



2012-2013
ANNUAL
REPORT

*When we take
care of our land,
our land takes
care of us.*



COMMISSIONER OF PUBLIC LANDS
RAY POWELL, M.S., D.V.M.



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**New Mexico
State Land Office**
2012-2013
Annual Report

**New Mexico
State Land Office**
310 Old Santa Fe Trail
PO Box 1148
Santa Fe NM 87504

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Cover photo: Marti Niman

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MESSAGE FROM THE COMMISSIONER

Commissioner
Ray Powell,
M.S., D.V.M.

Supporting Education, Now and in the Future

The top priority of my administration is the creation of well-paying jobs and supporting an outstanding public educational system for New Mexico’s families while taking care of the long-term health and productivity of our working lands.

We are accomplishing this by continuing to develop new opportunities with agricultural, oil, gas and renewable energy producers, local communities, sovereign tribal nations, private businesses, our sister local, state, federal agencies, and non-profits.

Establishing these collaborative partnerships has resulted in real progress in creating good jobs for New Mexico’s working families.

New Mexico is a leader nationally in traditional energy production and has the potential to do the same with the production of

Ray Powell, M.S., D.V.M.

As an elected state official, Ray Powell acts as trustee and chief fiduciary officer of the Trust, managing its assets to optimize income for the Trust beneficiaries.

In 1985, Powell received his doctorate in veterinary medicine from Tufts University, with an emphasis in wildlife medicine. Prior to his election as Commissioner in 2010, Powell worked with world-renowned scientist and humanitarian Dr. Jane Goodall and the Jane Goodall Institute for Wildlife Research Education and Conservation.

Powell served as State Land Commissioner from 1993 to 2002 and was the president and vice-president of the 22-member Western States Land Commissioners Association from 1996 to 1998. He worked closely with federal cabinet members, governors, members of Congress, and tribal leaders to improve public policy on Trust Lands nationwide.

During his first tenure as State Land Commissioner, Powell received numerous accolades and awards from business, agriculture, sportsmen, academic, sovereign tribal governments, and environmental groups. In addition, he served nearly a decade as a member of the State Investment Council, Mining Commission, Oil and Conservation Commission, the Youth Conservation Corps Commission, and the Capitol Building’s Planning Commission. Prior to that, he served as a special assistant to Governor Bruce King with responsibility for environment, natural resources, health, and recreation policy.

Commissioner Powell served two terms as a member of the U.S. Department of Agriculture’s Committee on Foreign Animal and Poultry Diseases. In this capacity, he gained significant expertise in understanding the impacts of disease and other pathogens on our human and domestic and wild animal populations.

Powell has been a member of the New Mexico Board of Veterinary Regulation and Licensing since 2002 and is currently the chairman, working tirelessly to enhance the humane treatment of animals.

Powell is a native of Albuquerque and attended Albuquerque Public Schools. He received his bachelor’s degree in anthropology and biology and a master’s degree in botany and plant ecology from the University of New Mexico.

Commissioner Powell is married to Jean Civikly-Powell, a professor emeritus at the University of New Mexico. She developed the Faculty Dispute Resolution Program and serves as ombudsperson for the university. They live in Albuquerque’s North Valley.



renewable energy. I am committed to making this a reality.

The bottom line – the last two years have been the most productive in terms of revenue generation by the New Mexico State Land Office in the history of our state. In 2012, we generated \$653 million and in 2013 we generated \$577 million for our public schools, universities, and hospitals. This is money our taxpayers did not have to pay in additional taxes – more than \$800 per family saved in taxes and available for family use.

I have listed below specific examples of how we are converting opportunities into reality:

- We are fostering high-tech economic development. EMCORE and Sumitomo are on State Trust Land in the Sandia Science and Technology Park in Albuquerque. Other state-of-the-art companies are locating at Innovation Park, another State Land Office project in Albuquerque at Mesa del Sol. Almost 5,000 high paying jobs have been established in these two locations alone.
- We partnered with Lea County to create a 1,400-acre business park near Hobbs. One of the first tenants is Joule Inc., which is developing innovative renewable energy technology. Salt water and carbon dioxide, by-products of the oil and gas industry, are converted to high quality biofuels by using sunshine to promote photosynthesis of patented algae. As Joule ramps up production, about 1,000 acres of State Trust Land will be used to produce millions of gallons of biofuel each year, creating more jobs for the Lea County area.
- We are working with private and governmental entities to expand the state's electric transmission capacity to increase the use and export of New Mexico-generated power. As transmission lines develop statewide, revenue from renewable energy production will grow substantially.
- We worked with State Rep. Brian Egolf (D-Santa Fe) to pass legisla-

tion to provide incentives for the use of geothermal energy. This makes New Mexico competitive in attracting this growing industry. As a result of this new law, New Mexico's first utility scale geothermal project can expand to nearby State Trust Lands.

- In Lea County, a lease agreement was signed with Intercontinental Potash (ICP) for an additional 1,800 acres of land, for a total of about 28,000 acres of state lands. Even before construction on the mine has started, the State Land Office is earning more than \$25,000 a year in rent and over \$200,000 a year in minimum royalty payments. The project will create about 1,000 construction jobs and 700 permanent jobs.
- Joint Planning Agreements (JPAs) were signed with the cities of Las Cruces and Gallup as well as Doña Ana, McKinley, and Luna counties to market State Trust Lands for economic development. In addition, an agreement was signed with the Navajo Nation to exchange State Trust Land near Window Rock for land in Silver City with commercial revenue potential. The new Rio Grande del Norte Monument near Taos, which includes 45,000 acres of State Trust Lands, offers a prime opportunity to bring together public and private entities to work with local entrepreneurs to develop businesses that benefit them, their communities, and the long-term health of the land. Some potential eco-tourism opportunities include photography, bird and wildlife watching, guided hikes, hunting and fishing, rafting, horseback riding, and rock climbing, as well as partnering with our agricultural lessees for special hands on agro-tourism possibilities.
- Great strides were also made this past year with respect to siting renewable energy plants on State Trust Land in our state. New Mexico has an abundance of sunshine, wind and geothermal resources, making it a natural location for renewable energy

Our Mission, Our Vision

To be the nation's model for State Trust Land management, providing for current and future revenues to our beneficiaries while ensuring the long-term health and productivity of the State Trust Lands for future generations of New Mexicans.

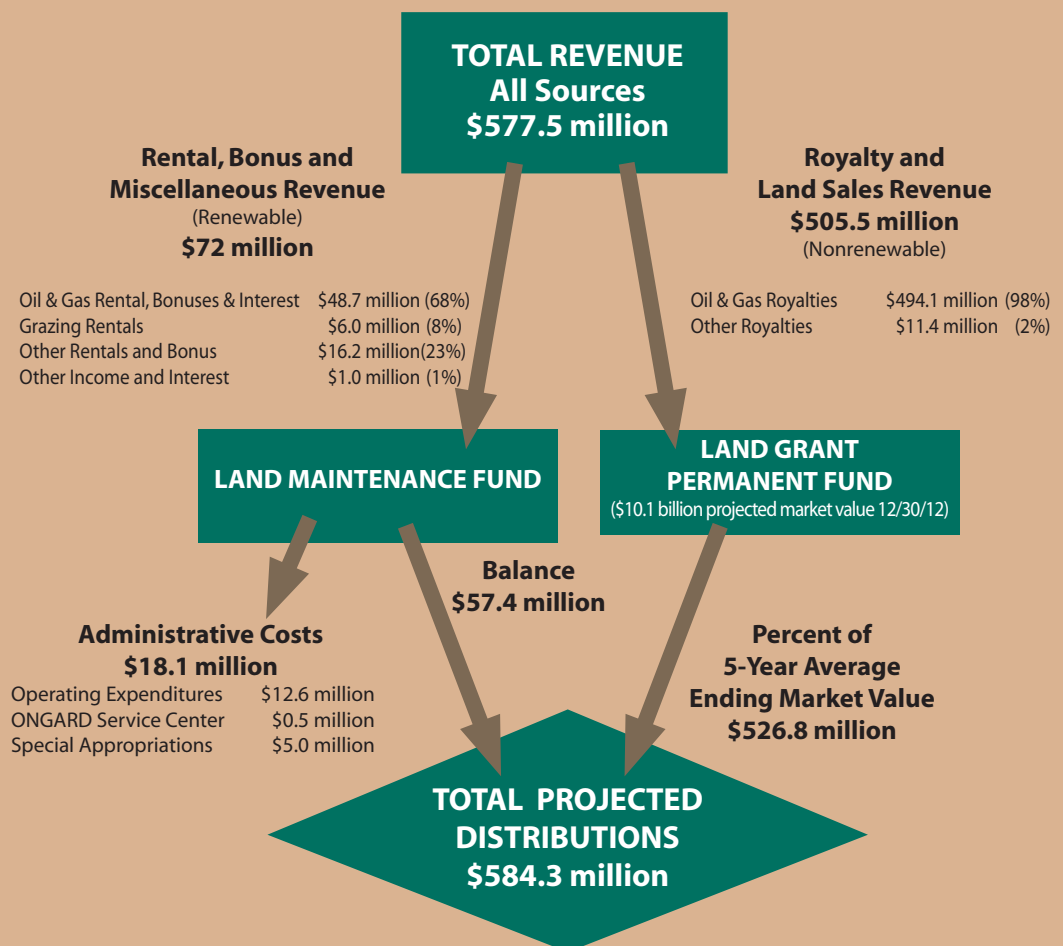
Guiding Principles

- ◆ Accountability – Being responsible, knowledgeable, trustworthy
- ◆ Excellence – Possessing skills, professionalism, quality
- ◆ Integrity – Exhibiting ethics, principles, honesty
- ◆ Pride – Showing leadership, ownership, commitment
- ◆ Respect – Encouraging teamwork, communication, collegiality

production and clean energy jobs. Based on existing projects and applications for renewables, the agency is expecting revenue projections to be more than \$500 million over the next 30 to 40 years.

- In May 2013, I participated in the groundbreaking of the state's largest distributive solar array, located on State Trust Lands at the Sandia and Science Tech Park. The project transformed a former landfill into a clean-energy-producing site that will power 20 percent of the energy needs for the EMCORE facility.
- The developers of the largest solar array in New Mexico, which will expand the state's solar capacity by over 20 percent, are expected to begin construction this summer on about 440 acres of State Trust Land in Luna County. This will create 300 jobs during the construction phase and provide clean, efficient solar power for use by New Mexicans. First Solar, our private partner, manufactures its own solar panels, which use the most current technology to provide the same amount of electricity with half the size of regular solar panels, reducing the impact on the surrounding natural world.
- Projects continued on river restoration in partnership with other agencies with a focus on removal of exotic species, rebuilding riverbanks, and recreating side channels along the Rio Grande south of Albuquerque.
- A settlement agreement was reached this past year with a lessee who created a massive tire dump in Mora County. The lessee was required to

Revenue Flow July 1, 2012 - June 30, 2013



remove the tires from State Trust Land and reclaim the area damaged by the dump. The lessee will also pay the State Environment Department a civil penalty and the State Land Office an amount based on the final tire count. Estimates placed the cost to remove and appropriately dispose of the tires at as much as \$1 million to taxpayers.

- New Mexico is leading the nation in a coordinated effort to humanely eliminate non-native, highly invasive feral hogs. The agency participated in a newly formed New Mexico Feral Swine Eradication Team to collaborate efforts for removal. Feral hogs have been reported in 17 of New Mexico's 33 counties. The State Land Office allocated \$50,000 this fiscal year and helped secure another \$250,000 from the state Legislature to continue joint efforts. Feral hogs cause more than \$1 billion in damage annually nationwide.
- The State Land Office worked with the U.S. Bureau of Land Management and the oil and gas industry to change proposed federal regulations that would have ended the oil field practice of commingling, the transportation of product from multiple fields in a common pipeline. A prohibition would have meant a loss of \$1.5 billion in revenue to the Land Office over the next decade.
- Finally, the state Legislature provided funding to initiate the One Health Initiative on State Trust Lands. One Health is a collaborative decision-making approach that helps ensure the long-term health of plants, animals, people, and local communities. This approach will help the State Land Office optimize revenues and create good jobs for New Mexicans in a sustainable manner. A One Health coordinator is visiting with community leaders and the public about this unique approach to land management.

In conclusion, it has been proven that the states and local communities that

take the best care of their natural world have the strongest economies, the best jobs, and enjoy the highest quality of life. It is important to consider the long-term economic impact of decisions that affect our lands, while we continue to keep them healthy and productive for the future.



Past Commissioners

The first Land Commissioner, Alpheus A. Keen, was appointed. The second Commissioner, Robert P. Ervien, held the post both as an appointed official and an elected official.

Ray Powell is in his third term as the Commissioner of Public Lands. He initially served two back-to-back terms from 1993 to 2002. Although unable to run for a third consecutive term under the state constitution, Powell was elected again in 2010. Powell is the longest serving Land Commissioner in New Mexico history.

