

**Commissioner
of Public Lands
Stephanie
Garcia Richard**



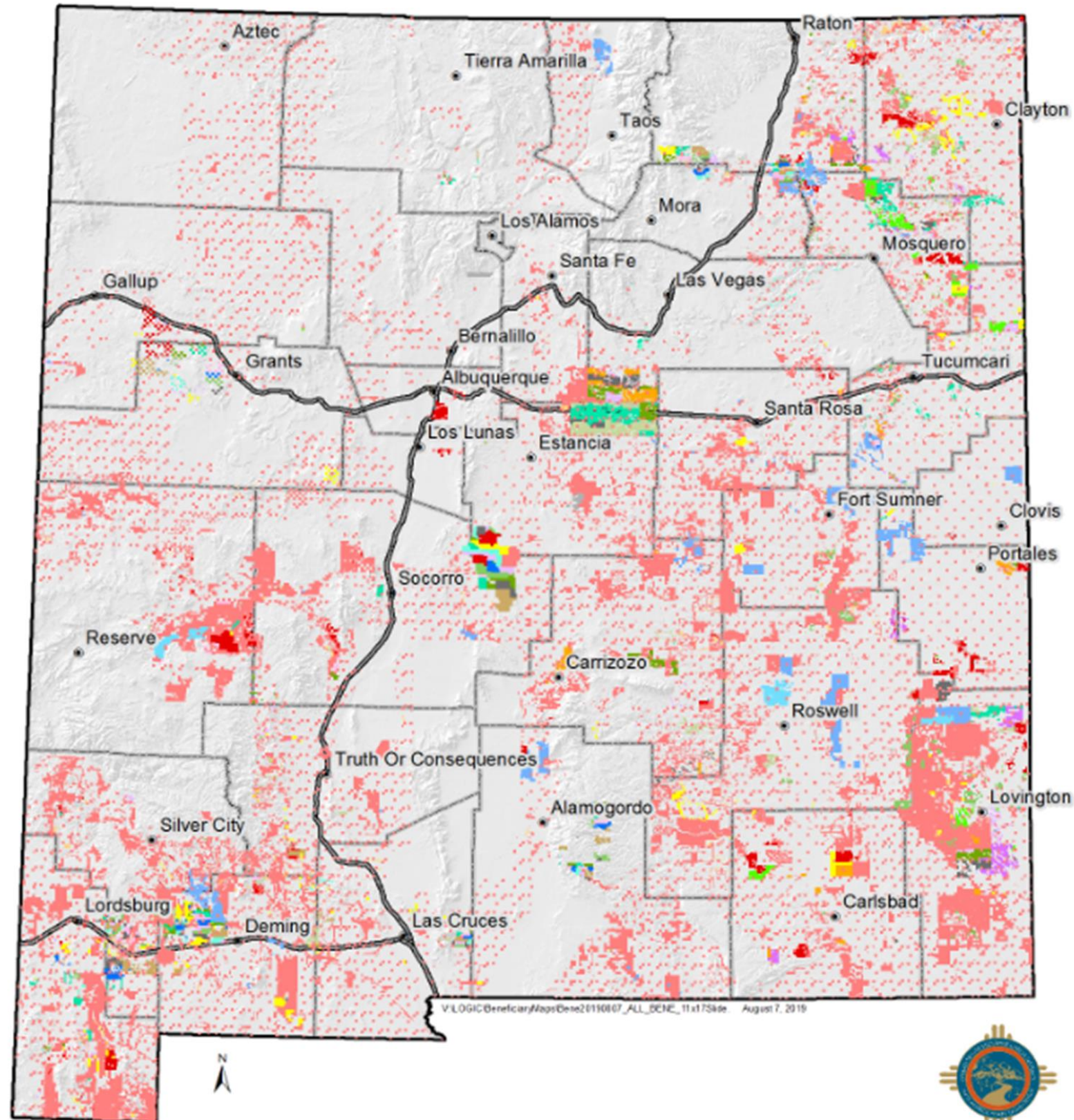
THPO SUMMIT

Nov. 9, 2021

STATE LAND OFFICE

Oil & Gas Update for IOGCC

