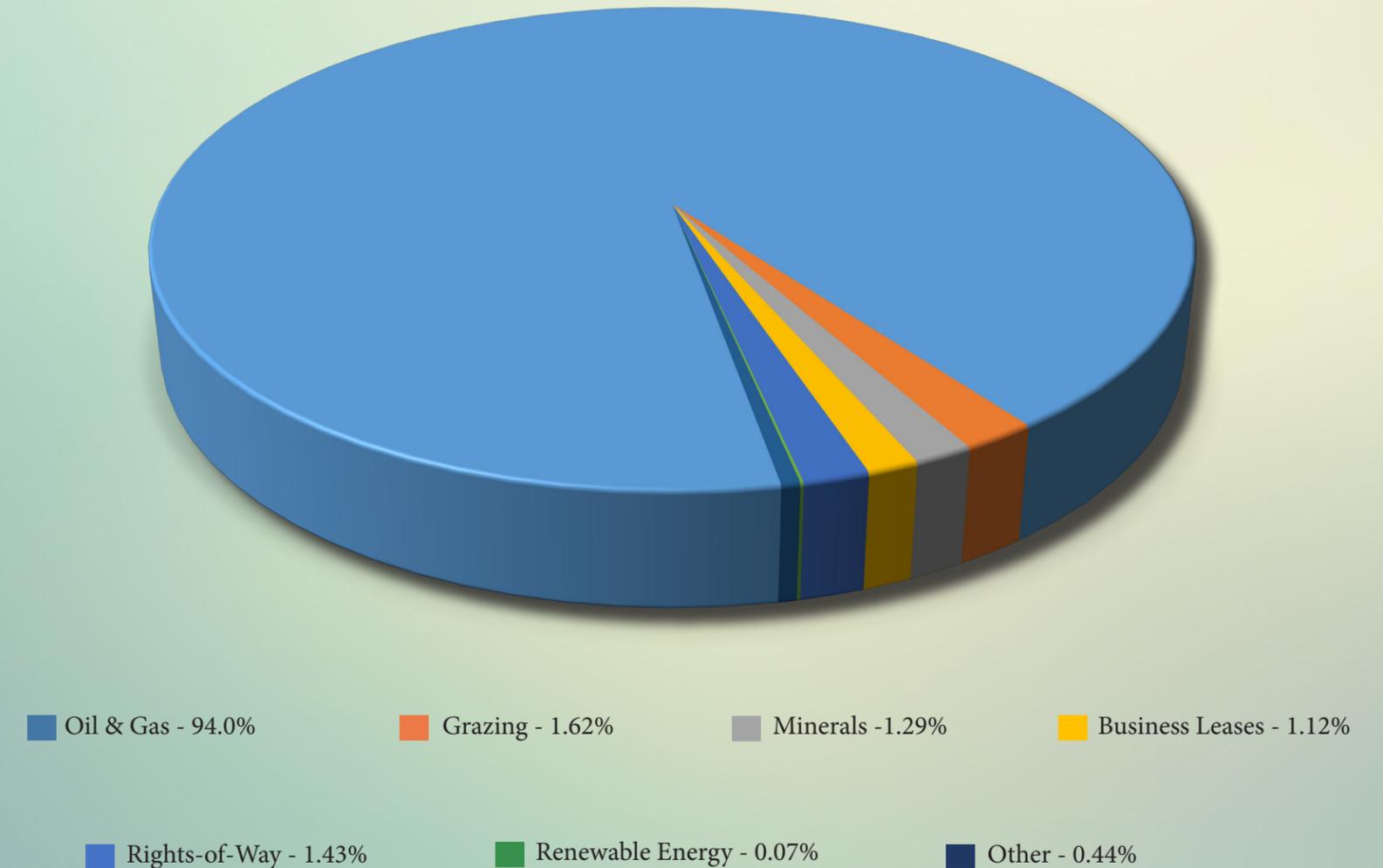
Revenue Sources and Earnings

Resources	FY2015	FY2016	FY2017
Mining	\$ 136,868	\$ 519,409	\$ 97,382
Rights-of-Way	\$ 6,795,595	\$ 12,373,622	\$ 9,522,828
Grazing	\$ 7,280,752	\$ 8,635,845	\$ 10,750,474
Renewable Energy	\$ 309,218	\$ 1,016,587	\$ 908,086
Business Leases	\$ 10,390,897	\$ 10,489,073	\$ 6,585,622
Oil and Gas	\$ 44,200,957	\$ 42,670,365	\$ 70,039,620
Fees, Interest	\$ 1,063,218	\$ 1,532,373	\$ 4,400,490
Rental Sub-Total	\$ 70,177,505	\$ 75,704,901	\$ 102,304,502
Royalty	FY2015	FY2016	FY2017
Mining	\$ 13,434,134	\$ 12,570,915	\$ 8,500,342
Oil and gas	\$ 653,482,767	\$ 406,273,449	\$ 554,072,680
Water	\$ 2,449,425	\$ 900,085	\$ 459,117
Royalty Sub-Total	\$ 669,366,326	\$ 419,744,449	\$ 563,032,139
Revenue Totals	\$ 739,543,831	\$ 495,449,350	\$ 663,918,970

Land Grant Permanent Fund

- Created with the lands deeded to the Territory of New Mexico to fund education in perpetuity.
- Constitutionally protected.
- State Investment Council created in 1957.
- Management of the LGPF transferred from the Legislature to the SIC in 1958.