Past commissioners, their political parties and their terms:

Alpheus A. Keen (R)	1899-1906
Robert P. Ervien (R)	1907-1918
Fred Muller (D)	Oct.-Dec. 1918
N.A. Field (R)	1919-1922
Justiniano Baca (D)	1923-1925
E.B. Swope (D)	1925-1926
B.F. Pankey (R)	1927-1929
Austin D. Crile (R)	1929-1930
J.F. Hinkle (D)	1931-1932
Frank Vesely (D)	1933-1936
Frank Worden (D)	1937-1940
H.R. Rodgers (D)	1941-1944
John E. Miles (D)	1945-1948
Guy Shepard (D)	1949-1952
E.S. "Johnny" Walker (D)	1953-1956
Murray E. Morgan (D)	1957-1960
E.S. "Johnny" Walker (D)	1961-1964
Guyton B. Hays (D)	1965-1968
Alex J. Armijo (D)	1969-1974
Phil R. Lucero (D)	1975-1978
Alex J. Armijo (D)	1979-1982
Jim Baca (D)	1983-1986
W.R. Humphries (R)	1987-1990
Jim Baca (D)	1991-1993
Ray Powell (D)	1993-2002
Patrick H. Lyons (R)	2003-2010

EXECUTIVE SUMMARY

Commissioner

Ray Powell, MS, DVM

Deputy Commissioner

Sunalei Stewart

Bob Jenks

(retired 11/16/12)

Assistant Commissioners

Mineral Resources

Greg Bloom

Commercial Resources

Don Britt

Surface Resources

Mike Anaya

Field Operations

John Romero, DVM

Administrative Services

Elaine Olah

Communication

Karin Stangl

Educational Programs,

Beneficiary Services and

Tribal Liason

Christina Cordova

General Counsel

Harry Relkin

Special Projects

Ralph Gallegos

Great Progress

The 2013 fiscal year was a year of great progress for the New Mexico State Land Office. The agency realized its second highest earning year ever, producing more than \$577 million in income for beneficiaries.

Because of this financial support provided through the trust, the average New Mexico working household saved about \$800 in taxes.

Most of the \$577 million, about \$554 million, was generated by the Mineral Resources program. In addition, the Oil, Gas, and

Distributions to Beneficiaries Fiscal Year 2013

	<u>Maintenance Fund</u>	<u>Permanent Fund</u>	<u>Total</u>
Common Schools	\$44,631,955	\$440,788,186	\$485,420,141
University of New Mexico	\$947,702	\$7,903,978	\$8,851,680
Saline Lands	\$13,202	\$144,930	\$158,132
New Mexico State University	\$491,305	\$2,523,400	\$3,014,705
Western NM University	\$54,128	\$143,676	\$197,805
NM Highlands University	\$54,368	\$142,876	\$197,244
Northern New Mexico School	\$33,561	\$113,641	\$147,202
Eastern New Mexico University	\$226,860	\$444,643	\$671,503
NM Institute of Mining & Technology	\$283,450	\$1,071,511	\$1,354,961
NM Military Institute	\$427,229	\$17,615,351	\$18,042,580
Children, Youth and Families Dept.	\$23,449	\$32,807	\$56,255
Miners' Hospital	\$770,021	\$5,159,840	\$5,929,862
Behavioral Health Institute	\$3,162,897	\$1,184,009	\$4,346,906
State Penitentiary	\$1,876,802	\$10,594,773	\$12,471,575
School for the Deaf	\$712,722	\$10,675,297	\$11,388,018
School for the Visually Impaired	\$724,603	\$10,650,461	\$11,375,064
Charitable, Penal and Reform*	\$186,021	\$4,595,303	\$4,781,324
Water Reservoirs	\$2,350,871	\$5,833,846	\$8,184,716
Rio Grande Improvements	\$58,707	\$1,337,316	\$1,396,023
Public Buildings	\$376,962	\$5,882,073	\$6,259,035
Carrie Tingley Hospital	\$8,529	\$8,619	\$17,148
TOTAL	\$57,415,345	\$526,846,535	\$584,261,880

*Charitable, Penal and Reform is shared equally by seven beneficiaries, five that receive separate distributions – Carrie Tingley Hospital, CYFD, Miners Colfax Medical Center, NM Behavioral Health Institute and the Penitentiary of NM – and two that receive only a share of the Charitable, Penal and Reform distribution – the Youth Diagnostic and Development Center and Los Lunas Community Program. The State Constitution identifies these beneficiaries as “the penitentiary at Santa Fe, the miners’ hospital at Raton, the New Mexico state hospital at Las Vegas, the New Mexico boys’ school at Springer, the girls’ welfare home at Albuquerque, the Carrie Tingley crippled children’s hospital at Truth or Consequences and the Los Lunas mental hospital at Los Lunas.” Names have changed since this State Constitution section was last amended in 1960.

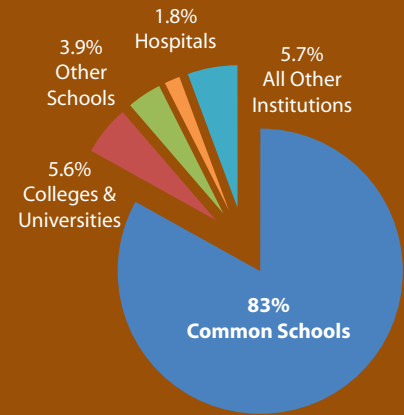
Minerals and Royalty Management Divisions worked with the federal land management agencies, the industry and others to change federal regulations that would have banned commingling of oil and gas. Without this regulatory change the New Mexico State Land Office would have lost \$1.5 billion in oil and gas revenues over the next decade, not including forgone project revenue.

The Commercial Resources Division generated \$7.4 million in income this past year with an emphasis placed on developing renewable energy sources. There are now over 20 renewable projects in various stages of review and development that have the potential of earning over \$500 million dollars for the Trust beneficiaries. Also, two significant rule changes that will ensure transparency and accountability occurred this past year. Public open houses were held to get public input before two rules were changed.

The Surface Resources Division generated more than \$14.8 million, a slight drop from the previous year. The Division was able to strike agreements with New Mexico counties to resolve long-standing disputes over the rights-of-way for county roads that pass through State Trust Lands. Agreements were signed with Doña Ana and Rio Arriba counties this year.

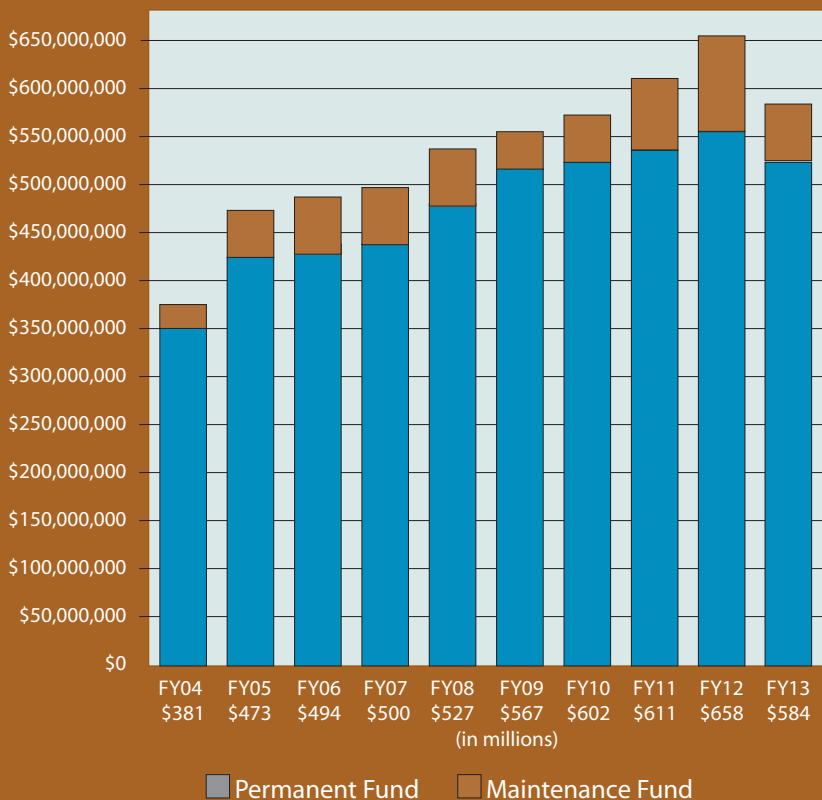
The Field Division launched the One Health Initiative, which is a collaborative effort with local communities, federal, state, and local agencies, sovereign tribes, the business community, our State Trust beneficiaries, and non-profits, to attain optimal health of plants and animals on State Trust Lands. This work will ensure the health and quality of life of adjoining communities and help ensure that State Trust Lands remain productive and healthy for the future.

Beneficiary Share of Distributions Fiscal Year 2013

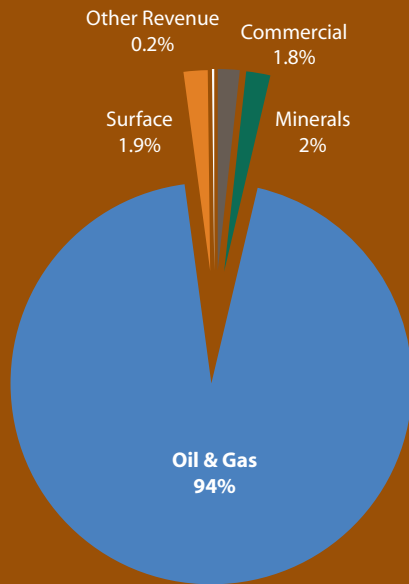


Common Schools	\$485,420,141
Colleges & Universities	\$32,635,812
Other Schools	\$22,819,338
Hospitals	\$10,293,916
All Other Institutions	\$33,092,674
TOTAL	\$584,261,880

Total Distributions to Beneficiaries 2004-2013



Revenue by Resource Category

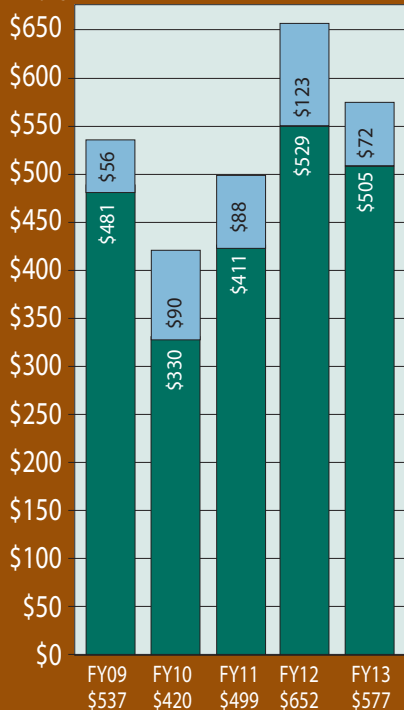


Commercial	\$10,101,784
Minerals	\$11,242,743
Oil and Gas	\$542,836,646
Surface	\$11,219,764
Other Revenue	\$1,053,866

Total Revenues

Fiscal Years 2009-2013

In millions



■ Royalties and Land Sales (Nonrenewable)
■ Rentals, Bonuses and Other (Renewable)

