



Stephanie Garcia Richard, Commissioner of Public Lands
8.10.2021 Revenue Stabilization and Tax Policy

New Mexico State Land Office

San Lorenzo Canyon, STL Rec Site

NMSLO 101 - Constitutional Mandate

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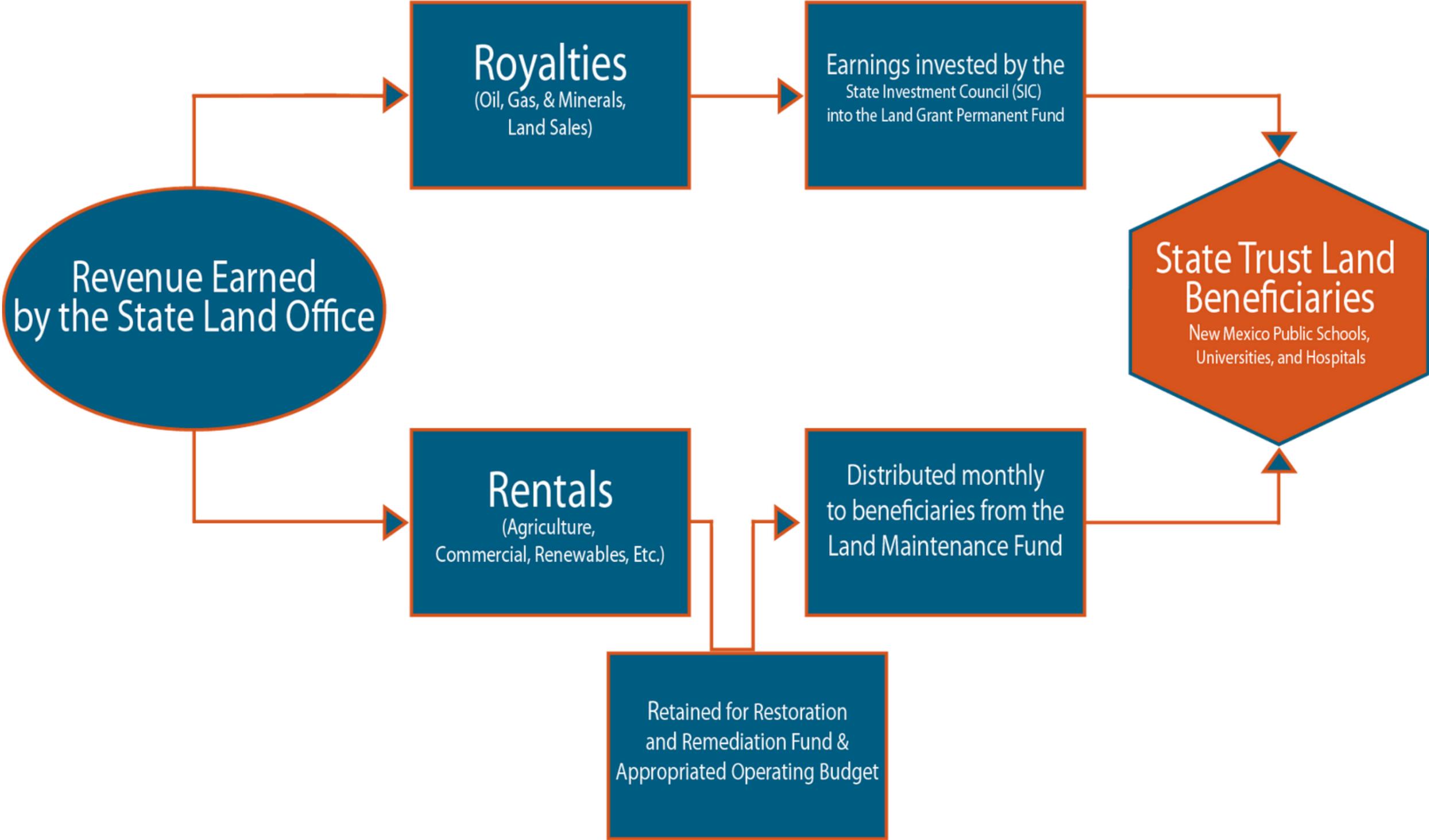
**Raise revenue for 22
beneficiary institutions**