- The LGPF is entirely the product of revenues generated by the State Land Office.
- Royalty payments collected from oil, gas, minerals, and water extracted from State Trust Lands, along with land sale proceeds, flow into the LGPF, which in FY17 amounted to \$563,032,139.
- As of June 30, 2017, the value of the fund was \$16,111,379,472.
- A distribution of 5% of the 5-year average market value of the fund goes to the beneficiaries.
- Every dollar is designated to a specific beneficiary.

Oil and Gas Dominates Business Activity

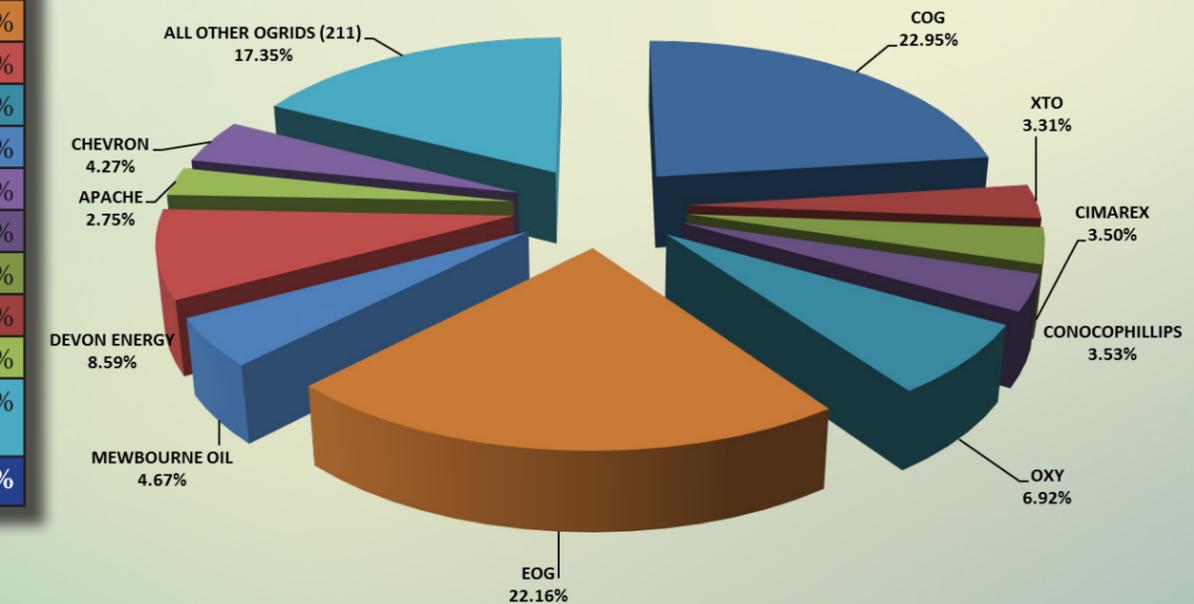


Permian Basin Highlights Earning Money for Education

- Covers 75,000 square miles in western Texas and southeastern New Mexico.
- Crude oil production is expected to increase to an estimated 2.4 million barrels per day.
- Between January 2016 and March 2017, oil production increased in all but three months, even as domestic crude oil prices fell.
- Rig count in April 2017 was 340 or 40% of the total rigs in the United States.
- Recoverable reserves exceed:
 - ➔ 20 billion barrels of oil;
 - ➔ 16 trillion cubic feet of natural gas; and
 - ➔ 1.6 billion barrels of hydrocarbon gas liquids.