Revenues by Source

Fiscal Years 2009-2013

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	5-year average
RENTALS						
Sand & Gravel (M)	6,373	5,994	9,481	6,095	5,197	6,624
Sand & Gravel Interest (M)	359	2,471	33,473	-	-	7,261
Special Use Agreements	990	1,550	1,205	1,632	2,750	1,625
Potash (M)	95,623	45,240	130,340	41,652	48,440	72,259
Grazing (S)	7,427,345	5,216,784	5,918,144	5,429,688	5,968,412	5,992,075
Salt (M)	530	190	22,806	1,448	1,215	5,238
Coal Rental (M)	40,505	32,014	30,800	37,305	23,900	32,905
General Mining (M)	263,370	98,959	105,277	59,993	52,366	115,993
Shut-in-Royalty (O/G)	48,499	66,345	58,118	39,443	48,553	52,192
Oil & Gas Rental	2,248,154	2,196,337	2,229,131	2,194,148	2,149,594	2,203,473
Oil & Gas Bonuses (O/G)	33,655,610	67,737,163	55,360,518	102,042,763	44,046,175	60,568,446
Oil & Gas Interest (O/G)	1,807,271	3,462,079	12,013,542	3,061,813	2,509,395	4,570,820
Seismic Permits	40,600	25,400	15,140	49,600	-	26,148
Business Leases (C)	2,659,604	2,166,607	3,107,845	2,609,611	6,193,179	3,347,369
Business Leases Interest (C)	12,711	4,330	17,547	-	4,991	7,916
Business Lease Options	30,187	-	812,376	112,010	31,914	197,298
Land Use Restrictions	-	-	-	-	769,675	153,935
Billboards (C)	73,263	66,884	142,038	176,155	105,551	112,778
Geothermal Rental (M)	1,774	50	4,002	1,628	1,620	1,815
Water (S)	632,588	779,306	906,977	834,243	743,995	779,422
Salt Water (C)	782,302	1,554,701	1,710,315	1,957,651	2,743,712	1,749,736
Right-of-Way (S)	4,270,727	2,220,899	3,782,073	3,159,709	5,251,352	3,736,952
Solar Energy	-	-	40,778	1,152	44,923	17,371
Wind Energy	-	-	10,000	219,196	17,505	49,340
Biomass	-	-	-	-	-	-
Energy Transmission	-	-	29,803	29,811	30,854	18,094
Land Contracts Interest (C)	-	-	-	-	-	-
Land Contracts Penalty (C)	-	-	-	-	-	-
Directional Drilling (C)	-	-	-	-	-	-
Gas Storage Units (C)	147,789	140,177	164,719	308,551	159,480	184,143
Fuelwood (S)	20	780	880	2,050	470	840
SUBTOTAL	54,246,193	85,824,259	86,657,328	122,377,347	70,955,200	84,012,065
OTHER						
Fees & Copies (O)	470,553	492,818	722,183	680,925	679,066	609,109
Interest Earnings (O)	1,148,817	3,648,530	226,205	214,688	327,878	1,113,224
Other	32,702	14,771	109,951	37,224	46,922	48,314
SUBTOTAL	1,652,072	4,156,119	1,058,339	932,837	1,053,866	1,770,647
TOTAL RENTAL AND OTHER	55,898,265	89,980,378	87,715,667	123,310,484	72,009,066	89,226,123
ROYALTY						
Sand & Gravel (M)	921,830	1,385,696	1,314,760	3,596,239	2,339,419	1,911,589
Potash (M)	2,135,650	1,814,816	2,492,553	2,629,627	1,692,007	2,152,931
Salt (M)	107,584	66,400	88,001	196,881	227,909	137,355
Caliche	460,447	499,715	573,906	850,285	1,347,871	746,445
Coal (M)	13,596,611	7,652,203	7,335,878	7,064,806	5,496,992	8,229,298
General Mining (M)	-	-	-	500	-	100
Oil & Gas (O/G)	459,576,769	316,466,037	398,001,680	512,940,790	494,082,929	436,213,641
Land Contracts (C)	3,736,233	2,317,742	1,506,864	1,567,500	-	1,825,668
Water (S)	34,856	72,640	163,942	181,873	298,102	150,283
Geothermal	56,294	194	17,925	9,225	3,075	17,343
TOTAL ROYALTY	480,626,273	330,275,443	411,495,508	529,037,726	505,488,304	437,858,738
GRAND TOTAL	536,524,539	420,255,821	499,211,175	652,347,910	577,497,370	527,084,861
OIL & GAS REVENUE						
Shut-in-Royalty	48,499	66,345	58,118	39,443	48,553	53,101
Oil & Gas Rental	2,248,154	2,196,337	2,229,131	2,194,148	2,149,594	2,216,942
Oil & Gas Bonuses (O/G)	33,655,610	67,737,163	55,360,518	102,042,763	44,046,175	64,699,013
Oil & Gas Interest (O/G)	1,807,271	3,462,079	12,013,542	3,061,813	2,509,395	5,086,176
Oil & Gas Royalty (O/G)	459,576,769	316,466,037	398,001,680	512,940,790	494,082,929	421,746,319
Total Oil & Gas Revenue	497,336,303	389,927,961	467,662,989	620,278,957	542,836,646	493,801,552
	92.7%	92.8%	93.7%	95.1%	94%	93.6%



THE TRUST

Building on the Past

Even before New Mexico was a state, there was the beginning of a land trust. The Office of the Commissioner of Public Lands was created by the passage of the Ferguson Act on June 21, 1898. The appointed Commissioner, along with the territorial governor and the solicitor general of the territory, made up the Public Land Board charged with selecting lands that would be held in trust for New Mexico’s public schools and other beneficiaries.

The Ferguson Act and the Enabling Act of 1910, which provided for New Mexico to be admitted to the United States upon voter approval of the state constitution, identified each beneficiary of Trust Land, dedicated the amount of land to be held in trust for each beneficiary, and provided for the land board to identify the specific lands that would be designated for each beneficiary institution. Each tract of land is assigned to a particular beneficiary institution.

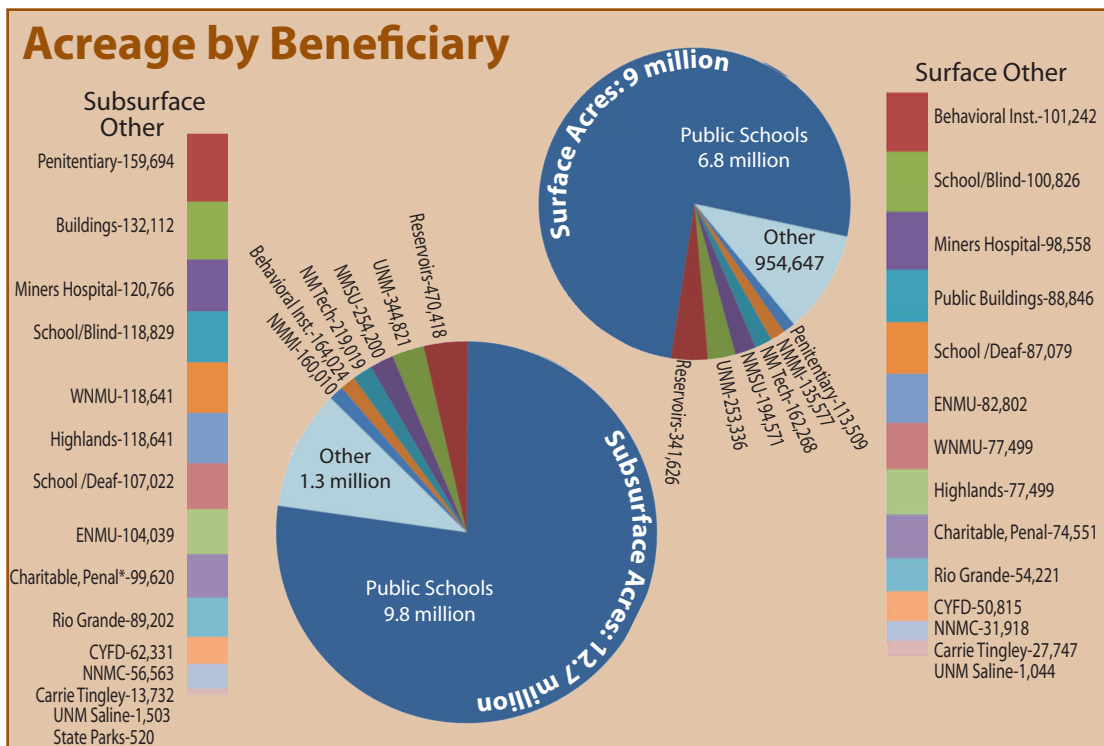
About 8.6 million acres of Trust Lands for the benefit of the public schools were granted to New Mexico by Congress under the Ferguson

and Enabling Acts. The state was granted four square miles – Sections 2, 16, 32 and 36 – in each 36-section township. Where those sections had previously been sold or allocated to Indian Pueblos, tribal reservations or pre-existing land grants, the state was allowed to pick lands elsewhere in lieu of the four designated sections.

The state also received “quantity grants” from the federal government, in specific amounts to benefit specified universities, special schools, institutions and other purposes. Those land grants totaled about 5 million acres.

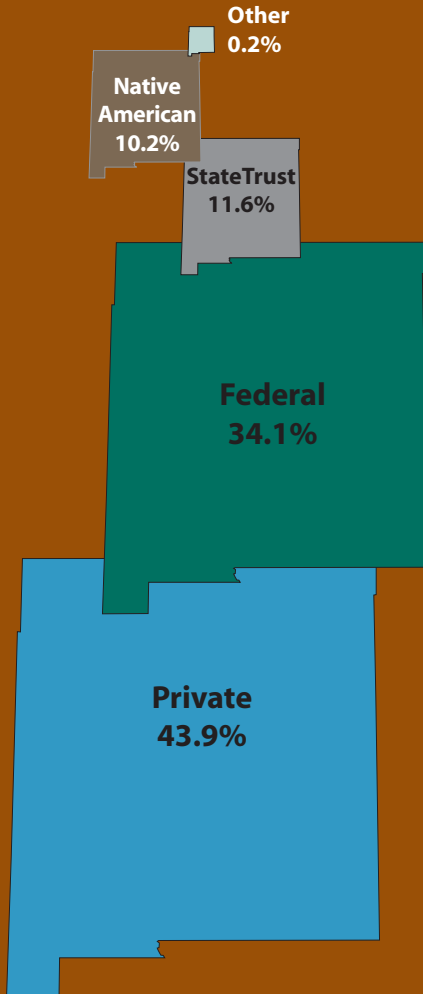
Beneficiaries

- Public Schools
- University of NM
- NM State University
- NM Institute of Mining and Technology
- NM Highlands University
- Eastern NM University
- Western NM University
- Northern NM College
- Capital Buildings
- Carrie Tingley Hospital
- Charitable, Penal and Reform
- Children, Youth and Families Department
- Miners’ Colfax Medical Center
- NM Behavioral Health Institute
- NM Military Institute
- NM School for the Blind and Visually Impaired
- NM School for the Deaf
- Penitentiary of NM
- Rio Grande Improvements
- UNM Saline Lands
- Water Reservoirs



New Mexico Land Ownership

77,666,400 Total Acres



The Commissioner of Public Lands converted from an appointed position to a statewide elected position when New Mexico achieved statehood in 1912. The Commissioner administers New Mexico's State Trust Lands. Money from the uses of State Trust Lands is distributed to the trust beneficiaries directly or as earnings from the Land Grant Permanent Fund.

Revenues from nonrenewable use of the Trust Lands, such as the royalties

from oil and natural gas extraction, and proceeds of land sales, are deposited into the Permanent Fund. They are invested and a percentage of the fund is paid to the beneficiaries. Revenues from the renewable resource uses, such as grazing, rights of way, interest on earnings and bonuses paid to acquire oil and gas leases, are distributed directly to the beneficiaries, minus the State Land Office's operating budget and other administrative expenses.



LAND TRUSTS ADVISORY BOARD

The Public Interest

The State Land Trusts Advisory Board advises the Commissioner of Public Lands in the formulation of policies and programs for the Trust. By law, the Board is politically and geographically diverse. It represents the Trust’s beneficiaries and key constituencies. Two members represent the beneficiary institutions and one each represent agriculture, extractive industries and conservation interests. Two members serve at large. The members are appointed by the State Land Commissioner and confirmed by the State Senate to serve six-year terms.

Martin A. Suazo, Chairman **Las Vegas**

Mr. Suazo is a businessman who operates a wood stove company in Las Vegas, New Mexico. He is a well-respected community leader in San Miguel County. He has a bachelor’s degree in accounting, economics and political science from New Mexico Highlands University. Suazo was appointed to represent the general public on the board. He was elected chairman in April 2011. *His term expires December 31, 2016.*

William Sauble, Vice Chairman **Maxwell**

Mr. Sauble is a third generation rancher from Colfax County, where he manages the Circle Dot Ranch. He is a member of the Colfax County Commission and serves as vice chair of the New Mexico Livestock Board. He is the former president of the New Mexico Cattle Grower’s Association and is an active member of the U.S. Cattlemen’s Association. Sauble graduated from New Mexico State University with a bachelor’s degree in animal science. He also served in the U.S. Navy and Navy Reserves. Sauble represents the agriculture community on the board. *His term expires December 31, 2016.*

Robert G. Armstrong **Roswell**

Mr. Armstrong has worked more than 33 years in the oil and gas industry. A past president of the New Mexico Independent Petro-

leum Association, Mr. Armstrong is president of Armstrong Energy Corporation, a privately held oil and gas exploration and production company with headquarters in Roswell. He received a law degree from the University of Texas Law School and a bachelor’s degree from Washington and Lee University. He also attended New Mexico Military Institute. He represents the extractive industries on the board. *His term expires December 31, 2016.*

David Bacon **Santa Fe**

Mr. Bacon is president of the Southwest Energy Institute, which advocates energy policy, and founded the New Mexico Sustainable Energy Collaborative, which deals with sustainable energy and local energy production. He is a founding member of the Permaculture Credit Union, a unique nonprofit banking institution that provides sound financial business practices for environmental conservation efforts. He has lived in New Mexico more than 30 years. He attended Colorado State University and the University of Texas. He represents conservation interests on the board. *His term expires December 31, 2015.*

Dr. Constance Falk **Las Cruces**

Dr. Falk is the M. Eugene Sundt Honors professor at New Mexico State University in the Department of Agricultural Economics