TRUST BENEFICIARIES



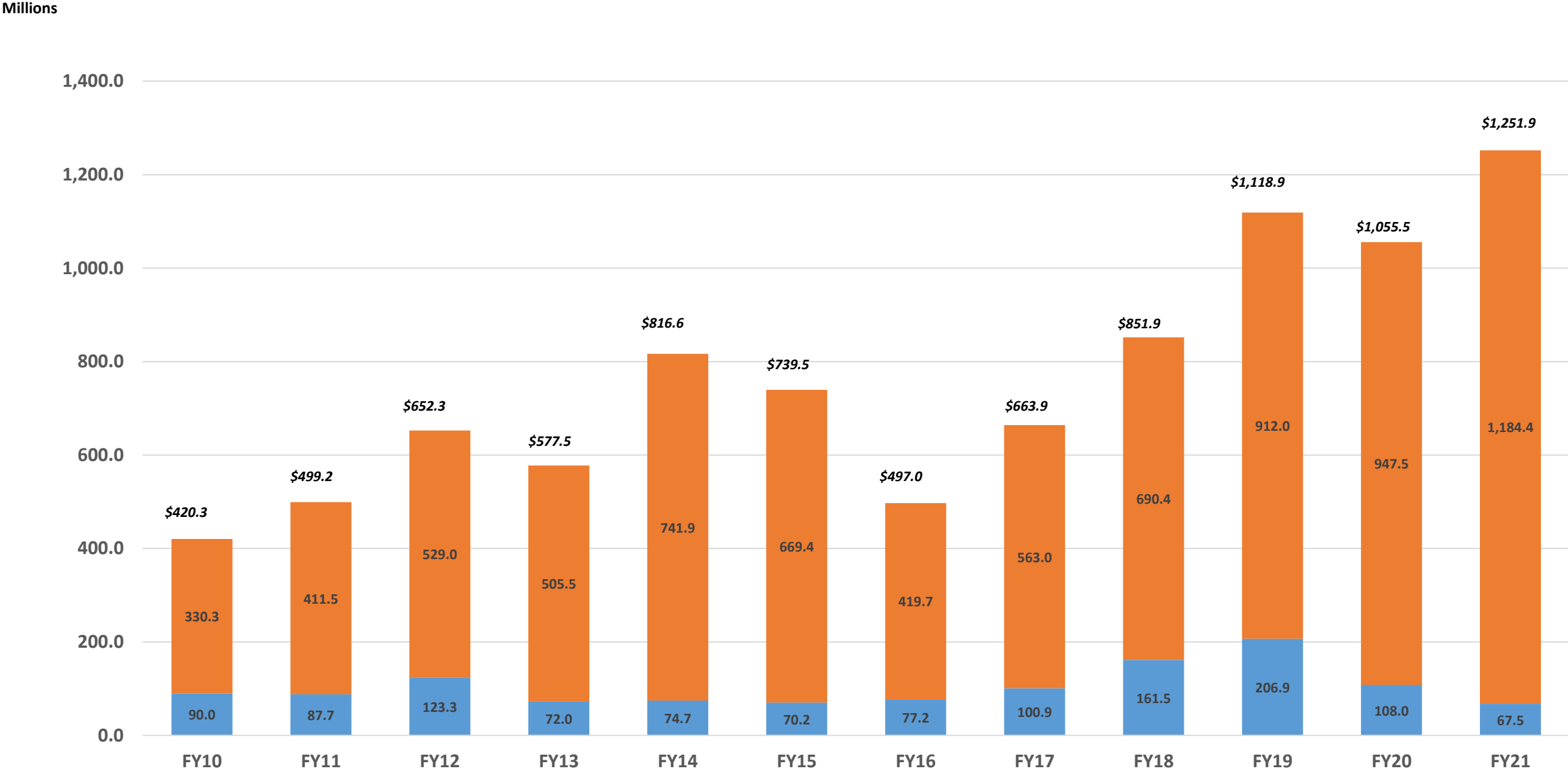
New Mexico Beneficiaries

- 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

NMSLO EARNINGS BY YEAR