- **New Mexico public schools**
- **Eight public universities**
- **Hospitals and other public institutions**

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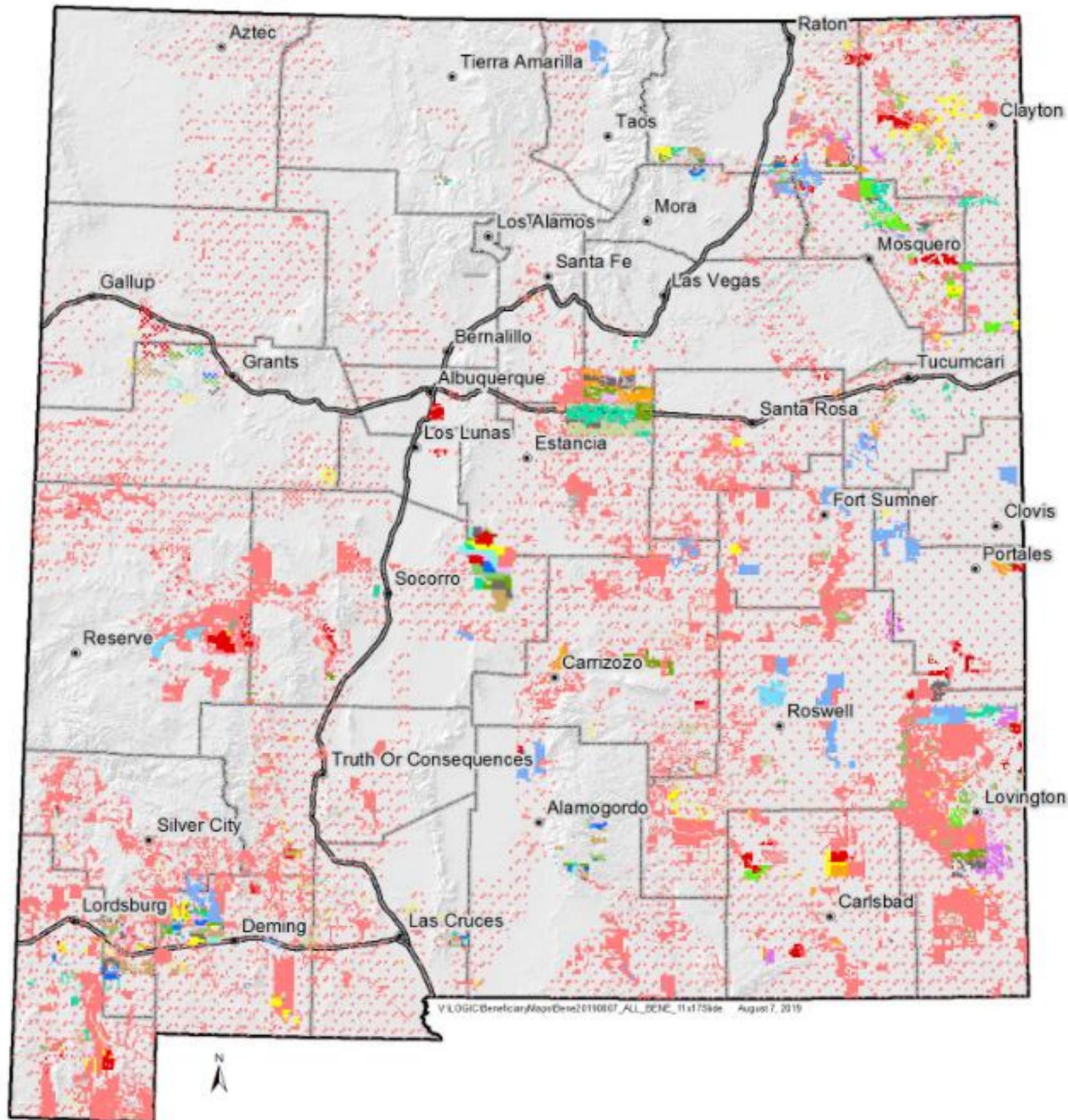
Steward the land in a way that protects it for future generations