State Land Trusts Advisory Board

Martin A. Suazo
Chairman

William Sauble
Vice Chairman
Agriculture

Robert G. Armstrong
Oil and Gas, Mining

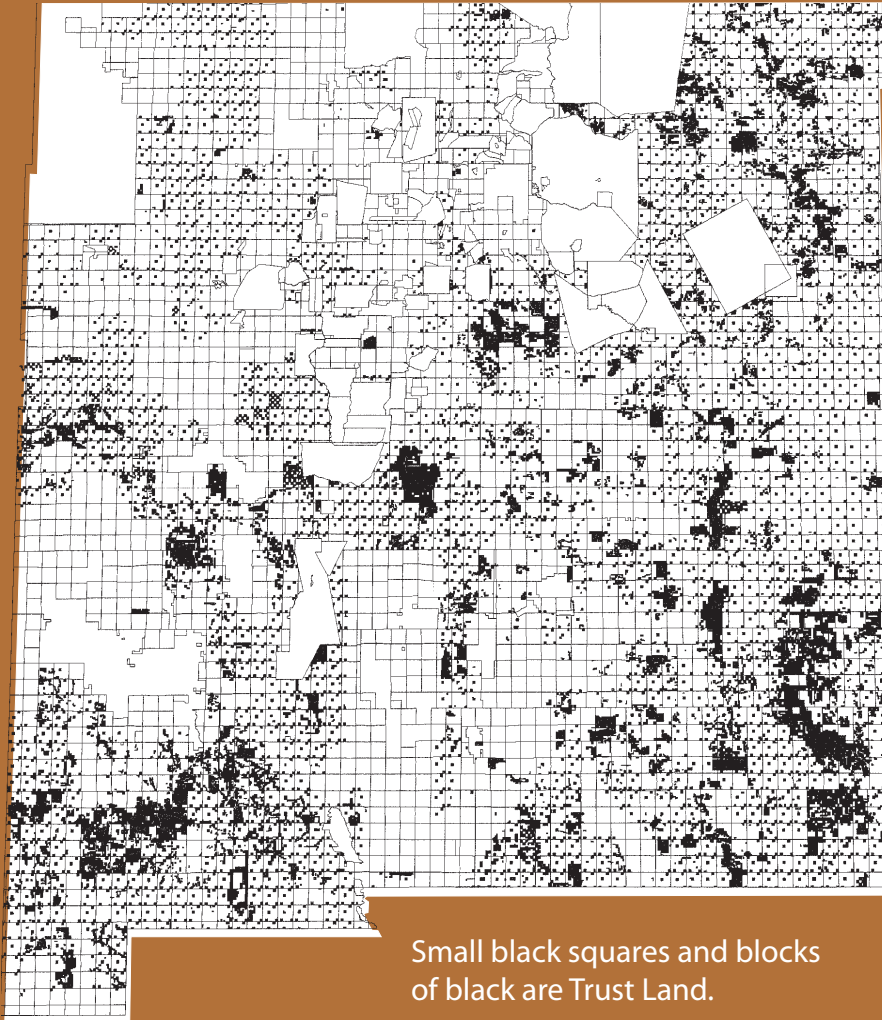
David Bacon
Conservation

Dr. Constance Falk
Beneficiaries

Lance Sigmon
General Public

Renata Witte
Beneficiaries

State Trust Land Map



Small black squares and blocks of black are Trust Land.

6	5	4	3	2	1
7	8	9	10	11	12
18	17	16	15	14	13
19	20	21	22	23	24
30	29	28	27	26	25
31	32	33	34	35	36

Trust Land Endowment by Township
 Township = 36 Sections
 Section = 1 square mile

and Agricultural Business. She received her doctorate in agricultural economics, master's degree in business administration, and bachelor's degree in English from Oklahoma State University. She is a representative for the beneficiaries on the board. *Her term expires December 31, 2016.*

Lance Sigmon

Albuquerque

Mr. Sigmon is an associate broker with Roger Cox and Associates. He manages development projects in Albuquerque, Rio Rancho, and Las Cruces. He has a bachelor's degree in business management from Brigham Young University, in Idaho. He represents the general public on the board. *His term expires December 31, 2015.*

Renata Witte

Albuquerque

Ms. Witte is a longtime education advocate, specializing in kindergarten through 12th grade. Currently, she is the president of Parents Reaching Out. She is also a board member of the Family/Parent Involvement Advisory Council to the New Mexico Public Education department. She educates children about governmental affairs and teaches drama and art photography at the Oñate Elementary after-school program. She is a representative for the beneficiaries on the board. *Her term expires December 31, 2015.*



MINERAL RESOURCES

Solid Returns

Assistant Commissioner
Greg Bloom

Director
Oil, Gas and Minerals
Larry Roybal

Director
Royalty Management
Kurt McFall

Mineral Resources comprises activities and programs divided between two divisions: Oil, Gas and Minerals and Royalty Management. Together they earn about 95 percent of State Land Office revenue. In fiscal year 2013, this revenue amounted to \$550 million – the second highest amount in the agency’s history. This revenue reflects sustained oil prices, increased oil production, and solid interest in State Land Office oil and gas lease sales. Although oil prices were good throughout the year, the low price of natural gas inhibited royalty revenue.

The Oil, Gas, and Minerals Division manages subsurface resources, evaluates commodity resources, administers the monthly oil and gas lease sale, processes mineral royalty revenue, and administers leases for oil, natural gas, carbon dioxide, sand and gravel, caliche, coal, potash, salt, geothermal energy, and other natural resources. The division leases, manages, and oversees all mineral exploration and development on New Mexico Trust Lands. The two main programs are Oil and Gas, and Minerals. Responsibilities include leasing and managing over 9,500 oil and gas leases and 166 mineral leases that cover 3.1 million acres of the 13-million-acre trust mineral estate.

The division is represented on the state Oil Conservation Commission, and the director serves on the Mining Commission.

Oil and Gas Program

The base of oil and gas revenues generated for the Land Maintenance Fund, the pool of money made up of mostly of rental fees and bonuses paid to acquire leases, is the monthly competitive public auction of tracts. The division’s Oil and Gas section selects tracts and assigns royalty rates. Leases are issued within 24 hours of the sale.

Oil and gas leasing is the single most regulated program in the Land Office. The leases are statutory and tract evaluation is defined by law. The Legislature has not changed lease

terms and royalty rates since 1985. In restricted areas such as the San Juan and Permian basins, leases are five years. Leases in frontier areas, those mostly outside the San Juan and Permian basins, are for ten years.

In 2013, the monthly auctions generated more than \$44 million, or \$433 per acre. This figure is lower than previous years because lessees are holding leases longer and the State Land Office has had fewer tracts to offer in the auctions.



An oil field worker watches the progress of work at a drill site at Encana near Farmington. New Mexico is a leading oil producer in the United States with major reserves in the southeast and northwest corners of the state.

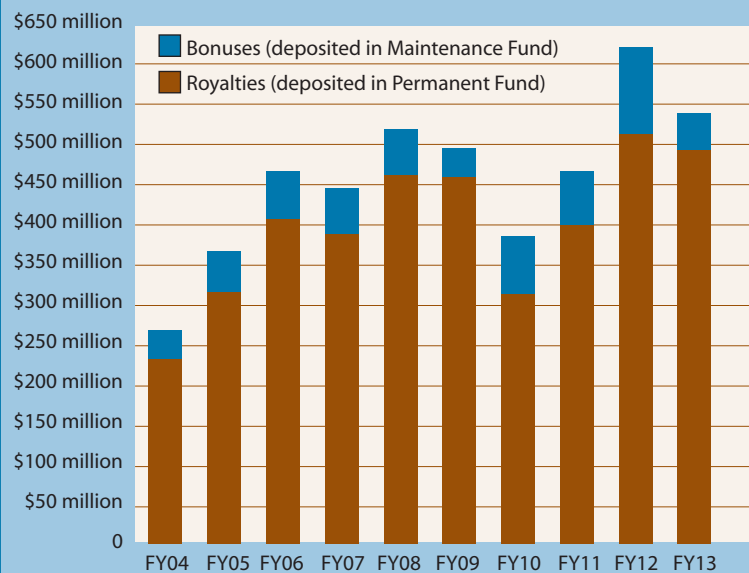
Also in 2013, the Oil and Gas Program issued 332 new oil and gas leases on 101,900 acres, processed 833 lease assignments and 171 miscellaneous instruments, and approved 156 communitizations (a pooling of mineral estate). The division also processed 541 lease expirations and 184 cancellations.

Additional Oil and Gas Program accomplishments:

- For 2013, the Units Group approved one federal/state exploratory unit of 8,437 acres and approved one state water-flood unit of 2,847 acres, reviewed four unit agreements, and approved 51 development plans for 2,013,120 acres. More than 60 percent of state royalties, which go into the permanent fund for investment because they are nonrenewable, come from units.
- Staff also worked with the Oil Conservation Division to monitor the hearing docket and review commingling (the mixing of product from different well fields) and off-lease storage administrative applications and communitization agreements.

- The Reduced Royalty Program processed nine lease/pool applications with 14 new wells. Total production amounted to 99,760 barrels of oil from 391 wells.
- Staff of the Communitization Program certifies communitization agreements between oil and gas lessees, where State Trust Lands are dedicated to a proposed well and where those dedicated lands cover portions of separate leases. Staff approved 156 agreements and terminated 17.
- Almost 1,800 oil and gas leases out of over 9,500 were prepared for scanning into digital images for record-keeping.
- Oil and Gas Program employees worked with other State Land Office divisions to determine appropriate business forms and fees for well-pad leases to provide access to federal mineral rights from State Trust Land surface areas. Staff participated in pit rule hearings by the Oil Conservation Commission.
- Both the Oil, Gas and Minerals and Royalty Management divisions worked with the federal Bureau of Land Management, the industry, and associations to change federal regulations that would have ended the oil field practice of surface and “downhole” commingling, the mixing of product from reservoirs at different depths in the same pipeline. A ban on commingling would have been a \$1.5 billion loss in oil and gas revenues to the State Land Office over the next decade, not including foregone project revenue.

Oil and Gas Revenues 2004-2013



(In Millions)

Maintenance	\$29	\$50	\$61	\$57	\$50	\$38	\$74	\$70	\$108	\$49
Permanent	\$235	\$312	\$405	\$390	\$460	\$460	\$316	\$398	\$512	\$494
Total	\$264	\$362	\$466	\$447	\$510	\$497	\$390	\$468	\$620	\$543

Minerals Program

The State Land Office’s Minerals Group manages more than 166 site-specific leases for coal, salt, caliche, sand, gravel, potash, geothermal resources and general mining on 173,000 acres. More than \$9.3 million in royalty and rental income was generated from these resources in 2013. Coal mining contributed almost \$5.4 million; however,

future coal royalty payments are expected to be considerably less as mining operations move off State Trust Lands and the demand for coal decreases. Royalties from potash should increase due to greater demand and prices. Intrepid Potash will contribute to royalties through a new solution mine, which uses briny water to extract potash from rock. The new Intercontinental Potash polyhalite mine is expected to break ground in 2014. Both operations will significantly increase the number of jobs in southeastern New Mexico.

The State Land Office's sand and gravel leases are the most active and include site-specific stipulations, a mine operations plan, and a reclamation plan. All new mineral leases issued by the division require a cultural resources survey.

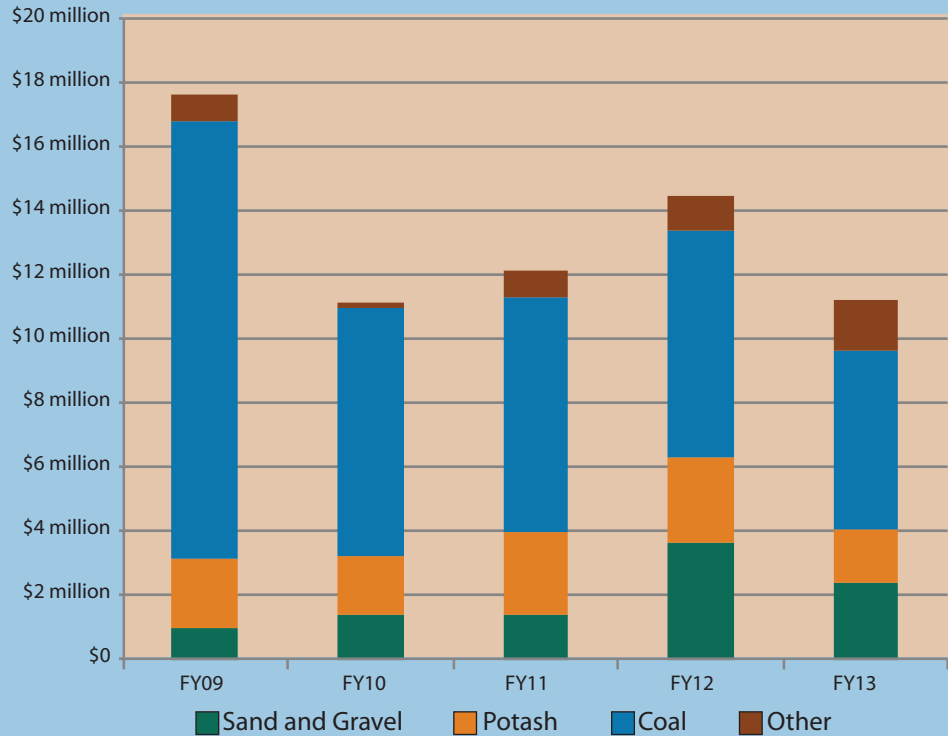
After a site is closed, land reclamation and reseeding with native vegetation is required. Trust Lands are protected by bonds or other surety, royalty collection and regular inspections.