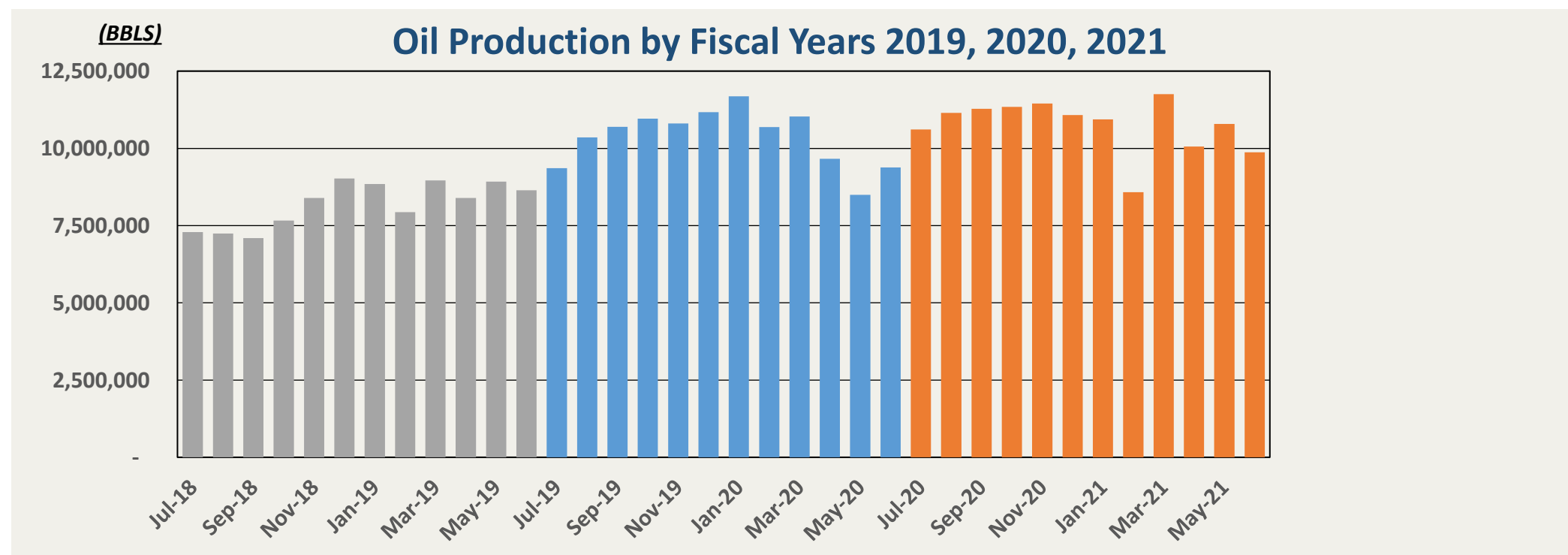
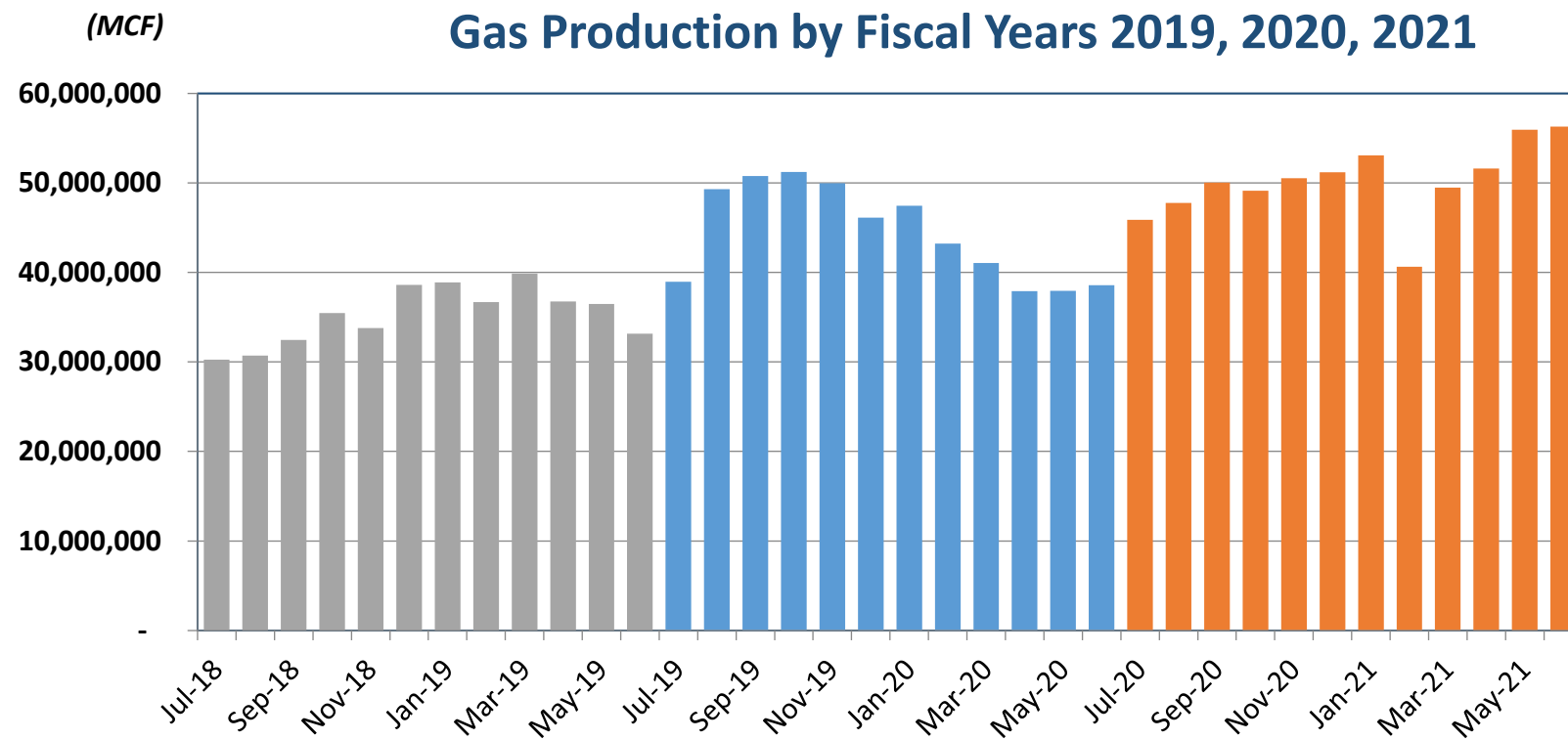
Up 90% Over Last 5 Years; Last Three Years Have Each Exceeded \$1 Billion