New Mexico State Land Office Revenue Flow



Beneficiaries





New Mexico Beneficiaries

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

Overall Priorities

- **Revenue Generation and Diversification**
- **Triple Amount of Renewable Energy**
- **Economic Development**
- **Enforcement and Accountability**
- **Land Stewardship**
- **Bonding Gap**
- **Freshwater conservation**
- **Cultural Resources protection**

Revenue Generation

- **Recreational uses**
- **Mixed use planned communities (Mesa del Sol, Rio Rancho, Las Cruces)**
- **Economic development leases (Netflix studio expansion)**
- **Commercial activities (Walmart, hotel, telecom)**
- **Film (Preacher, Midnight Texas, Better Call Saul, Roswell, Army of the Dead, Only the Brave, etc.)**
- **Energy development (oil, gas, wind, solar, geothermal, etc.)**
- **Agriculture (8.8 million acres)**
- **Mining (sand and gravel, etc.)**
- **Science and tech and parks (Sandia, West Mesa)**
- **Affordable housing (Tierra Madre, Luminaria)**

Revenue Generation - Largest



Back-to-Back Billions

NEW MEXICO COMMISSIONER OF PUBLIC LANDS

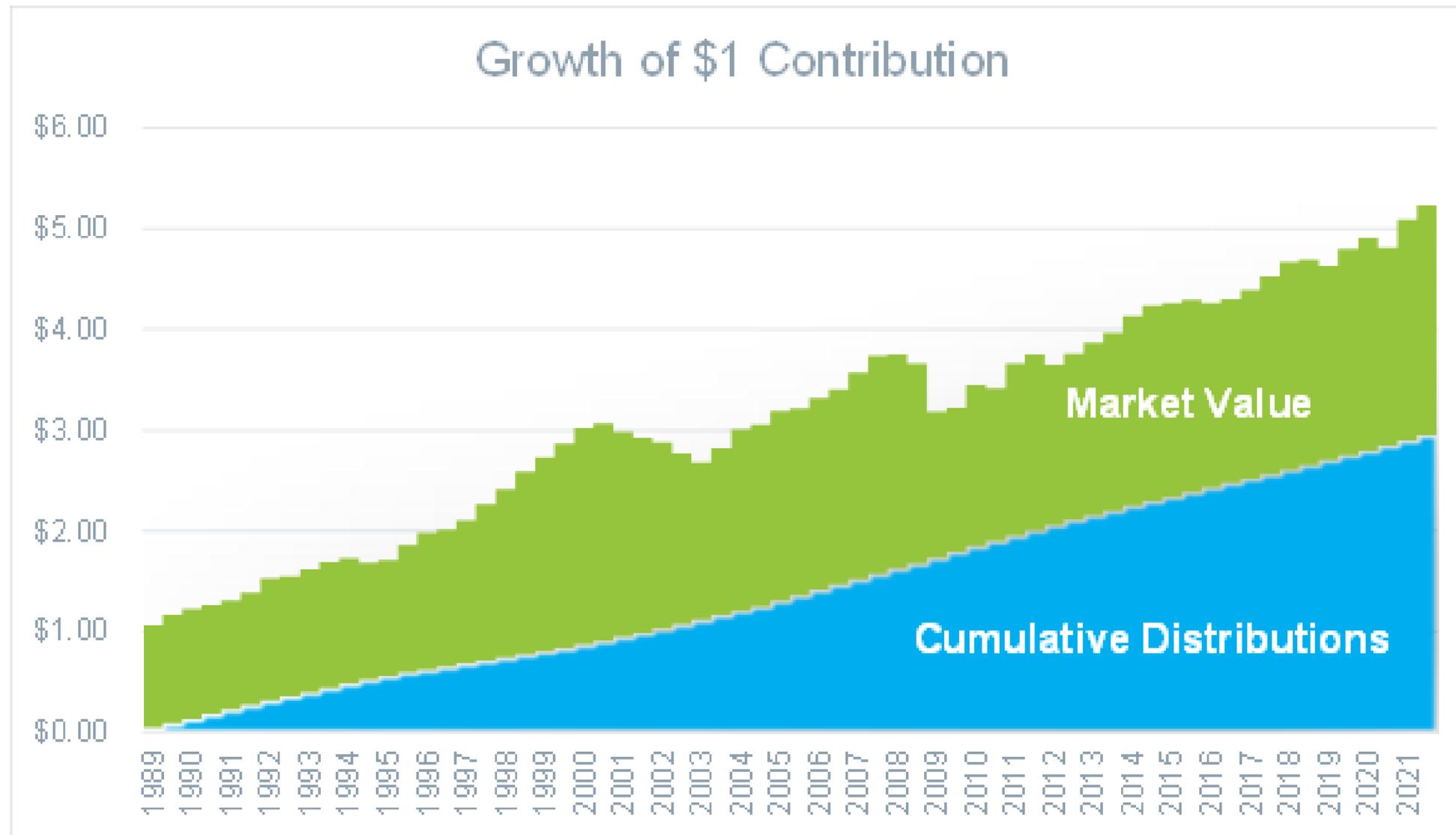
In FY 2019, 2020, & 2021 the State Land Office raised over