The minerals group processed 18 new sand and gravel leases, two renewals, 13 expirations, five withdrawals and 33 site inspections. Six conventional and three solution mine leases were issued to the potash industry.

Additional Minerals Program accomplishments include:

- The Minerals Program conducted a mineral bond list review and refunded \$96,501 to operators.
- More than \$1.1 million was distributed to trust beneficiaries after a lawsuit involving a sand and gravel lease.
- Minerals staff improved the sand and gravel special use agreement process, reducing the average wait from 90 days to 10 days. Staff assessed surrounding states and federal agencies for their current royalty rates, lease conditions, and mineral stipulations.

Mineral Revenue 2009-2013



- During the 2013 state legislative session, the State Land Office successfully pushed for a revised geothermal resources statute to streamline royalty rate formulas and make them consistent with federal requirements. Staff also reviewed the draft Roca Honda Resources LLC Environmental Impact Statement.

Royalty Management Division

The Royalty Management Division (RMD) administers royalty revenue from oil, natural gas, and carbon dioxide produced on State Trust Lands. The division processes royalty returns, audits royalty data, manages the production unit and lease data, provides royalty data for forecasting and budgeting, and administers a collections program. The division consists of three bureaus: Revenue Processing, Audit, and Compliance. The division also works with the Oil and Natural Gas Administration and Revenue Database (ONGARD) service center to ensure that oil and gas programs meet the business rules set by the State Land Office.

The division deposited \$494 million in oil and gas royalty revenue into the

Land Grant Permanent Fund for Trust beneficiaries. The division paid an additional \$2.5 million in interest to the Land Maintenance Fund.

Revenue Processing Bureau

Oil and gas producers pay monthly royalties through reports. This year, 99 percent of the returns were filed electronically using online applications.

The Revenue Processing Bureau evaluates and reconciles royalty returns for accurate revenue distribution to beneficiaries. This analysis includes verifying all assessments and credits before mailing them to the royalty filer.

The Revenue Processing Bureau evaluated 3,930 oil and gas royalty returns with 420,000 detail lines – 9 percent more than last year. The bureau also prepares royalty returns for imaging by the Records Management Division.

Audit Bureau

The Audit Bureau ensures that companies are reporting and paying royalties they legally owe, and in 2013 collected \$743,624 in underpaid royalties. The bureau assists in litigation, provides sta-

tistics to forecast revenues, and assists royalty payers with their reports.

Compliance and Special Projects Bureau

The Compliance and Special Projects Bureau manages royalty suspense, advance payments, refunds, account reviews, electronic filing assistance and testing, stripper well compliance, and collections.

When royalty returns are submitted with incomplete or incorrect royalty data, the funds cannot be distributed to the proper beneficiary and the funds are suspended. The staff assists royalty payers with missing or incorrect property identifiers on royalty returns. The suspense balance was \$3.45 million, or a half percent of total royalty revenue, meeting the bureau's goal of maintaining suspense at less than 1 percent of revenue.

The Compliance and Special Projects Bureau reviewed 2,100 outstanding royalty notices. The bureau also processed 13 refund requests and worked with the ONGARD Service Center to improve both the royalty web-filing applications and the ONGARD mainframe system.



COMMERCIAL RESOURCES

Local Goals, Statewide Benefit

Assistant Commissioner
Don Britt

Director
Tom Leatherwood

The Commercial Resources Division manages State Trust Land to provide the best financial return for trust beneficiaries through leasing, strategic planning, land sales and exchanges. Commissioner Powell has initiated a community partnership program of joint planning agreements and economic development strategies to help build strong relationships with local governments. This assures State Trust Land development supports local goals for housing, mixed-use planned communities, community services and economic development, while optimizing land use and revenues for beneficiaries. Revenue from commercial leasing goes into the maintenance fund for immediate distribution to trust beneficiaries.

The division has two sections: Lease Management and Project Management. Lease Managers oversee more than 900 business leases on about 400,000 acres of Trust Land and earned \$6,588,397 this year. The project management section facilitates the due diligence of complex leases, processes long-term leases, resolves planning issues and manages land exchanges. The staff audits leases on a case-by-case basis for compliance, record-keeping and financial accountability.

The Commercial Division has identified more than 50,000 acres of Trust Land in growing urban areas ideally situated for renewable energy projects. The State Land Office creates partnerships with local governments to plan and lease land that supports local goals for community and economic development. Because the State Land Office cannot reinvest revenues to develop its land, it partners with the private sector for planning and development leases. Private developers who make effective investments may see added value from Trust Land development. The goal is quality development for local communities and significant income for beneficiaries.

The division also manages all land sales and exchanges. Commissioner Powell believes the land should be preserved as an asset and

leased to benefit current and future generations. When land is sold, proceeds are invested in the Land Grant Permanent Fund to generate revenue for Trust beneficiaries. Land exchanges often provide good opportunities for the State Land Office to consolidate holdings for better land management or to acquire lands with income opportunities. These exchanges occur on a limited basis with the private sector but are more frequent with local and federal governments.



Commissioner Ray Powell signs a land exchange agreement with Navajo Nation President Ben Shelly while state Senator John Pinto observes. The signing ceremony, which took place at the Legislative Indian Affairs Committee meeting in November 2012, involved 85.6 acres of state land near Window Rock. Prior to the exchange, the Navajo Nation leased the land for the tribal Department of Transportation Center. In exchange for transferring the parcel to the tribe, the State Land Office received 3.6 acres of land near the Walmart in Silver City that has commercial development potential.

Map of Partnerships Projects



In response to a recent Supreme Court decision, Rule 21 was revised for processing private land exchanges. In response to an Attorney General opinion, Rule 22 was revised for transparency in the planning and development lease process and to assure long-term income for trust beneficiaries. Both rules were reviewed at multiple public meetings statewide and are posted at www.nmstatelands.org.

Renewable energy leasing is a new and growing income source to the Trust and should be the largest growth area for commercial leasing in the near future. New Mexico potentially is a national leader for wind- and solar-generated electric power. The State Land Office also works cooperatively to expand the network and capacity of electric transmission lines to allow the export of New Mexico-generated power. Last year the Trust earned \$391,125 from renewable energy

Rule Change: Community Commitment

Changes in Rule 22 will affect future planning and development leases at the State Land Office. The rule change assured that all planning and development leases will be subject to public input from the citizens of the communities affected as well as being openly and competitively bid. Further, this rule change will better assure the trust receives fair compensation and adequately participates in the added value of development. It also requires that actual improvement of Trust Land occurs before the planning and development lessee can achieve credit toward future leases or sales. This new rule will better position the trust to minimize risk while actually “partnering” with the private sector for economic and community development projects.

Commissioner Powell is committed to working with communities to develop Trust Land in keeping with those uses and values the communities themselves have identified as important to their long-term viability and vision. In a series of open house,

staff pulled out maps and listened to public comment to provide quality development projects that create jobs, while still providing a way to generate ongoing revenue for the state land trust and to ensure the long-term health and productivity of the land now and for future generations.

Also in 2012, Rule 21 affecting state land trust exchanges with private landowners, was amended in light of the Supreme Court’s recent decision that said that the White Peak land exchange that took place during the previous State Land Commissioner’s term was not fairly conducted without a public bid process and did not meet the requirements of the Enabling Act. Commissioner Powell concurred with the court’s decision, which prompted the rule change.



Commissioner Powell and Commercial Resources Assistant Commissioner Don Britt explain changes in Rule 22 at a public meeting in Las Cruces.

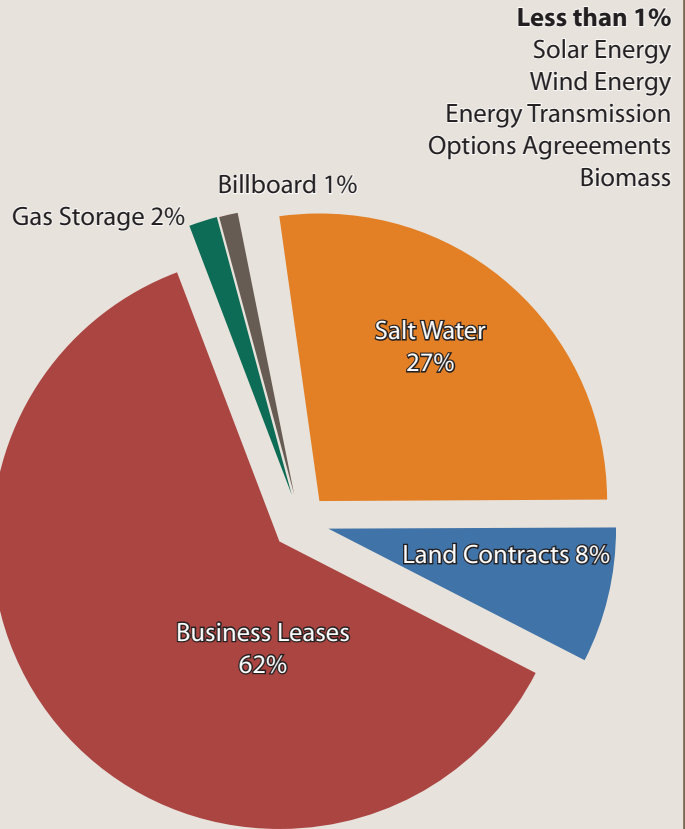
leasing. As transmission lines develop statewide, renewable energy trust revenues will grow substantially.

A ribbon-cutting ceremony celebrated New Mexico's largest distributive solar array adjacent to the EMCORE Corporation on State Trust Lands. The solar array was a pioneering solar energy project that transformed a former landfill into a clean energy producing site that will relieve the energy grid demand in Albuquerque while supporting the local economy, making EMCORE more productive and keeping good paying jobs here in New Mexico. The 2 megawatt array will provide distributed solar energy for EMCORE, which covers 20 percent of the facility's power requirements.



Commissioner Powell, Albuquerque Mayor Richard Berry, Bernalillo County Commissioner Maggie Hart Stebbins and officials from EMCORE and PNM cut a ribbon for the EMCORE solar array on State Trust Land in Albuquerque.

Commercial Resources Revenue by Source



Commercial Resources Revenue 2009-2013

	FY09	FY10	FY11	FY12	FY13
Land Contracts	\$3,736,233	\$2,317,742	\$1,506,864	\$1,567,500	\$769,675
Business Leases	\$2,672,316	\$2,170,937	\$3,125,392	\$2,609,611	\$6,230,084
Gas Storage Units	\$147,789	\$140,177	\$164,719	\$308,551	\$159,480
Options Agreements	\$30,187	\$0	\$812,376	\$112,010	\$0
Billboard	\$73,263	\$66,884	\$142,038	\$176,155	\$105,551
Solar Energy	\$0	\$0	\$40,778	\$1,152	\$44,923
Wind Energy	\$0	\$0	\$10,000	\$219,196	\$17,505
Salt Water	782,302	\$1,554,701	\$1,710,315	\$1,957,651	\$2,743,712
Biomass	\$0	\$0	\$0	\$0	\$56,376
Energy Transmission	\$0	\$0	\$29,803	\$29,811	\$30,854
Totals	\$7,442,089	\$6,250,441	\$7,542,285	\$6,981,637	\$10,101,784



SURFACE RESOURCES

Assistant Commissioner
Mike Anaya

Director
Donald Martinez

**Manager,
Agricultural Leasing
Bureau**
Lucille Martinez

**Manager,
Right-of-Way
and Water Bureau**
Lou Baker

Common Interests

Surface Resources generates revenue for trust beneficiaries by administering agricultural leases, rights of way, and special access. The division’s mission is to provide excellent service for people who do business with the State Land Office through direct assistance with grazing lessees and those who apply for easements. The staff fosters good relationships and ensures responsible stewardship of State Trust Lands by open communication.

The total revenue generated by Surface Resources in 2013 was \$15 million. Staff processed 1,849 leases with 633 in agricultural leasing and 1,216 in Rights of Way/Water Resources.

Surface Resources staff actively participates in the State Land Office Sportsmen’s Advisory Committee, supporting efforts to establish camping areas and resolve hunting access and other issues statewide. The division works with the state Department of Game and Fish and hunters who have a valid hunting permit to access trust land, except in those areas that are un-

suitable for hunting. The division is instrumental in ensuring access in the White Peak area.