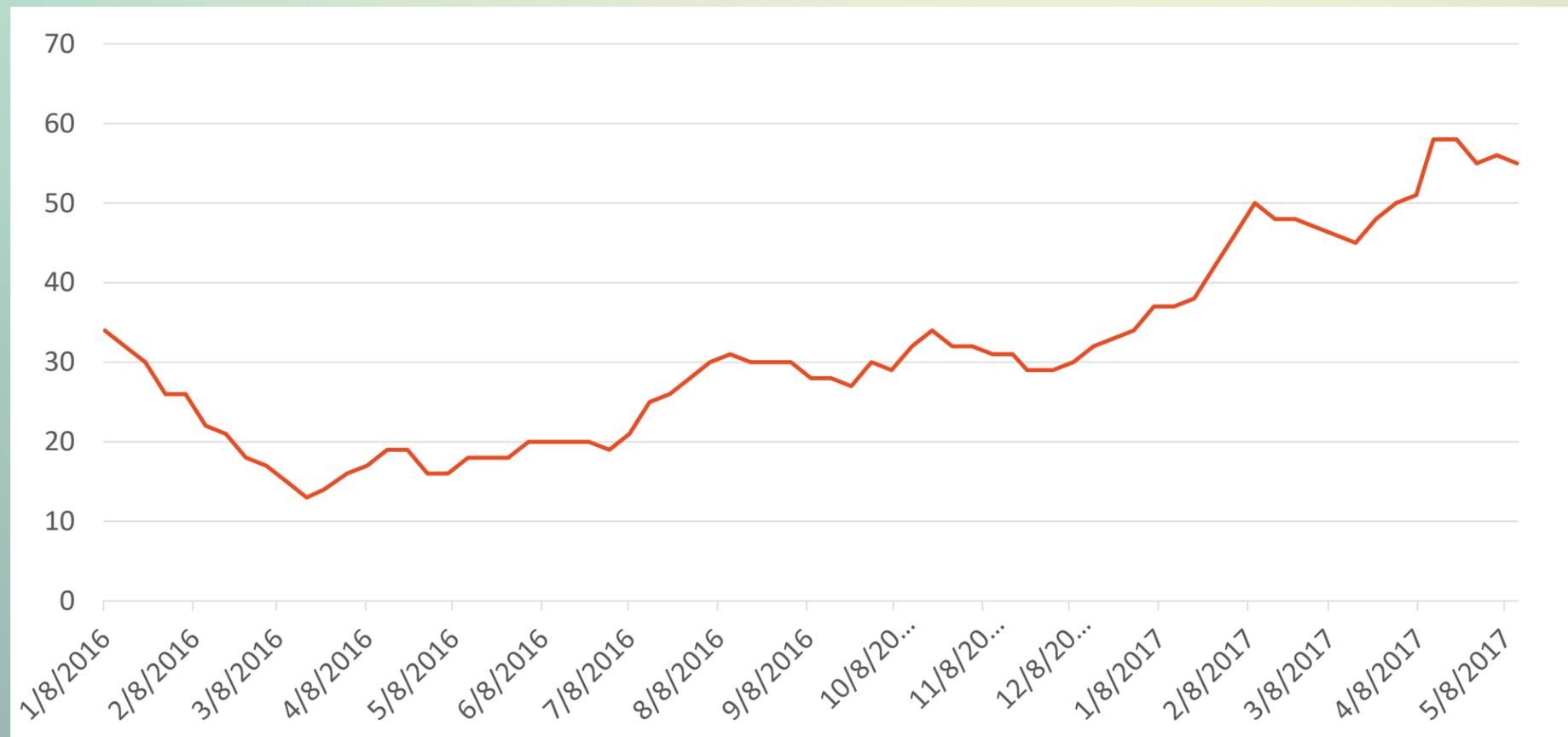
Top Ten Producers (August 2017)

