



Stephanie Garcia Richard, Land Commissioner
State of New Mexico

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**State Land Office Royalty Audit
Collections Up 47% in 2019**

SANTA FE, NM – So far in 2019, the State Land Office has collected over \$1.5 million from royalty audits, a 47% increase from 2018. These funds were collected by the Royalty Management Division team after audits were conducted on Land Office business with Chevron, DCP Midstream, Marbob Energy, Dugan Production, and Energen Resources. The additional \$1.5 million from 2019 royalty audits will add to the corpus of the Land Grant Permanent Fund, which funds public schools, universities, and hospitals throughout the state.

Since assuming office in January, Commissioner Garcia Richard has been working to enhance the auditing capacity at the State Land Office. The Royalty Management Division is tasked with auditing 85% of Land Office royalty revenue every five years. Staff auditors and compliance analysts look for mistakes and errors in processing from all businesses that lease state trust land and are required to pay royalty on oil or gas extracted on the leases.

“I greatly appreciate the cooperation of the industry in our auditing process. This is a necessary, standard business practice, especially as a mechanism to provide appropriate oversight,” Commissioner Garcia Richard said. “The Land Office has to guarantee that our public schools, universities, and hospitals are getting every dime that they deserve from the land that is held in trust for their benefit.”

Money received by the State Land Office from leases is deposited into one of two funds. The Land Maintenance Fund or the Land Grant Permanent Fund. Money received from land leases that do not deplete a resource, such as renewable energy and agriculture, is deposited into the Land Maintenance Fund. Money received from business that depletes a resource, like oil and gas extraction, development of mineral resources, or land exchanges or sales, is deposited into the Land Grant Permanent Fund, which is then invested by the State Investment Council.

The Division will be conducting an industry training that covers New Mexico royalty reporting requirements, compliance functions, and audit procedures. The training will be on October 7th, 2019 in Houston, Texas.

Oil, gas, and mineral production, ranching and farming, and commercial development on State Trust Lands support public schools, seven universities, New Mexico Military Institute, New Mexico School for the Deaf, New Mexico School for the Blind and Visually Impaired, three hospitals, correctional facilities, water conservation projects, and public building construction and repair. In fiscal year 2019, the State Land Office collected \$1 billion from lease payments, oil and gas lease sale earnings, rights-of-way, permits, interest, fees, and oil, gas and mineral royalties.