Agricultural Leasing

The Agricultural Leasing Bureau manages State Trust Lands leasing for livestock and cropland production. The Land Office protects the long-term health of rangelands while promoting multiple use. Agricultural leases co-exist with other types of leases, such as renewable energy, oil and gas development, and recreation. Agricultural Leasing manages about 3,500 leases covering more than 8.8 million surface acres. Every year one-fifth of agricultural leases are renewed. Staff hosted Agricultural Lease Renewal Workshops in Clayton, Estancia, Fort Sumner, and Roswell to directly help lessees and to gather public comment on the process.

Identifying and resolving unauthorized use of trust land are top priorities. Staff investigated 10 sites and brought violations into compliance. It processed 297 improvement applications, 29 of which were thinning projects done in partnership with the U.S. Bureau of Land Management (BLM), U.S. Department of Agriculture (USDA), and federal Farm Service Agency (FSA) to reduce the risk of catastrophic fire. The bureau also coordinates with these agencies for responsible rangeland management



The State Land Office is partnering with federal and state agencies to humanely remove feral hogs on State Trust Land. Feral hogs, which occupy nearly 1 million acres of Trust Land, can harbor more than two dozen diseases transmittable to humans and will kill lambs, calves, and ground-nesting wildlife. The multi-agency effort includes studying the impact of feral hogs on ecosystems and native species.

practices during drought. The bureau maintains close relationships with lessees to continually improve leasing activities and promote stewardship of Trust Lands.

Rights of Way/Water Resources

The Rights of Way/Water Resources Bureau administers easement leases for pipelines, roadways, and telecommunication and electrical lines. The bureau also manages right of entry, outfitting and guiding permits, water easements, water rights agreements, and archaeological surveys.

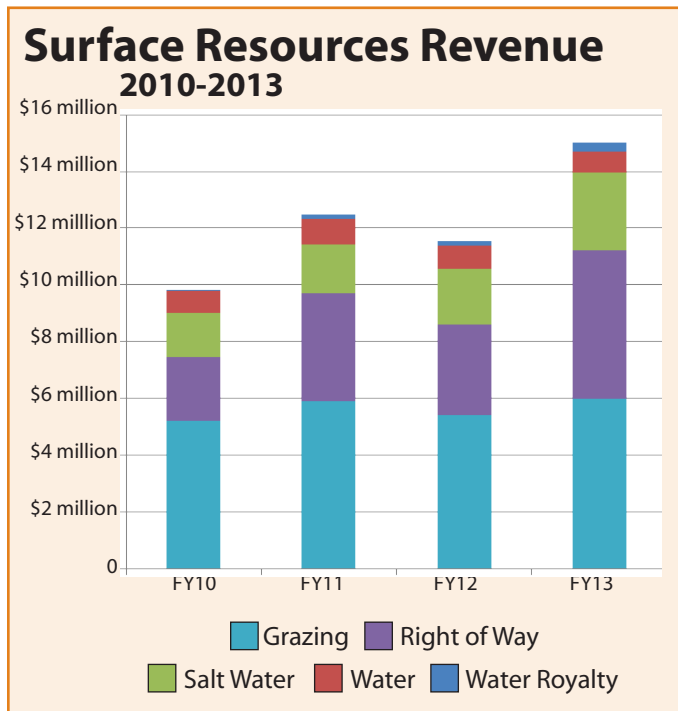
The bureau became a member of the International Right of Way Association this year, with membership benefits that

include professional development and networking. This will help staff research appraisal information to update the fee schedule and bonding requirements. The bureau also consulted the Western States Land Commissioners Association and appraisers throughout New Mexico to develop the new fee schedule.

Commissioner Powell and the New Mexico Association of Counties signed a memorandum of understanding (MOU) to identify county roads without an executed right of way and bring them into compliance with state rules and regulations. Right-of-way grants were signed with Guadalupe, Harding, McKinley, Mora, Sandoval, San Miguel, Santa Fe, and Taos counties. Doña

Ana and Rio Arriba Counties signed individual agreements.

The bureau began preparing to transfer new right of way easements files into a digital format for the Land Management Information System (LIMS). Digital files will help staff will process applications more efficiently and provide more accurate information to clients on easement locations, using the geographical information system on the agency website.



Sportsmen Advisory Committee

Issues:

- State Trust Land for hunting
- Feral pigs
- Partnerships to promote the sustainable management of wildlife habitat

Members:

- Mark Anaya, Stanley
- John Antonio, Albuquerque
- David Coss, Santa Fe
- Brian Miller, Watrous
- John Moen, Mesilla Park
- Bob Nordstrom, Albuquerque
- John Olivas, Holman
- Dutch Salmon, Silver City
- Andrew Sandoval, Chacon
- Sandy Schemnitz, Las Cruces
- Kent Salazar, Albuquerque
- Max Trujillo, Las Vegas



FIELD OPERATIONS

Assistant Commissioner
John Romero, DVM

Director
Jim Norwick

Sustainable Solutions

The Field Operations Division oversees programs to promote trust sustainability by providing technical support to the agency’s leasing divisions. The division manages forest, range ecosystem, and wildlife resources to enhance resource health, which is linked to economic health.

Field Operations staff annually responds to about 1,500 requests for field reviews, including inspections and data analysis for rights of way, agricultural leasing, minerals management, business leases and land exchanges. In addition to the Santa Fe staff, Field Operations employs 14 district resource managers, each of whom oversees about 1 million acres of State Trust Land.

The Land Office allocated \$136,000 to reduce the risk of catastrophic wildfire using prescriptive tree thinning on 2,670 acres of Trust Lands. The division worked collaboratively with other agencies, such as soil and water conservation districts, State Forestry, Department of Game and Fish, U.S. Bureau of Land Management and the U.S. Forest Service.

The State Land Office is continuing a long-term effort along Albuquerque’s South Valley bosque to replace exotic species like salt cedar, Russian olive, and Siberian elm with native cottonwoods and willows. Division staff created side channels and lowered banks to allow natural flooding and meandering, improving the bosque’s long-term sustainability. The U.S. Bureau of Reclamation granted \$298,000 to expand the project in the future, and the New Mexico Environment Department also granted \$152,000 for the same effort. The project is a collaboration with the City of Albuquerque, Middle Rio Grande Conservancy District, New Mexico Interstate Stream Commission, the University of New



The Land Office spent \$136,000 to reduce the risk of catastrophic wildfire by tree thinning and prescriptive burns on 2,670 acres of Trust Lands.

Mexico, U.S. Army Corps of Engineers, and the Bureau of Reclamation.

The division is also restoring native flows and habitat to a roughly one-mile stretch of the La Plata River in San Juan County. The grant-funded project will reduce erosion and sediment-loading in the river and replace invasive plant species with native vegetation for soil stabilization and forage for migrating deer, small mammals and quail.

Commissioner Powell instituted the agency's One Health Initiative to ensure the decision-making process is based on sound, long-term land management decisions that support sustainable practices. An integral part of the program is to partner with the Trust's beneficiary universities to capitalize on their expertise and their unique opportunities for education, research and best management practices.



State Land Office staff plant native willows along the La Plata River in San Juan County

Conservation Advisory Committee

Priorities:

- Access to State Trust Land
- Clean-up of lands in a responsible manner
- Partnerships to promote the sustainable management of livestock, wildlife, and plant habitat

Members:

Norma McCallan, Santa Fe
Ken Hughes, Santa Fe
Nathan Newcomer, Albuquerque
Carol Finley, Albuquerque
Michael Casaus, Albuquerque
Lisa Jennings, Albuquerque
Steve Cary, Santa Fe
Chris Catechis, Albuquerque
Steve West, Carlsbad
Ernie Atencio, Arroyo Seco
Scott Wilber, Santa Fe
Barbara Garrity, Albuquerque



Assistant Commissioner
Elaine Olah

Directors

Margaret Sena
Accounting

Sandra Lopez
Human Resources

Martin Davis
Information Technology

Lucille Sisneros
Records Management

Stephen Trujillo
Facilities Management

Supporting the Mission

The mission of Administrative Services is to provide excellent customer service to those earning revenue and working to protect the Trust. Those functions not related to leasing or field operation but necessary for management of the agency include accounting and financial management, human resources, information technology, records management and printing and facilities management.

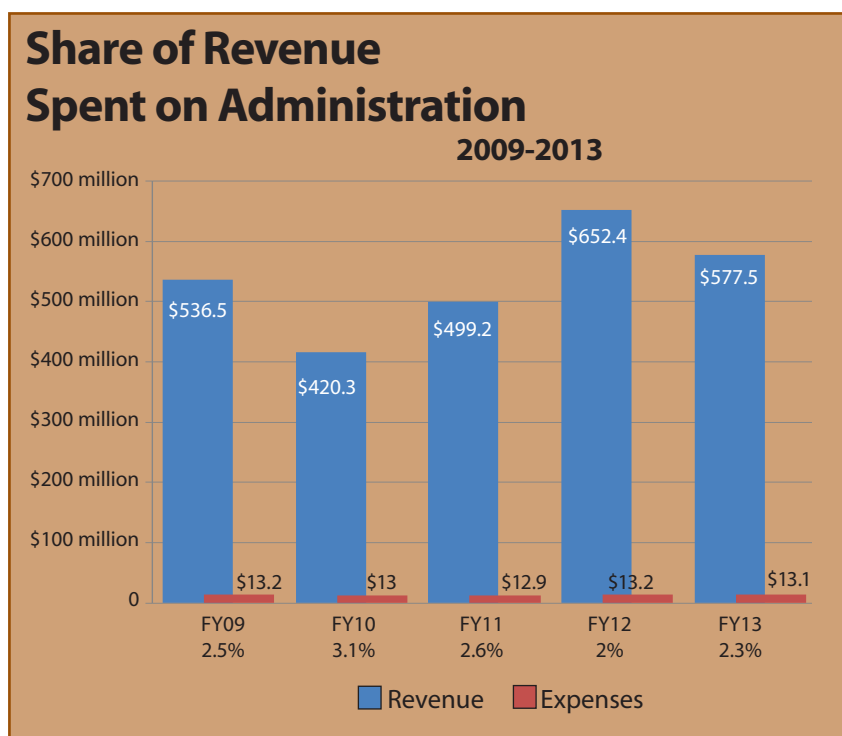
Administrative Services provides the State Land Office with accounting, budgeting, contract management, facility and fleet management, human resources, information technology, records management and printing services. Accounting staff receives, classifies, and records all generated revenue, which is then disbursed to a specific beneficiary or a group of beneficiaries based on the revenue source. In addition, the division procures goods and services, processes professional services contracts, maintains a fleet of 28 vehicles and 11 leased facilities throughout the state,

and processes the payments for the operational expenses of the agency. Financial statements reflecting activities are produced monthly and audited annually. The 2012 financial audit completed in fiscal year 2013 resulted in an unqualified opinion with no exceptions.

Revenue from renewable and miscellaneous sources is deposited into the Land Maintenance Fund. At the end of each month and after paying for operating expenses, the remaining funds are disbursed to the designated beneficiaries. Revenue generated by royalties from oil, gas, and mineral leases or land sales is transferred monthly to the Land Grant Permanent Fund, managed by the State Investment Council and invested under rules set out in the New Mexico Constitution. The agency in fiscal year 2013 used about 2 percent of total State Trust Land revenue for operations.

Human Resources

Human Resources managed personnel issues for 153 full-time employees, including payroll and benefits. The office helps agency managers maximize the agency's return on its investment in human capital by providing advice on State Land Office and State Personnel Board personnel policies and procedures. Human Resources staff updated the agency policies to ensure a common understand-



ing of employee and management rights and responsibilities.

Fulfilling Commissioner Powell's strategy to create a work environment that sets a standard for public service and creative

problem solving every employee at the State Land Office participated in an

ethics refresher training and Harassment/Bullying and Shelter in Place trainings in 2013. Filling positions to ensure adequate resources are available to complete the work of the Trust was a major focus of the Human Resource Office. Long-time employees facing changes in retirement benefits chose to retire in 2012 and 2013 and new hires contributed to issues of salary parity. Legislative funding and process barriers were obstacles to overcome in bringing the vacancy rate down to 8.7 percent by the year's end. Additionally, several Human Resource policies were updated during fiscal year 2013 that provide needed guidance to staff and managers within the State Land Office.

Information Technology

Information Technology is a cornerstone of the State Land Office. Much of the information provided to the public relies on technology and applications developed and maintained by the Information Technology Bureau. In addition to managing the agency network, equipment and software, the division develops applications and oversees projects to automate agency records and record-keeping systems. The Information Technology Division supports the daily needs of the agency for all forms of technology. Staff is involved in ongoing projects to update and maintain the Oil and Natural Gas Administration and Revenue Database (ONGARD) and provide data integration capabilities for online web-based reporting and geographic information systems mapping

Top Priority: Integrity

Commissioner Powell has made integrity a hallmark of his administration and every year has mandated ethics training for all employees. Training in the 2013 fiscal year was facilitated by the New Mexico Ethics Alliance on June 24.