TOP TEN	ROYALTY	TOTAL %
COG	\$ 9,511,291	22.95%
EOG	\$ 9,185,216	22.16%
DEVON ENERGY	\$ 3,561,672	8.59%
OXY	\$ 2,866,545	6.92%
MEWBOURNE OIL	\$ 1,935,832	4.67%
CHEVRON	\$ 1,768,352	4.27%
CONOCO PHILLIPS	\$ 1,461,356	3.53%
CIMAREX	\$ 1,448,663	3.50%
XTO	\$ 1,372,759	3.31%
APACHE	\$ 1,139,009	2.75%
ALL OTHER OGRIDS (211)	\$ 7,189,914	17.35%
TOTAL	\$ 41,440,609	100.00%



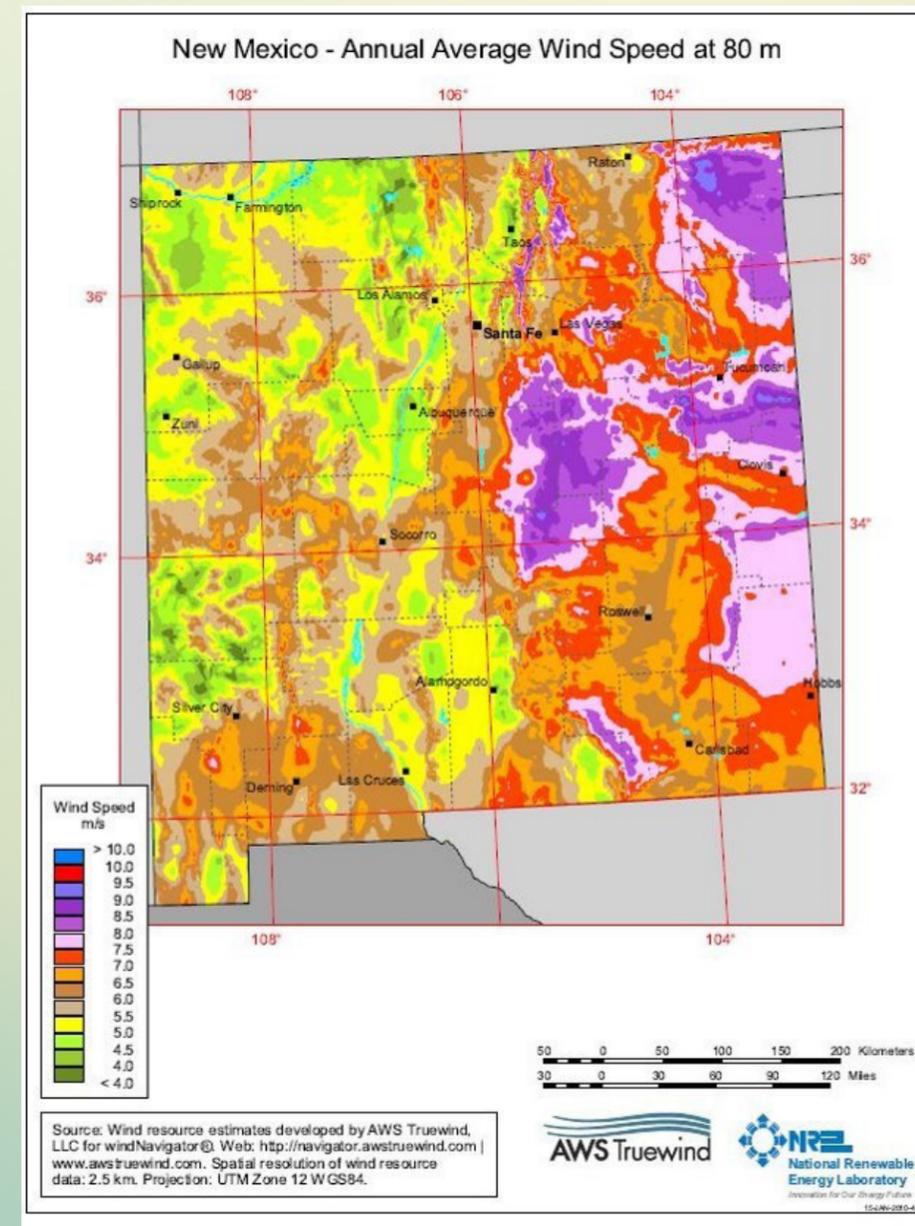
New Mexico Rig Count

More Rigs = \$\$\$\$ for Schools

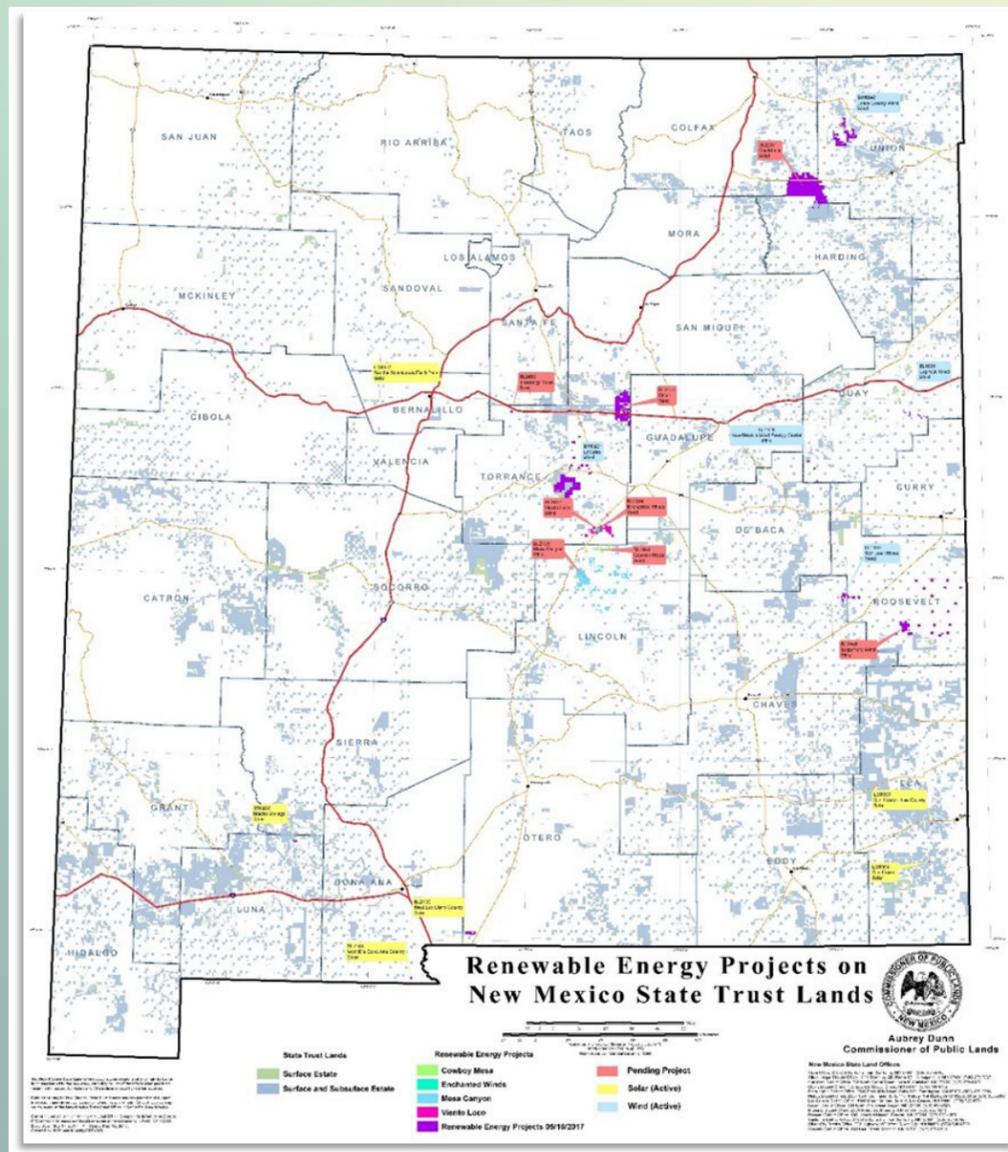


New Mexico Wind Potential

- Central NM – Torrance & Lincoln Counties
- Eastern NM – Roosevelt & Quay Counties
- Northeast NM – Union, Colfax & Harding Counties