■ Land Maintenance Fund ■ Land Grant Permanent Fund



Oil & Gas Production

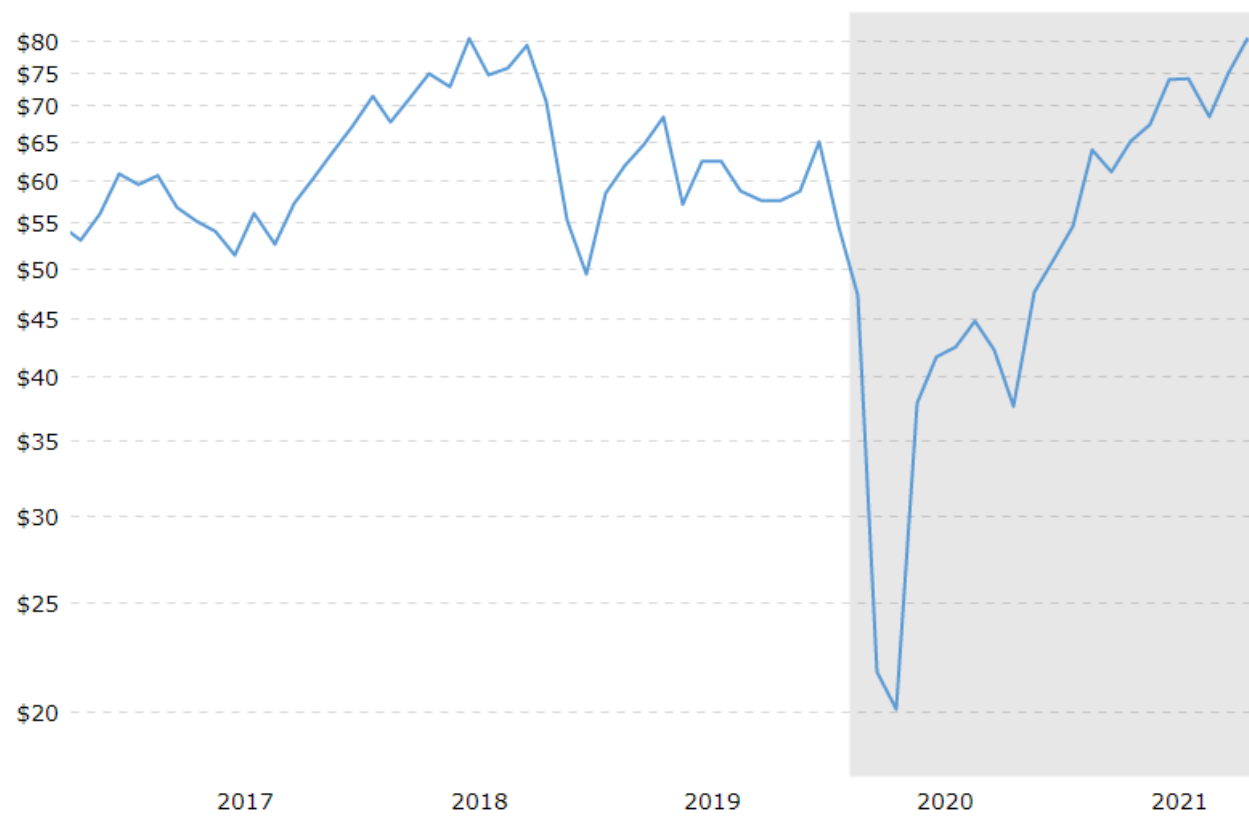
Higher prices, strong production



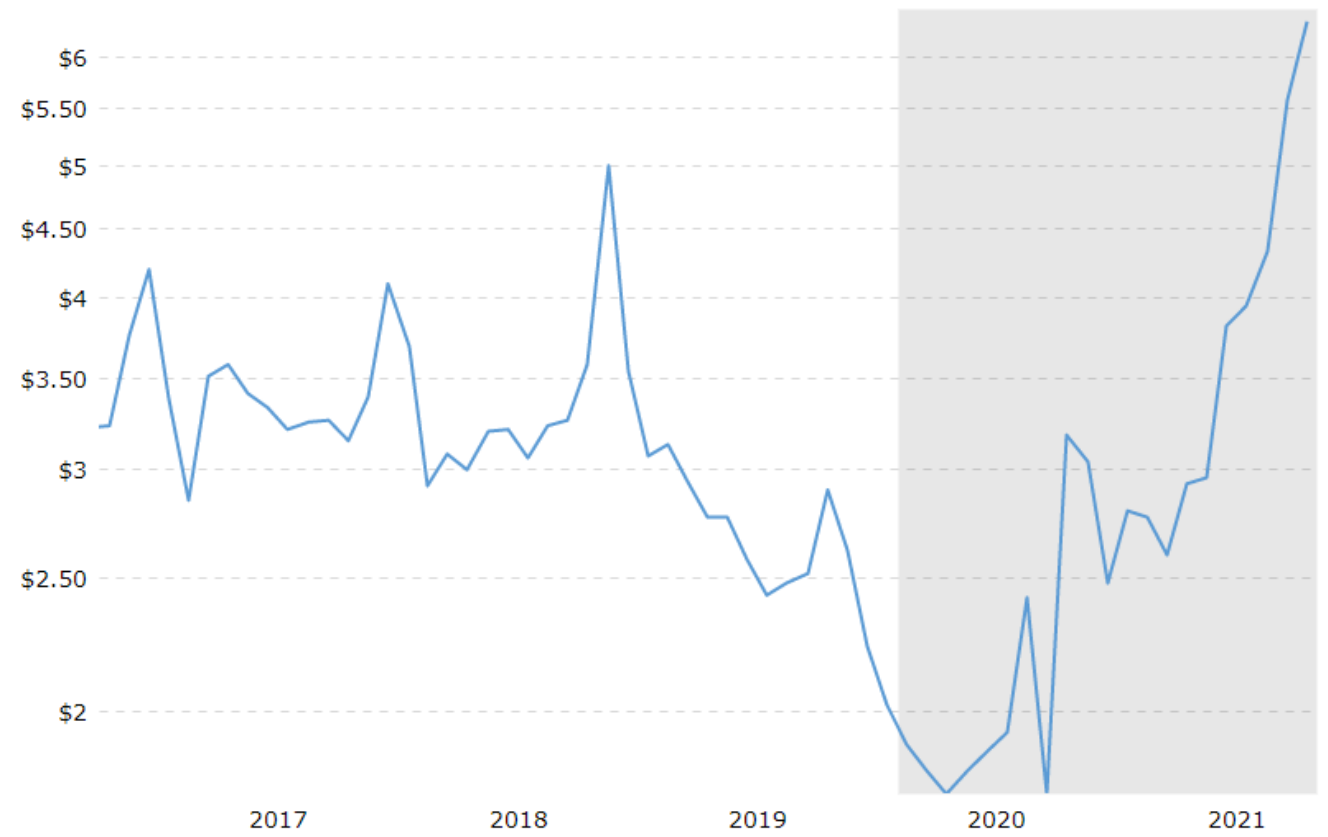
Oil & Gas Prices

Last Five Years

Oil (WTI) Exceed \$80 BBLs for the First Time in 7 Years