(GIS), spatial analysis and plat verification for all divisions.

During 2013, the division gathered the systems requirements and issued a request for proposals for the development of the Land Information Man-

agement System (LIMS). A new LIMS database was created and populated with New

Mexico land grid data (1.6 million township sections), beneficiary and ownership data from the Conveyance Indexing database (351,500 township sections), the federal Public Land Survey System intersect (GIS), ONGARD, and the U.S. Bureau of Land Management's geographic coordinate database. In addition, the agency website and Intranet were updated to improve communication and transparency.

The GIS group cleared 180 work orders and maintained 15 enterprise datasets on a near real-time or on an as-needed basis and a spatial data library of base cartographic features and imagery consisting of about one hundred layers. Group staff made formal presentations at the 2012 Esri International User Conference (Esri is GSI software) and at the 2012 Southwest Users Group Conference and conducted 12 training sessions for agency staff in the use of the agency's GIS software and data resources. The group also developed a custom Android Ownership and Lease Application for district resource managers and assistant commissioners

Records Management

Records Management provides essential information about the lands held in trust by the State Land Commissioner. The Records Management Bureau ensures records are accurate and accessible to both agency staff and the public. In addition to preserving valuable paper records, the division provides ready access to records transferred to the bureau. Records have increased in volume

Expenditures Fiscal Year 2013

Personnel Services/Employee Benefits	
Exempt Perm Positions P/T & F/T	933,843.90
Term Positions	0
Classified Perm Positions F/T	6,062,541.68
Classified Perm Positions P/T	34,550.37
Temporary Positions F/T & P/T	307,248.18
Paid Unused Sick leave	10,264.15
Overtime & Other Premium Pay	10,414.17
Annl & Comp Paid At Separation	47,684.63
Differential Pay	5,218.00
Group Insurance Premium	918,677.91
Retirement Contributions	1,060,460.21
FICA	540,343.93
Workers Comp Assessment Fee	1,356.15
GSD Work Comp Insur Premium	0.00
Unemployment Comp Premium	41,423.55
Employee Liability Ins Premium	2,422.31
RHC Act Contributions	13,759.98
Other Employee Benefits	140,638.37
SUBTOTAL	10,130,847.49
Contractual Services	
Medical Services	0.00
Professional Servies	51,410.54
Other Services	321,263.86
Audit Services	29,823.01
Attorney Services	25,889.88
IT Services	210,008.81
SUBTOTAL	638,396.10
In-State Travel	193,467.33
Maintenance & Repairs	154,965.04
Supplies	606,654.39
Operating Costs	
Reporting and Recording	18,421.16
Printing & Photo Services	14,444.64
Postage & Mail Services	25,204.01
Utilities - Sewer/Garbage	3,343.59
Utilites - Electricity	67,209.70
Utilities - Water	13,321.25
Utilities - Natural Gas	10,004.13
Rent of Land & Buildings	45,432.08
Rent of Equipment	83,928.49
Communications	54,026.61
DOIT Telecommunication	123,913.92
Subscriptions & Dues	62,878.64
Employee Training & Education	66,984.35
Board Membr Training	0.00
Advertising	720.12
Miscellaneous Expense	3,664.77
Request to pay prior year	693.21
SUBTOTAL	594,190.67
Out of State Travel	32,359.13
Capital Outlay	
Furniture & Fixtures (RPT)	28,677.80
Buildings & Structures	38,321.00
Buildings & Structures (RPT)	76,990.50
Furniture & Fixtures	88,198.00
SUBTOTAL	232,187.30
Other Financing Uses	493,700.00
TOTAL EXPENDITURES	13,076,767.45

Thoughtful Management

The New Mexico State Land Office produced a near-record amount of revenue in fiscal year 2013, totaling more than \$577 million in income from trust lands and permanent funds for beneficiaries.

These record revenues were attributed not just to higher oil prices but also to the thoughtful selection of land tracts for lease sale by Land Office staff. Technological advances allowed larger volumes of oil to be produced from existing wells and this has contributed to this record-setting revenue.

Thanks also went in part to advancing technologies, that made it possible for businesses to reach oil and gas resources which were previously unavailable. This opened up possibilities for numerous tracts of trust land in New Mexico. Renewable resources, like wind, solar, and commercial leases, also contributed to earnings for the land office.

This money will help our state's special schools, public schools, universities, and hospitals in these difficult times.

by about 20 percent in the last four years. Records are assets to be managed like other property assets. State Trust Land records document ownership, land encumbered through leasing activity, and land available for leasing. Records

must be accurate, authentic, and available when needed and for as long as needed.

Records are preserved as long as necessary to protect property rights, ensure accountability, and document the chain of title for each section within a township and range.

In 2013, the bureau completed 98 percent of the inventory of all lands acquired by the State Land Office by verifying and documenting the land survey description for both surface and subsurface estates in every parcel of land granted to New Mexico during territorial days and statehood under various acts of Congress. Staff was hired to work

on microfilming the inactive permanent records that comprise the archives of the State Land Office. Staff prepared more than 1.2 million documents and scanned, transferred to microfilm and quality-checked more 282,000 images. Work progressed on digitizing frequently

accessed records to make them more easily accessible. Currently, 95 percent of active leases and associated files have been digitized and are accessible. Working with Information Technology staff, the division incorporated a kiosk system to allow customers to research files and produce copies independently. Transactions documenting chain of title in departmental tract books were updated daily to reflect assignments, amendments, expirations, cancellations, and the execution of new contracts.

Facilities Management provides a range of support services for the State Land Office building and maintains an in-house print shop. The facility and grounds are maintained by staff – most other state-owned offices are operated and maintained by the state General Services Department. A staff of maintenance workers, custodians and security guards operate the facility. The cost of repairs, renovations and maintenance, including staff, represents 3.8 percent of agency expenditures. Included in the costs were several office remodels, security upgrades, replacement of the major equipment to facilitate printing and graphics, window treatments for priority areas and installation of a heritage garden with seed from Tesuque Pueblo. A five-year capital improvement plan was developed to address needed facility repairs and the renovation of Morgan Hall.

COMMUNICATION

Telling the Story

Assistant Commissioner
Karin Stangl

The State Land Office expanded outreach efforts to communicate with the public in fiscal year 2013. Newsletters were e-mailed to constituents, interests groups, and beneficiaries to better inform them about State Land Office policies and initiatives to promote a greater awareness of the role of the agency in funding education. The agency promotes the philosophy that good public policy requires an informed citizenry.

Communication staff took the lead in preparing materials for numerous news conferences, including a celebration of the arrival of Sumitomo Electric Device Innovations USA, Inc. (SEDU), a subsidiary of Sumitomo Electric Industries, LTD (SEI), a Fortune 500 corporation. The corporation is leasing space in the EMCORE facility at Sandia Science and Tech Park, on State Trust Land in south Albuquerque. The corporation is designing and manufacturing semiconductor lasers and photo detector-based products for data communications markets. SEDU has located 50 positions in the EMCORE facility. The ribbon-cutting ceremony, facility tour, and reception were September 25. Since the original lease arrangement was

signed with EMCORE under Commissioner Powell's first administration, the agreement has generated more than \$1 million for the public school children of New Mexico. By working with the lessee EMCORE and the sub-lessee Sumitomo, an additional \$5 million is projected to be earned over the life of the lease.

Another ribbon-cutting ceremony celebrated New Mexico's largest distributive solar array, developed on State Trust Lands next to the EMCORE Corporation. The solar array is a pioneering solar energy project that has transformed a former landfill into a clean-energy-producing site that will relieve energy demand in Albuquerque by providing 2 megawatts of energy for EMCORE, 20 percent of the

Commissioner Powell joins other officials in cutting the ribbon to celebrate the arrival of Sumitomo Electric to Albuquerque.



facility's power needs. The project also supports the local economy by making EMCORE more productive and keeping good jobs in New Mexico.

Communication staff took the lead in a ceremony marking the signing of a land exchange that took place at the Legislative Interim Committee on Indian Affairs on November 20, 2012. Prior to the exchange, the Navajo Nation leased a large parcel of State Trust Land – about 85.6 acres near Window Rock – for a new Navajo Department of Transportation Center. In exchange for giving the tribe the leased land, the Land Office received 3.6 acres of land in Silver City near an existing Wal-Mart. The Silver City tract has commercial development potential and can earn revenue for trust beneficiaries.

The Communication Team provided support for numerous joint partnership agreement signing ceremonies including events with the City of Las Cruces and Doña Ana County, City of Gallup and McKinley County, Lea County, and Luna County.

Public Open Houses were held in Las Cruces, Albuquerque and Santa Fe for changes in Planning and Development Rule 22, which would affect future planning and development leases at the State Land Office. The rule change will assure that all future planning and development leases will be subject to public input from the citizens of the communities affected, as well as being openly and competitively bid. Further, this rule change will better ensure the Trust receives fair compensation and adequately participates in the added value of development. The new rule will minimize risk to the Trust at the same time it promotes partnerships with the private sector for economic and community development projects.

Public open houses were also held in Las Cruces and Las Vegas and for changes in Rule 21, which affected land exchanges of state trust land with private landowners.

Continuing to communicate and build relationships with statewide news media, Trust beneficiaries, lessees, and others will be a prime focus for next fiscal year.



Attention was garnered from East Mountain news reporters for the signing of a Joint Planning Agreement between the Town of Edgewood Mayor Brad Hill and Commissioner Ray Powell. The agreement will establish a cooperative working relationship between the Land Office and Edgewood for future development on Trust Lands.

EDUCATIONAL PROGRAMS, BENEFICIARY SERVICES AND TRIBAL LIAISON

Collaboration

Assistant Commissioner
Christina Cordova

Educational Coordinator
Miranda Miller

The Educational Programs, Beneficiary Services, and Tribal Liaison Program coordinates collaborative opportunities among the State Land Office and the private sector, local, federal, and tribal agencies and beneficiary institutions.

The agency promotes the mission, vision and goals of the State Land Office through public education and outreach programs designed to educate a broad constituency and build community support for the State Land Office's mission. It fosters partnerships for sound stewardship, conservation and sustainable use of natural resources on State Trust Land.

Educational outreach initiatives link New Mexicans to the natural world and increase awareness about the State Land Office's role in generating revenues for public education. The curriculum is age-appropriate and meets state and federal standards and benchmarks as well as the Common Core curriculum.

The Energy for Education program teaches elementary students about non-renewable and renewable resources through classroom activities and homework assignments. The program includes a recycling initiative that rewards students with a field trip to a nearby park of their choice. The Outdoor Classroom Program takes students on outdoor field trips to explore the natural sciences with Land Office biologists.

The State Land Office works with educators, students and constituencies on special projects that benefit the Trust. A Memorandum of Understanding (MOU) was signed with New Mexico Highlands University to share critical information about flora and fauna on state trust land and to work cooperatively on forest thinning in northern New Mexico. The MOU will share information collected by researchers on State Trust Land.

The agency works closely with pueblo governors, tribal councils and coalitions to enhance relations between the State Land Office and

Native Americans in New Mexico. This landmark collaboration helps tribal leaders make informed decisions when considering projects that might affect surrounding State Trust Lands.



The Commissioner's Gallery displayed works of art by a variety of artists throughout the year, with exhibits changing monthly. The work of Mary Helen Follingstad, featured in September 2012, depicts the Rio Grande Valley, Taos, and other locations in New Mexico in watercolor, acrylic, and oil. The photographs of Woody Galloway were featured in March 2013.

Outreach in the Schools

2012-2013

Energy for Education

Schools: 23
Teachers: 93
Students: 2082

Recycling Contest

Total Aluminum Recycled: 4726 lbs
Money Earned: \$3086
Field Trips Provided: 10
Number of Winning Classes: 20
Number of Winning Students: 493

Bosque Field Trips

3 classes
5 teachers
106 students

Tesuque Field Trip

1 school
1 teachers
24 students

The State Land Office regularly consults with tribal members to foster economic development. Several MOU signings with pueblos will help preserve pueblo cultural traditions and enhance collaborative opportunities with the State Land Office.

This fiscal year, the State Land Office partnered with Tesuque Pueblo's plant geneticist to plant native seeds of the three sister crops – beans, corn and squash – in the "Circle of Life" gardens at the State Land Office. Agency staff visited the Tesuque Pueblo Farm to learn traditional planting techniques.

The Land Office works closely with the New Mexico Children in Nature Committee on a collaborative project

to reconnect children with nature and support cognitive development, academic achievement, physical health and economic opportunities. The project aims to reverse the trends in which children and youth are disconnected from nature in their everyday lives. New Mexico organizations currently engaged along the State Land Office include the New Mexico Public Education Department, state Department of Game and Fish, Audubon New Mexico, U.S. Forest Service, New Mexico Health Care Takes on Diabetes, Environmental Education Association of New Mexico, New Mexico Outdoor Coalition, Indian Health Service on the Navajo Nation, and the New Mexico Community Foundation.