Renewable Energy Projects



Solar

- Active: 6
- Pending: 1

Wind

- Active: 5
- Pending: 7

Total Megawatts: 10,595

- ➔ Enough to power Bernalillo, Sandoval, Torrance, Valencia, Santa Fe Counties and beyond

Total Acres: 173,518

Projected Earnings: \$8.3 million per year

State Trust Land Restoration and Remediation Fund

House Bill 24 – Passed both chambers unanimously and signed by the governor during the 2017 Legislative Session

1% of the LMF will divert to the Fund and pay for:

- ➔ Rangeland, forest and watershed remediation
- ➔ Wildlife habitat improvement
- ➔ Illegal dumpsite cleanups
- ➔ Cultural resource stabilization

Project Summary FY15-FY17:

- ➔ Expenditures: \$2.8 million
- ➔ Acres Treated: 21,874
- ➔ Completed Projects: 62
- ➔ FY18 could surpass \$2.4 million



Moon Mountain post-fire restoration project in Lincoln County stabilized slopes and mitigated erosion. Crews installed 2,400 wattles and seeded 54 acres of State Trust Land. Treatment cost was \$132,212

Caliche Pit Cleanup Eddy, Chaves and Lea Counties

- Trash and debris, hazardous materials, appliances, rotting upholstery, and decaying animal carcasses are a health hazard and devalue Trust lands.
- Scope of work includes removing waste, contouring the site, and installing fences and gates.
- In FY17:
 - ➔ 11 caliche pits
 - ➔ 114 acres
 - ➔ Expenditure: \$340,000
- In FY18, proposed so far:
 - ➔ 3 caliche pits
 - ➔ 45 acres
 - ➔ Expenditure: \$90,000