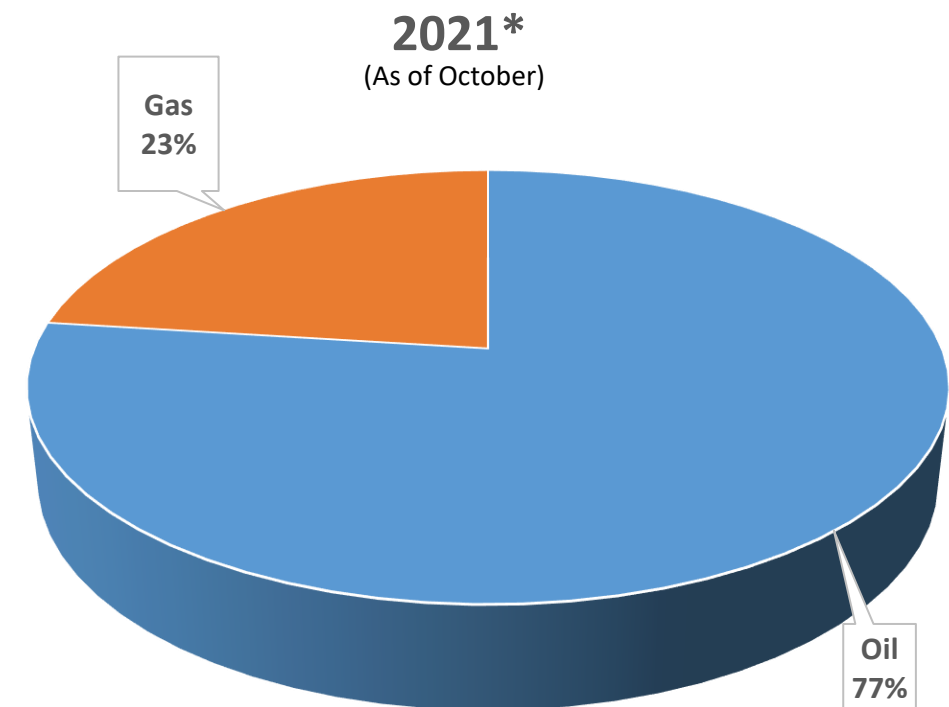
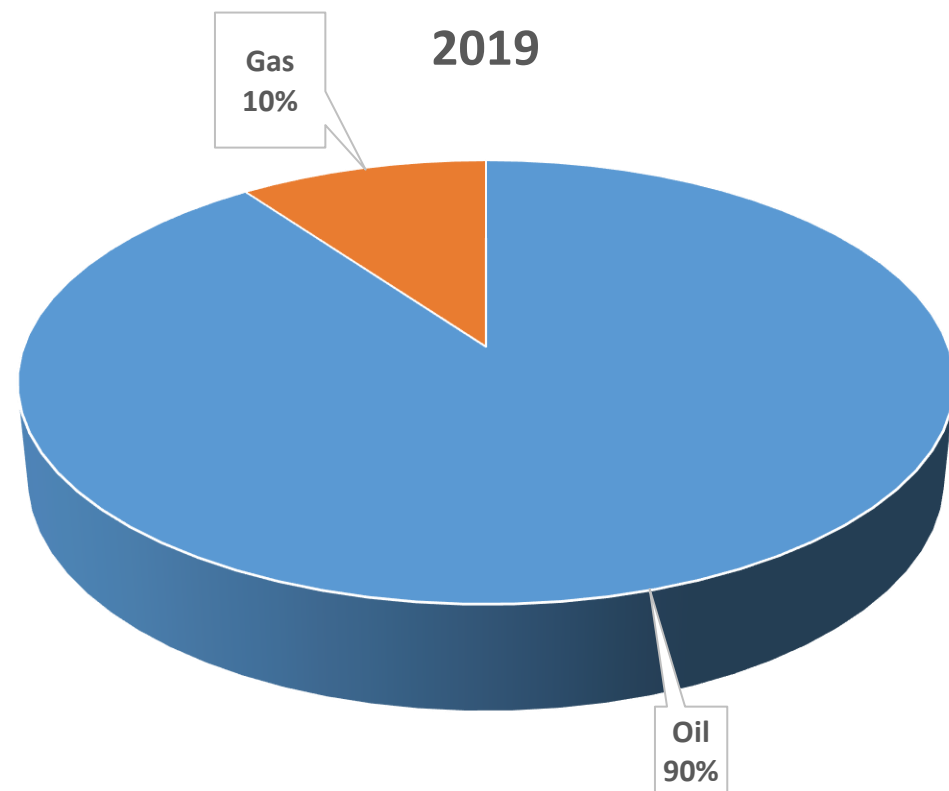


Natural Gas (Henry Hub) Exceed \$6 MMBtu for First Time in 11 Years



Oil vs. Gas Revenue

Gas royalty Returns Greater Percentage of Revenue



Oil & Gas OVERVIEW

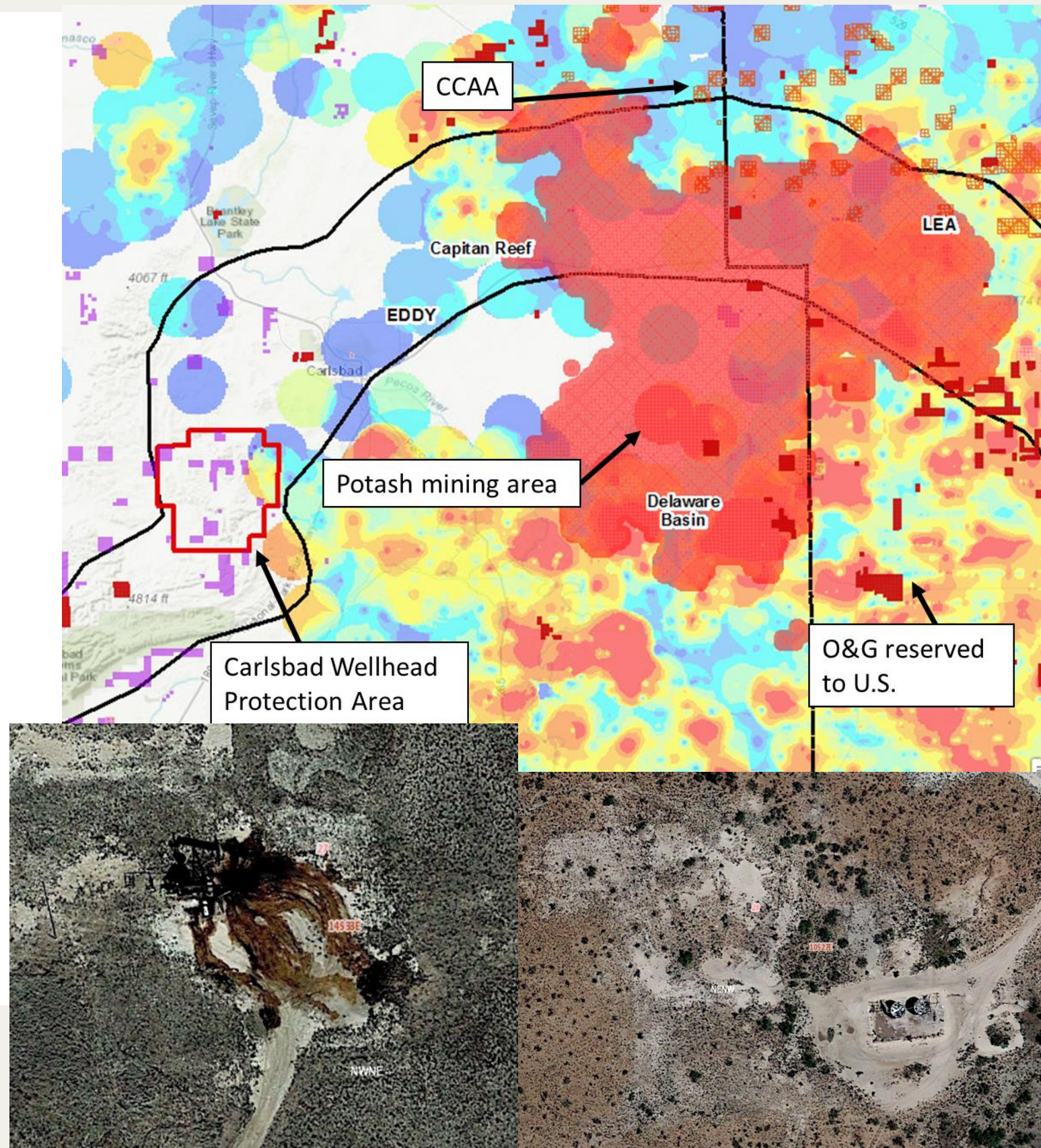
- NM's Land Grant Permanent Fund @ \$24 billion.
 - \$850 million/year to education and other beneficiaries.
- 95+% of Land Office earnings are from O&G activity.
 - But nearly all land is leased and held by production.
 - Only 720 acres left of prime, unleased acreage in the Permian.