\$1,000,000,000

for New Mexico public schools, universities, and hospitals!

STEPHANIE GARCIA RICHARD

ROI 5 to 1



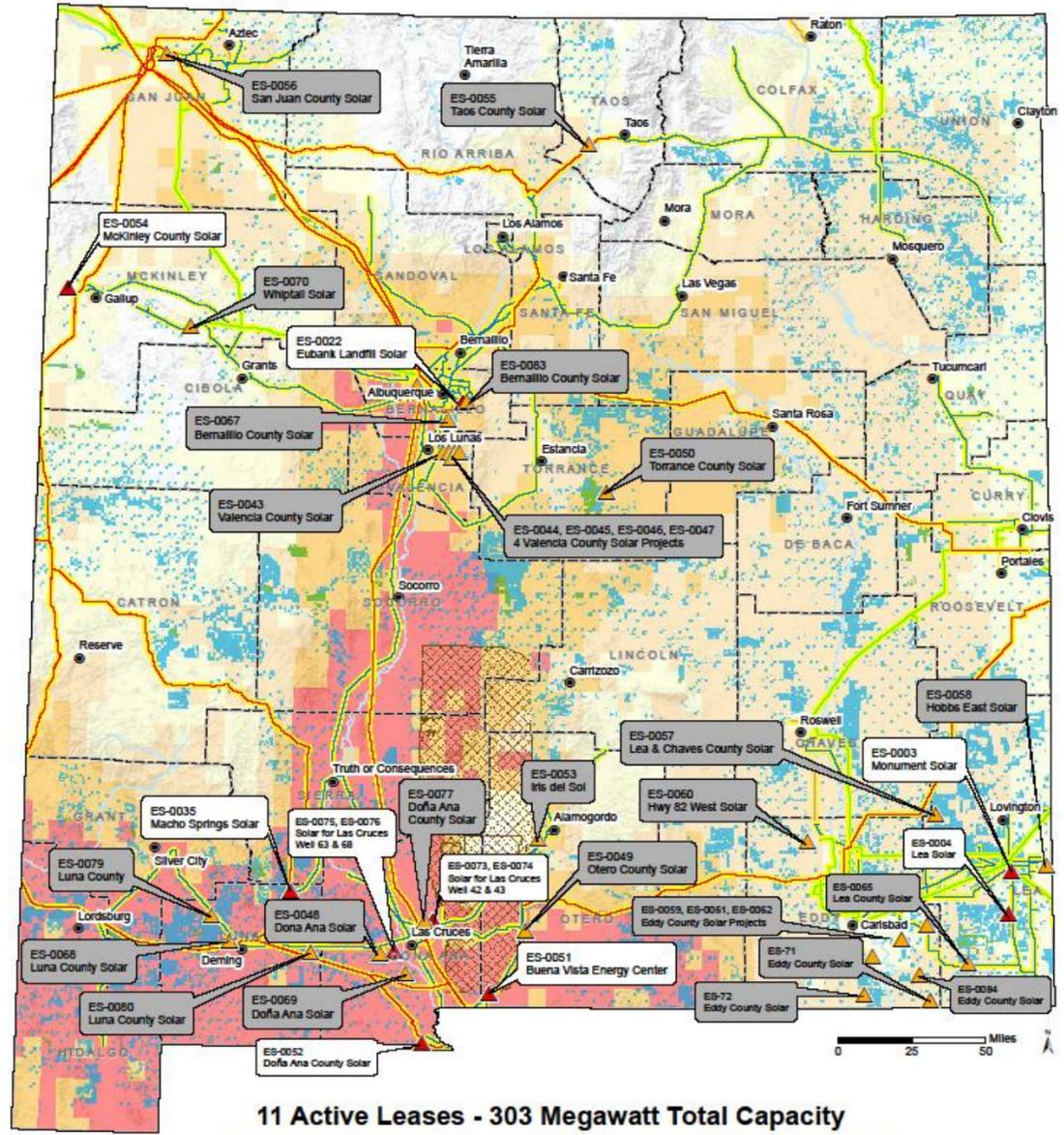
Revenue Generation - Prioritizing Diversification



Renewable Energy

- **Created first ever Office of Renewable Energy at SLO**
- **Doubled the amount of renewable energy generated on state trust land in just two and a half years and on track to triple those numbers before 2022**
- **4 large wind farms in the last 20 months**
- **Over 40 pending applications for new wind and solar**
- **Pending projects could power all of New Mexico**

Solar Energy Projects on NM State Trust Land



11 Active Leases - 303 Megawatt Total Capacity
35 Lease Applications - 3,146 Megawatt Total Capacity

NM State Land Office	Solar Radiation, Latitude Tilt	Electric Transmission Lines
Solar Leases	5673.9 - 6041.6	Voltage Class
▲ Pending	6041.7 - 6179.9	Under 100 Kv
▲ Active	6180.0 - 6297.5	100 -161 Kv
□ Active Solar Leases	6297.6 - 6440.1	220 - 287 Kv
■ Solar Lease Applications	6440.2 - 6659.6	345 - 500 Kv
State Trust Lands		☒ White Sands Missile Range
■ Surface Estate		
■ Both Estates		
— Rivers		