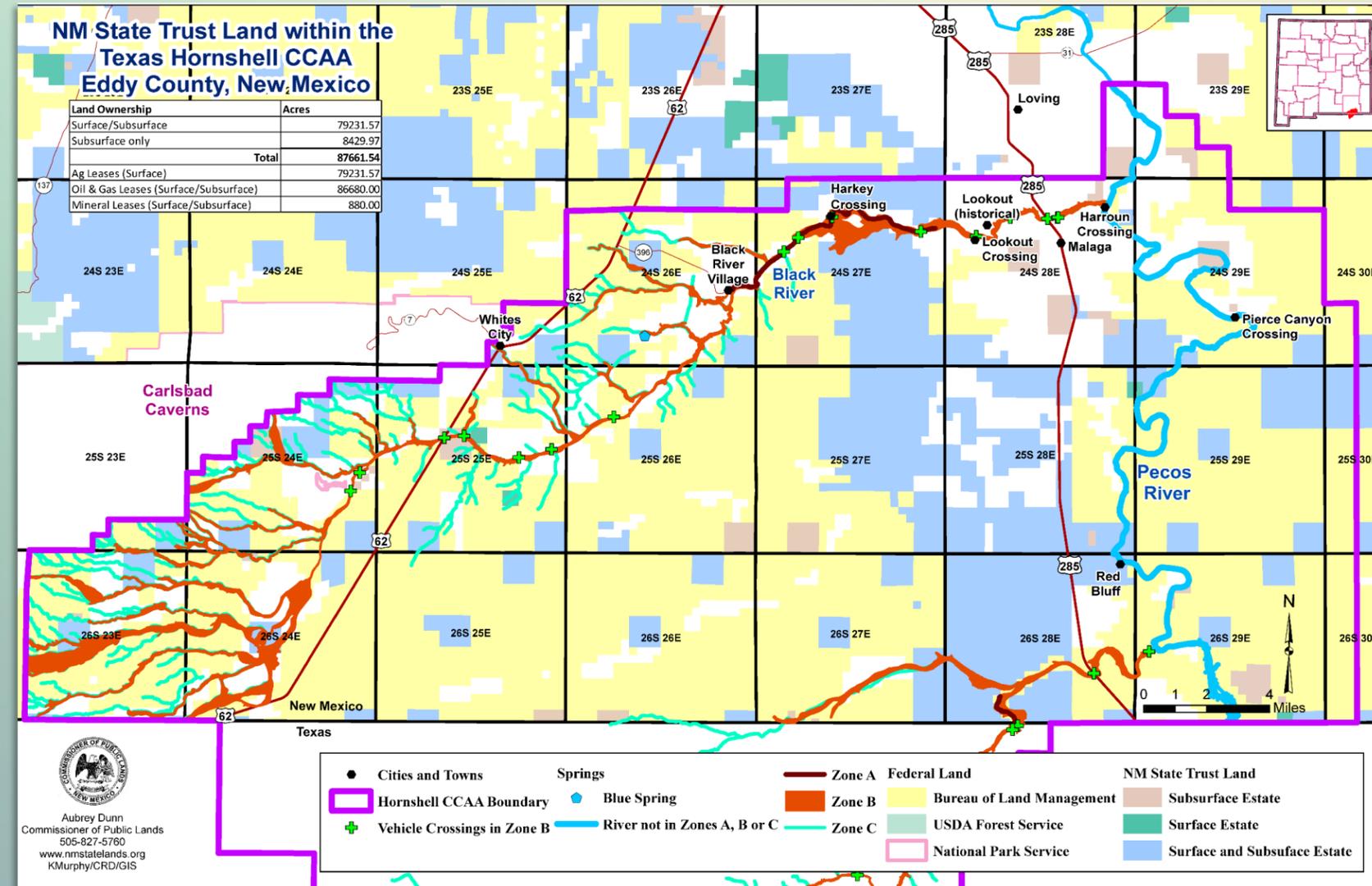
557 tons of trash removed

Ogallala Aquifer

- Portions in eight states, including eastern New Mexico.
- Provides nearly all water for residential, industrial, and agricultural use.
- At the current rate of water use, the aquifer could be depleted in only a few decades.
- Once depleted, the aquifer could take over 6,000 years to replenish naturally through rainfall.
- The State Land Office will not approve new or renew water easements that involve the use of fresh water from the Ogallala oil and gas activities, without hydrology reports and other documentation.



Endangered Species- Texas Hornshell Mussel



Candidate Conservation Agreement with Assurance

- The Texas Hornshell Mussel has been proposed for federal Endangered Species Act protection.
- The SLO manages 90,000 acres of State Trust Land within Mussel habitat.
- If the Mussel is listed and a lessee has enrolled in the CCAA:
 - ➔ They can continue to manage their land as outlined in their lease.
 - ➔ They will not be subject to overreaching restrictions.
 - ➔ They will not be subject to criminal penalties should habitat damage occur.
- Lessees can enroll until the Mussel is listed as endangered.
- Lessees will have 30 days from the date of listing to enroll.
- Enrollment can be transferred to subsequent lessees.



The Texas Hornshell Mussel, a freshwater mussel found in NM, TX and Mexico.