Leasing OVERVIEW

Land Review Before Leasing

Environmental Issues

- Candidate Conservation Agreement Areas (CCAA) for Lesser Prairie-Chicken and Sand Dune Lizard.
- Review for other issues (sinkholes, lakes, playas, arroyos, wetlands, etc.)
- Wells that need to be P&A, spills, pads or pits that need to be remediated, etc.
- Use satellite imagery and field personnel to investigate problem areas.



PROTECTING THE TRUST

Accountability & Enforcement Program: Ensure lessees honor their contractual obligations to operate and close out activities responsibly; reduce legacy financial liability for the trust



Wells Plugged: 31



Leases Reclaimed: 14, returning over 8,000 acres

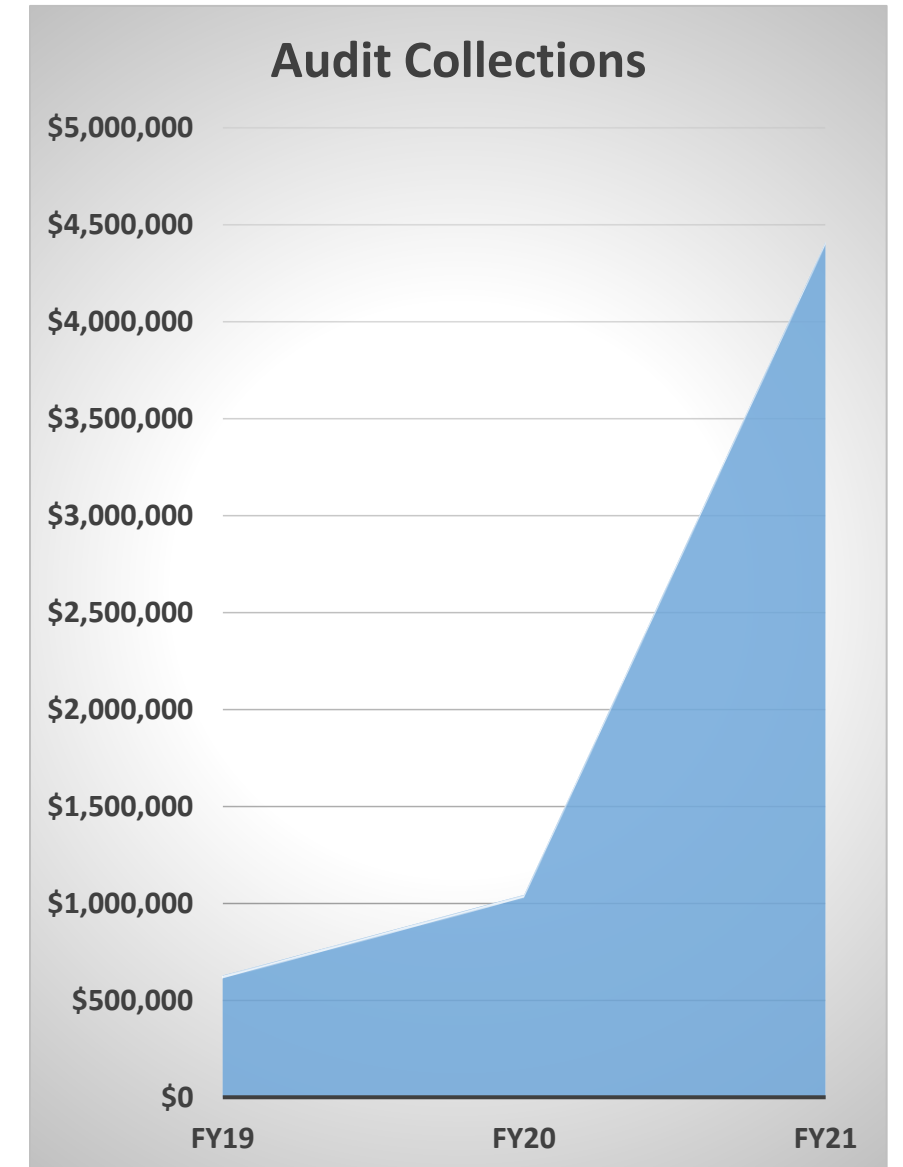
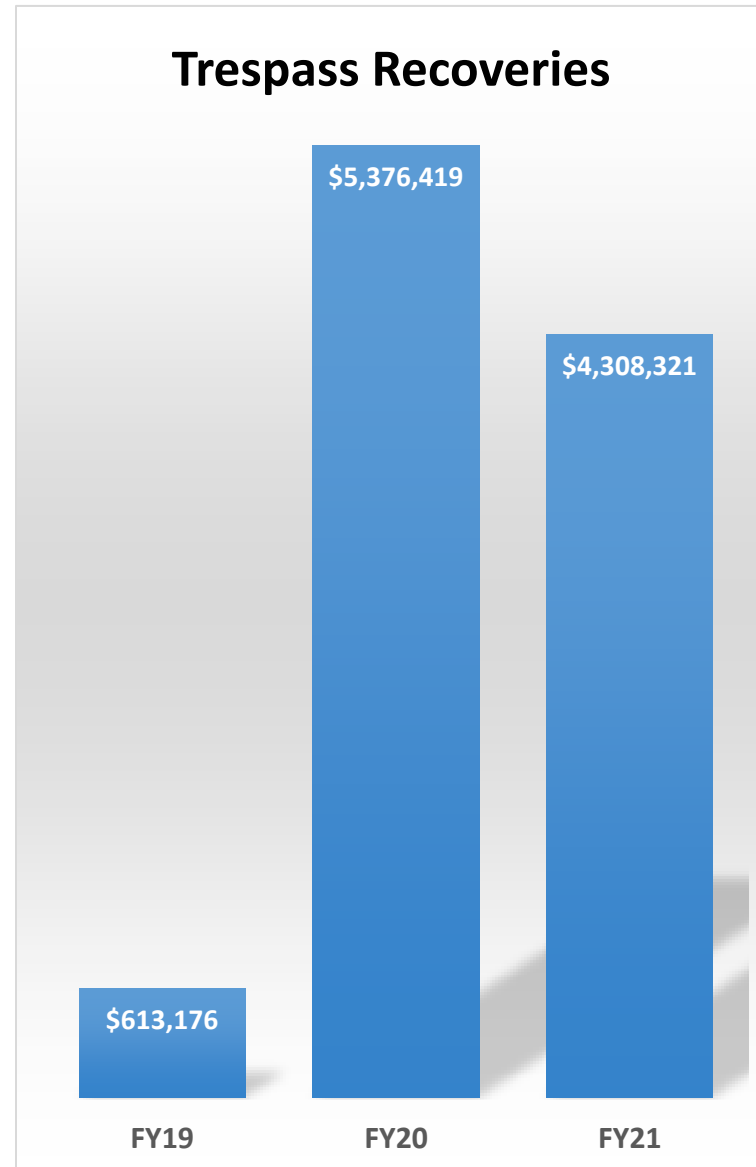


Lawsuits Filed: 17 (3 fully resolved, 3 close to resolution)

PROTECTING THE TRUST

Working to ensure every dollar owed to beneficiaries, goes to beneficiaries, and that they are not stuck with cleanup costs

- Accountability and Enforcement Program
- Enhanced Royalty Auditing
- Lease Assignment Compliance Checks
- Lease Sale Compliance Checks
- Cultural Property Rule
- Trespass & Spill Identification (Satellite Imagery)
- Bonding Reform
- Caliche Mineral Reclamation



PROTECTING THE TRUST

Water Bureau

- No fresh water leasing for O&G operations
- Cleaning up wastewater injection well sites

Oil Conservation Commission

- Methane Rule & Spill Rule

Orphaned Wells

Induced Seismicity

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