LEGAL DIVISION

In New Mexico's Interest

General Counsel
Harry Relkin

Associate Counsel
John L. Sullivan

The Legal Division provides counsel to the Commissioner on matters affecting State Trust Lands while also providing a full range of legal services to help the State Land Office manage the Trust Lands and preserve the assets of the Trust.

During the 2013 fiscal year, the top priorities and focus for the legal staff were the following:

The office settled the lawsuit, filed April 18, 2011, against a former grazing lessee responsible for illegally dumping more than 300,000 tires on State Trust Land near Wagon Mound, in Mora County. Under the settlement, the responsible party removed the tires and is required to perform additional work to restore the land to an appropriate condition. Also, under the settlement, the former lessee paid the Land Office \$30,000 for unauthorized use of State Trust Lands and may make an additional payment based on a hard count of the tires removed. The Land Office initiated the action and was joined by the New Mexico Environment Department.

Representing the Commissioner in the New Mexico Supreme Court, the Office of the General Counsel successfully defended a state District Court judgment finding that the agency retained mineral interest in land sold in 1947 for crushed rock sold primarily as railroad ballast. The Land Office has received more than \$1.7 million in royalties from the subject quarry in Torrance County. As a result of the favorable court decisions, the agency has been able to negotiate more favorable lease terms, and the lease should provide an additional \$3 million to \$4 million in royalties over the remaining life of the quarry.

The Office of the General Counsel successfully defended in state District Court and the state Court of Appeals two administrative decisions, setting important precedents

regarding the Commissioner's authority to determine claims of interests in State Trust Lands. In one case, the New Mexico Court of Appeals affirmed a decision regarding compensation owed to a former lessee for infrastructure associated with a mobile home park in Albuquerque. In the other, a District Court affirmed a decision regarding the issuance of a 13.5-mile roadway right-of-way easement on Trust Land in Colfax and Harding counties.

In collaboration with the State Legislature, the Office of the General Counsel drafted changes in the Geothermal Resources Act, converting a net proceeds lease into a gross proceeds lease and setting competitive lease rates that will assure a fair return to New Mexico while also assuring its ability to compete for the development of this emerging source of energy. The changes to the law became effective June 14, 2013.

The rewritten State Land Office Rule 22 (19.2.22 NMAC) on planning and development leases became effective November 30, 2012. The revised Rule 22 on planning and development leases mandates community involvement and ensures the Trust receives a more beneficial share of the increase in value created by the development while assuring the Trust is not put at risk.

In addition to the joint planning agreement (JPA) between the State Land Office and the City of Las Cruces, the Legal Division, in consultation with Commercial Resources, developed another five JPAs with Doña Ana County, Lea County, the Town of Gallup, McKinley County, and the Town of Edge-

A State Land Office lawsuit against the lessee who created the “River of Tires” was settled in March 2013 with the lessee agreeing to remove the tires illegally dumped on Trust Land and repair the damage. Kansas Equity Investments and Daniels Ranches agreed to pay the New Mexico Environment Department a civil penalty and the State Land Office an amount based on the final tire count. Removing and appropriately disposing the tires could have cost the state as much as \$1 million, reducing the amount available for public schools, hospitals and other Trust beneficiaries. The Trust Land was about 10 miles southeast of Wagon Mound.

Before



After



wood. The JPAs promote transparency and cooperation with local governments for the benefit of the Trust and local communities. The Division continues to work on developing agreements with numerous communities throughout the state.

The agency has been on the cutting edge of researching, and drafting instruments for renewable energy projects. The most notable is the bid process for a wind energy project to be located on 33,600 acres of Trust Land in Torrance County. The proposed “El Cabo” project ultimately could generate 1,000 megawatts of electricity – enough to supply up to 400,000 homes. The development would reduce carbon dioxide emissions by 2.6 million tons and save more than 1.1 billion gallons

of water annually compared with coal-driven electricity. The project would be built in several phases over the next 10 years, creating construction jobs and more than 200 permanent positions. The General Counsel has participated in all lease negotiations and drafted all bid leases. Legal staff, in collaboration with Commercial Resources, continues the Commissioner’s active involvement in energy projects around the state, while respecting the traditional land uses and visions of local communities.

The Land Office also actively participated in the Oil Conservation Commission hearings on revisions to New Mexico’s “pit rule” regulating the disposal of oil and natural gas production waste. The Commissioner designated the Assistant Commissioner of Mineral Resources to sit on the Commission and directed legal counsel to enter an appearance on the Commissioner’s behalf. The Land Office was heavily involved and participated in the pit rule (19.15.17 NMAC) hearings over the past several years. The Land Office took on a critical role in fully exploring all modification requests to the proposed rule change. The Commissioner is committed, not only to the best practices for New Mexico’s oil and gas industry, but also to the long-term health of the land and striking the right balance between current returns and protection of the land and groundwater.

The State Land Office and the City of Carlsbad struck an agreement, which assures, for the first time, the City’s secure and long-term access to its water supply. The agreement grants easement to multiple State Trust Land sites in the Carlsbad area for placement of new water wells that will supplement the existing municipal well system. It also requires the City of Carlsbad to provide water service to the Trust Lands should future development of that land require it. The agreement also assures the Land Office will receive fair market value for the use of its land by Carlsbad.

Pursuant to a New Mexico Senate Memorial passed in 2011, the Commis-

sioner studied a possible exchange of Trust Lands with the Navajo Nation. The Commissioner found that an exchange of State Trust lands would be of material benefit to the Trust. The Commissioner conveyed to the tribe about 85 acres of State Trust Land near the community of Tse Bonito in McKinley County leased by the Navajo Nation and upon which the Navajo Nation Division of Transportation is constructing a transportation center. The Navajo Nation conveyed to the state, for the benefit of the trust, non-reservation lands in Grant County that can be used more productively by the State Land Office and its authorized users. The Commissioner and the Navajo Nation closed on the exchange in fall 2012. The General Counsel shepherded this exchange process and drafted all documents necessary.

The Legal Division also assisted with the compilation of the comments for the Commissioner's response to the

Draft Environmental Impact Statement for the Roca Honda Mine project, while communicating with the impacted sovereign Native American tribes.

The Commissioner signed a memorandum of understanding (MOU), drafted by the Office of the General Counsel in collaboration with the U.S. Department of Agriculture (USDA), intended to promote cooperation between the Land Office and the federal government in the elimination of feral pigs in an appropriate and humane manner. This MOU provides a framework for cooperation and coordination between the Land Office and the USDA that will ensure successful preservation of natural areas and ecology from the feral pig in a timely, efficient, and thorough way. It describes the respective responsibilities, jurisdictional authority, and expertise of each of the parties in order to clearly implement a plan to remove feral pigs from New Mexico.



LEGISLATION AND POLICY

Deputy Commissioner
Sunalei Stewart

Change

More than 300 bills were introduced during the 2013 State Legislative Session that impacted the operations of the State Land Office. All of these bills were closely monitored by the legislative team.

The State Legislature approved several State Land Office funding requests for fiscal year 2014. In an effort to address the threat of fire on State Trust Lands, \$500,000 was set aside for tree thinning programs to decrease the fuel load in areas with significant risk of catastrophic fire near communities. Current forest conditions are conducive to large scale, uncharacteristically intense fires that threaten communities and trust land resources.

About \$165,000 was approved to fund the One Health Initiative, aimed at improving the productivity and health of Trust Land through science-based management practices. Funds will be focused on invasive species management, the development of a decision-support system, and other efforts to advance the long-term health of communities, trust lands and wildlife.

An additional \$250,000 was approved to partner with federal and state agencies to remove feral hogs from State Trust Lands. The State Land Office is engaged in multi-agency efforts to remove feral hogs in a humane manner and assess the location and impact of feral hogs on State Trust Lands. Funding for this initiative will be administered by New Mexico Department of Game and Fish. The Legislature also authorized a new full-time employee to assist with increased oil and gas activities.

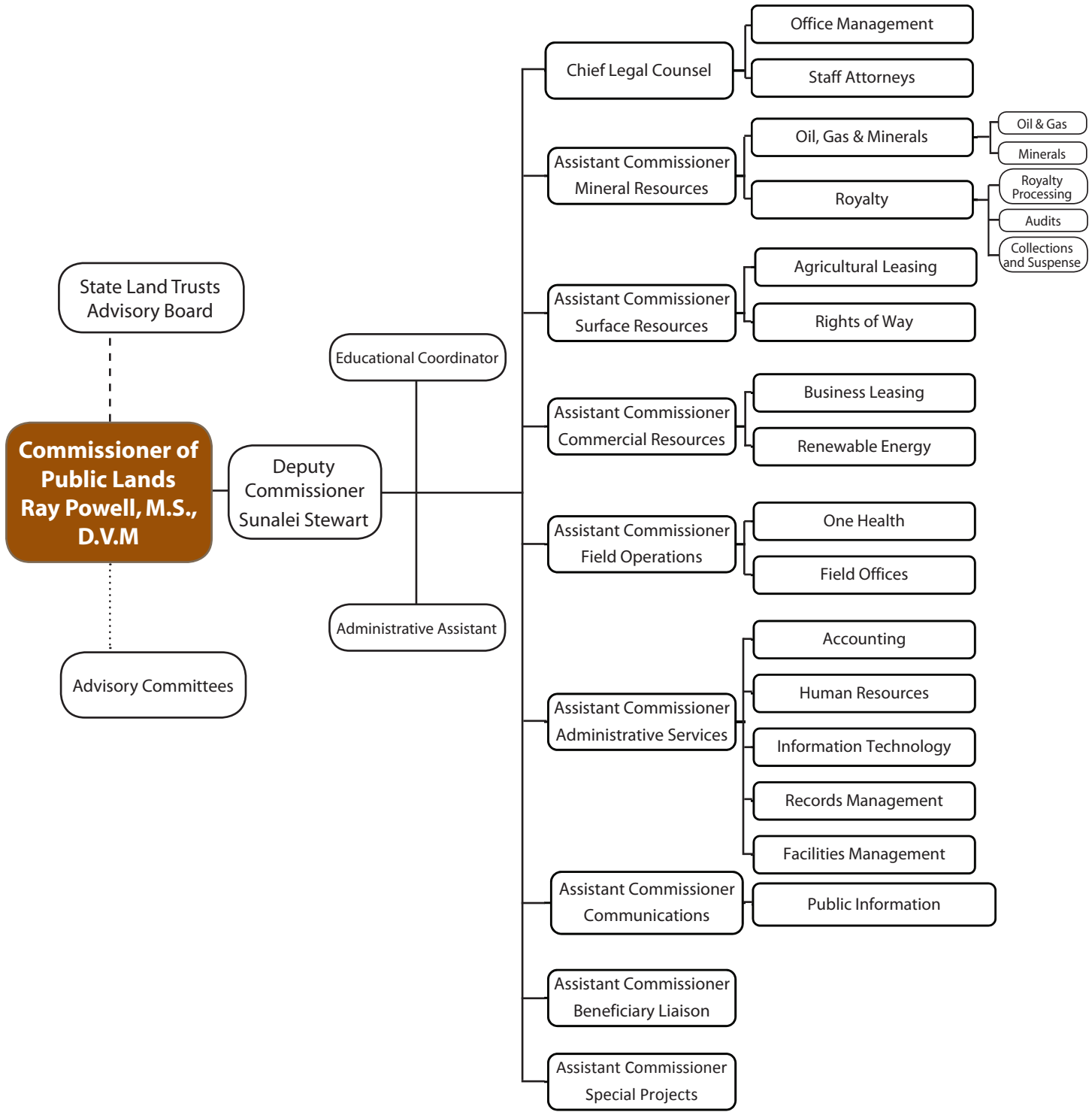
To address safety issues and improve the functionality of the State Land Office building in Santa Fe, the Legislature approved several capital outlay requests to upgrade the electrical system, improve the front entrance of the building, and redesign Morgan Hall to increase functionality and use.

The Commissioner supported House Bill 401, sponsored by Rep. Carl Trujillo (D-Santa Fe), which promoted State Investment Council investment of Severance Tax Permanent Funds on State Trust Lands to facilitate the development of spinoff technology from labs and universities. The bill passed with bipartisan support and was signed into law by the governor.

A bill to streamline the royalty structure for utility-scale geothermal projects on State Trust Lands passed was also enacted. House Bill 85, carried by Rep. Brian Egolf (D-Santa Fe) and Sen. Peter Wirth (D-Santa Fe), brought the royalty payment structure for geothermal projects on trust lands in line with federal royalty rates. Simplifying the geothermal rates will help keep the state competitive when seeking geothermal development projects and investments.



ORGANIZATIONAL CHART





2012-2013
ANNUAL
REPORT