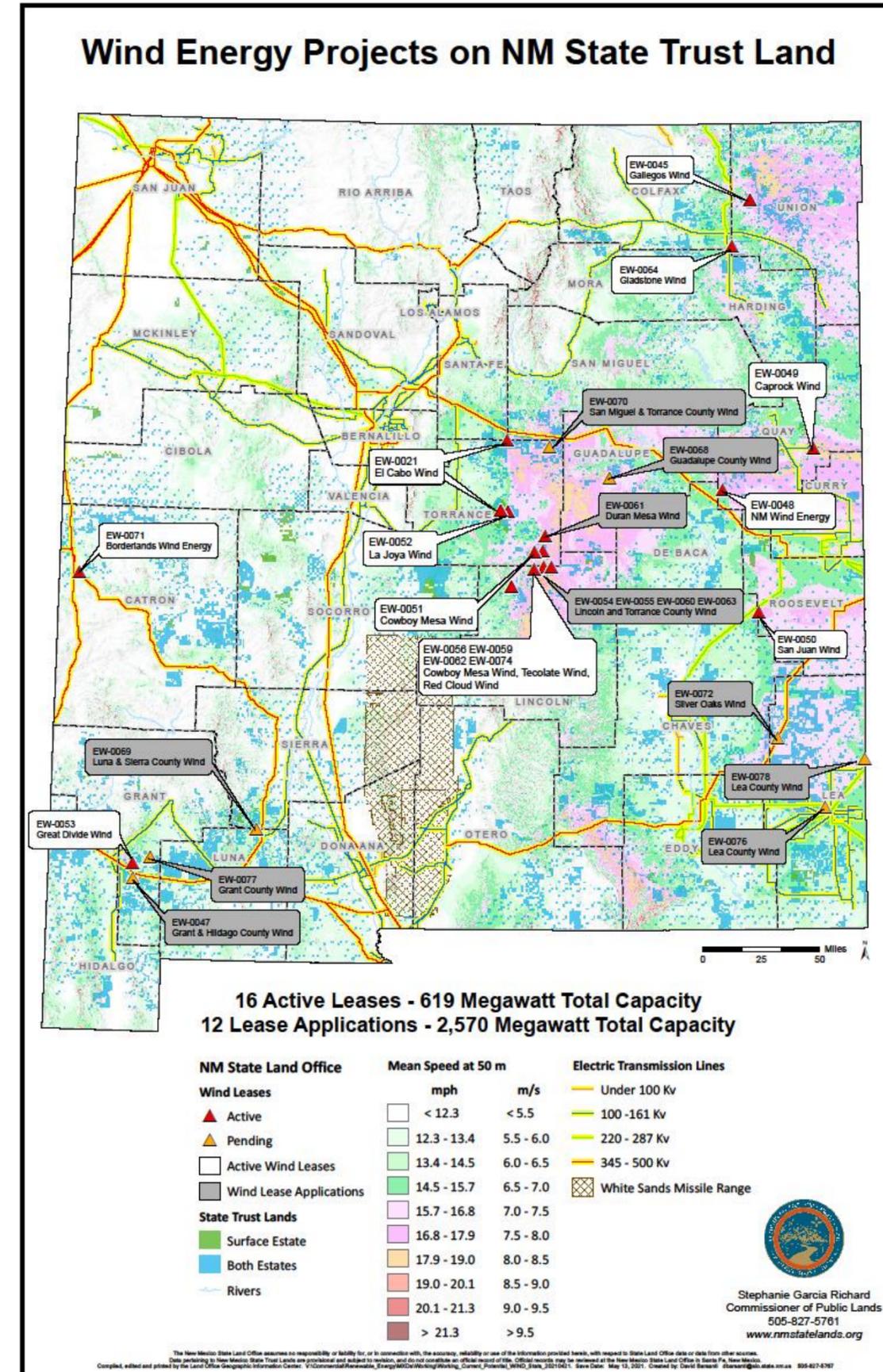


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- Solar applications up
- First ever storage for solar in northwest New Mexico
- First ever municipal solar lease in Las Cruces
- Community Solar Act huge potential for state land

- Largest single phase wind project – Western Spirit
- Doubled megawatts generated on state land from 400 to over 900



Long Term Bid Leases

- **Longer term Commercial**
 - i.e. Sandia Science/Tech buildings(50 yrs.)
- **Planning and Development**
 - developers pay for infrastructure residential parcels go out to public bid sale, Mesa del Sol, Sierra Norte, Paseo Gateway, City Centre
- **Renewable Energy**
 - lease terms average 35 years w/5 year renewals
- **SLO receives lease payment/acre plus % of power generated**
- **Examples: Avangrid wind (Torrance), Gladstone (Colfax and Union), Buena Vista solar (Otero), First Solar (Luna)**