Game and Fish Hunting Access Easement

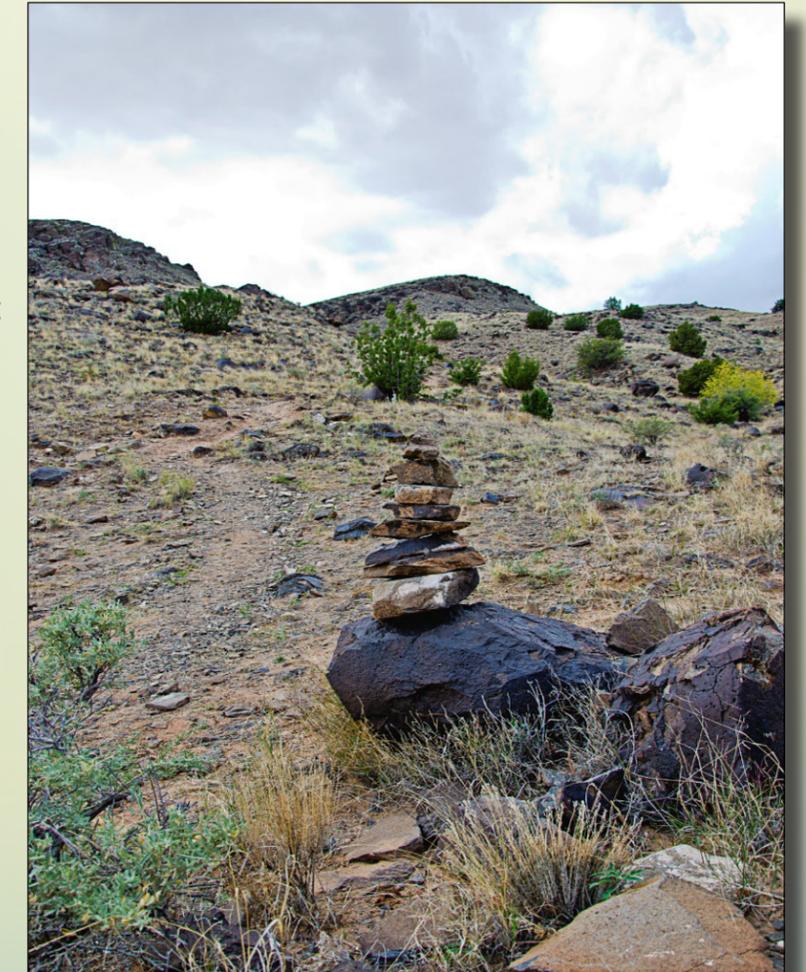
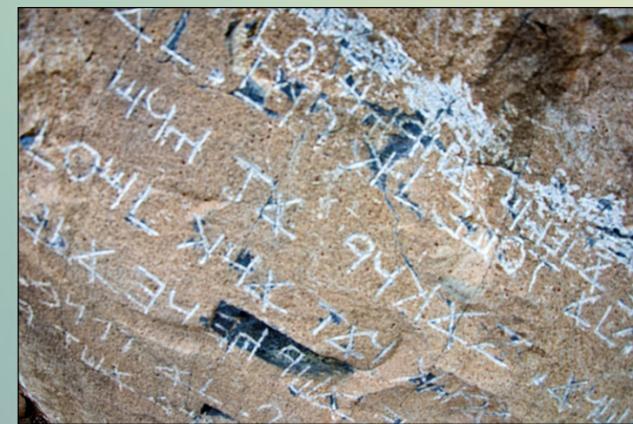
- Easement giving sportsmen access to State Trust Lands from 2017 to 2020;
- Game and Fish pays \$1 million per year – Public Schools receive \$805,000;
- 141 new access points in 14 counties;
- 2 new campsites in Eddy County for hunters; and
- In all, there are 345 access points and 11 campsites on State Trust Land.



Elk on State Trust Land in Torrance County.

Recreation for Education

- 10 sites on State Trust Lands in 8 counties
- Diverse destinations, including Mystery Stone in Valencia County
- Recreational Access Permits required as follows:
 - ➔ Permits cost \$35;
 - ➔ One permit is good for parties of up to 10;
 - ➔ Permits are valid for 1 year;
 - ➔ Visit www.nmstatelands.org to download an application; and
 - ➔ Must be submitted in person or by mail.



Mystery Stone located on State Trust Lands 16 miles west of Los Lunas

Educational Access Permits

Elementary school students investigate an old Cottonwood tree in the Rio Grande Bosque that has been gnawed by beavers.



- Access permits issued to educators
 - Permits cost \$25
- One permit covers up to 50 people
- Permits allow for nature studies and educators follow their own curriculum
 - Visit www.nmstatelands.org to download a permit

4th Grade Bookmark Contest

- Open to all New Mexico 4th graders
- Categories included:
 - Oil, Gas and Mineral Resources
 - Forest and Watersheds
 - Recreational
 - Wind Energy/Solar Energy
 - Agricultural
- Bookmark must be original artwork and message.
- Winners in each category won a Kindle Fire donated by Xcel Energy.
- Each winning student's class participated in a pizza party with Commissioner Dunn.
- Learn more at www.nmstatelands.org.



Belen's St. Mary's Catholic School student, Marcus Gum-Padilla, won for his bookmark in the oil, gas and mineral category.



Wounded Warrior



Thank You





New Mexico State Land Office
310 Old Santa Fe Trail
Santa Fe, NM 87501
505-827-5760
WWW.NMSTATELANDS.ORG