Economic and Municipal Development

- **40 year lease terms (State Legislature just lengthened from 25 years)**
- **Issued to municipalities, counties, and school districts for projects of public benefit**
- **Not required to go out to bid**
- **Business parks, airports, Spaceport America, Energyplex, Isleta Amphitheater**
- **Park, various schools, parks, well sites**

Stewardship

- **Hired first ever landscape level planner position at the NMSLO**
- **Nearly \$2 million allocated annually for land maintenance projects**
- **Mine site reclamation**
- **Habit restoration**
- **Invasive species mitigation**
- **Wildlife Corridors Act collaboration**
- **Endangered species protection collaboration**
- **Forest fire mitigation collaboration**
- **Reclamation & restoration of previously leased land**

Enforcement and Accountability

- **First comprehensive attempt to hold industry accountable**
- **Relies on satellite imagery**
- **Spills, trespass, environmental remediation**
- **20 wells plugged**
- **\$1M saved**
- **Clean up of leases required before releasing**
- **Includes legal action**

Bonding Study

- **Study completed in 2021 by Center for Applied Research**
- **Findings**
 - **\$8.1 Billion bonding gap between current coverage and what is needed for full remediation**
 - **Wells and other infrastructure on state land**
 - **Working group to right size bonding amounts**

Bonding Study

Infrastructure	Estimated Closure and Clean-up Costs <i>(millions)</i>		Estimated Financial Assurance <i>(millions)</i>		Estimated Financial Assurance Gap <i>(millions)</i>	
	State Trust	Private	State Trust	Private	State Trust	Private
Wells*	\$3,316.40	\$2,275.33	\$136.11	\$37.07	(\$3,180.29)	(\$2,238.26)
Pipelines†	\$980.73	\$929.57	\$0.24	\$0.00	(\$980.49)	(\$929.57)
Other	\$876.38	<i>no data</i>	\$28.00	\$0.00	(\$848.38)	<i>no data</i>
Total	\$5,173.51	\$3,204.90	\$164.35	\$37.07	(\$5,009.16)	(\$3,167.83)
	\$8,378.41		\$201.42		(\$8,176.99)	

Notes: All figures presented in this table are reported in millions of USD.

*Cost figures reported in this table include well plugging and downhole abandonment, surface facility decommissioning, and wellsite surface reclamation.

† Cost figures reported in this table exclude produced water, freshwater, and most gathering pipelines used by oil and gas operators. Costs reported in this table assume buried pipelines are abandoned in-place rather than fully removed.

Remediation Jobs Study

- Study completed in June 2021 by O'Donnell Economics of Corrales, NM
- Findings
 - Ensuring timely and proper clean-up of over 28,000 wells, 9,000 miles of pipelines and miscellaneous oil and gas infrastructure located on New Mexico State Trust and private lands, if funded by the major oil companies and/or other entities external to New Mexico, would inject roughly \$8.2 billion into the state economy.
 - Remediation and reclamation of oil and gas wells and infrastructure on New Mexico state and private lands would support 65,337 direct, indirect and induced jobs and \$4.1 billion in wages and has the potential to re-employ large numbers of workers displaced by COVID-19, the energy transition, and routine swings in fossil fuel production.

Remediation Jobs Study

- **Eddy and Lea Counties alone could see more than 26,000 jobs from wellsite cleanup, decommissioning and surface reclamation.**
- **The economic benefits of remediation would accrue statewide but would be concentrated in Lea, Eddy, and San Juan counties where most of the remediation work would occur. Similarly, a wide variety of industries throughout the state would benefit from intensified remediation, but oil and gas field services and non-residential construction would receive the biggest boost.**
- **Reclamation funded by major oil companies would have significant positive impact on the state economy because the financing would derive primarily from out-of-state sources (e.g. shareholders).**

QUESTIONS?

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