

New Mexico State Land Office

Aubrey Dunn, State Land Commissioner

NMSLO

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ENCHANTED LANDS

SLO breaks record for single-year O&G lease sales

The New Mexico State Land Office (SLO) enjoyed a banner year for oil and gas lease sales in Fiscal Year 18, eclipsing the single-year record by nearly \$5 million.

State Land Commissioner Aubrey Dunn made the announcement following the June 2018 lease sale, which generated just over \$4.9 million for a quintet of SLO beneficiaries. That took the FY18 total to \$106,977,598.

The agency's previous record was set in FY12, when it collected \$102,042,763. During that year, a total of 96,506 acres were sold at an average price of \$1,057 per acre. In FY18, a total of 74,908 were sold at an average per-acre cost of \$1,429.

Commissioner Dunn said he was extremely pleased about the results.

"I'm proud to announce that we have generated more money than ever for our beneficiaries in 2018 with fewer acres of lands sold than during the previous record year," he said. "Oil and gas is such an integral part of what we do here at the State Land Office; we are fortunate to have such a robust industry in the state and it's the schoolchildren in our state who benefit the most."

The June 2018 sale featured 32 tracts covering 8,197.17 acres in Lea and Roosevelt counties. Total high bids of \$4,900,272 was generated by eight bidders. The average price per acre was \$599.12. A total of 245 bidders representing five states participated in that sale.

Each month, NMSLO conducts the oil and gas lease sales online in both sealed and open bidding formats.

Lease sale earnings are paid into the Land Maintenance fund, which covers the agency's operating expenses. The agency is entirely self-funded and spends about three cents of every dollar it earns. The remaining revenue is distributed directly to the beneficiaries to supplement their operating budgets. Public school monies are paid into the state's General Fund and distributed to each school district as appropriated by the Legislature.

"We have laid the groundwork for future generations of New Mexicans to benefit from this agency's efforts on their behalf," Commissioner Dunn said. "Provided the next land commissioner utilizes these critically-important resources in a responsible manner, our beneficiaries should be well taken care of in the coming years."



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Dunn sues State Engineer to stop unlawful water use

On June 21, 2018 State Land Commissioner Aubrey Dunn filed a petition in district court that seeks to prevent the State Engineer from issuing unlawful temporary water well permits.

The unlawful permits allow permittees to use two to three times more water than the three-acre-feet-per-year allowed under a temporary use statute.

“This practice is clearly in violation of the state statutes governing the State Engineer,” Commissioner Dunn said.

Commissioner Dunn filed the petition after letters to the State Engineer expressing his concerns about water scarcity went unanswered.

Statutes mandate that the State Engineer may issue temporary use permits for certain purposes, without public notice or hearing so long as the State Engineer determines that the proposed use will not permanently impair existing water rights. The statute exempts such permits from the usual permitting process because of “the varying amounts and time such water is used and the relatively small amounts of water consumed.”

Three acre-feet of water translates to nearly 1 million gallons.

Commissioner Dunn said he’s seeking to halt this practice that threatens to diminish the value and productive use of State Trust Lands, which often depends upon the use of water in accordance with established water rights not fully considered by the State Engineer when temporary permits are issued.

“This problem is particularly serious in the Southeastern portion of the state where we have millions of acres of Trust Lands,” Commissioner Dunn said. “For a \$15 filing fee, the State Engineer has been issuing permits to pump nine acre-feet of water at a time from one well, without public notice or a hearing. On the open market, nine acre-feet of water would sell for approximately \$143,000.

“As a result of the State Engineer’s actions, approximately 415,000,000 gallons of water have been unlawfully appropriated since 2010,” Dunn added. “There’s no excuse for this blatant misuse of power and loss of such a precious and finite resource.”

Apples, revenues thriving at NMSLO

Fiscal Year 2018 turned out to be a banner year for the New Mexico State Land Office (NMSLO). A bumper crop of incoming revenues has lawmakers smiling, but it’s the anticipated yield of a quartet of fruit trees that has Commissioner Aubrey Dunn Jr. tickled to his core.

Dunn, whose term as State Land Commissioner ends at the close of 2018, spent the better part of his youth working and playing among the apple trees in his father’s High Rolls-based Cider Mills Farm in southern N.M. Aubrey Dunn Sr. – aka the “Ole Apple Picker” – was a modern-day Renaissance man who co-owned the Alamogordo Daily Times, was a Democratic member of the New Mexico Senate (1965-80), and served as Chairman of the Senate Finance Committee. He instilled within his children a strong work ethic and inspired his namesake son to eventually pursue a career in public service.

When he took office in 2015, Dunn Jr. worked tirelessly to get up to speed with the requirements and expectations of the office and to learn as much about projects and policies to ensure that he could cultivate a fruitful legacy of sound land stewardship and of responsibly maximizing State Land Office revenues for the agency’s beneficiaries.

Planting an important seed

Just prior to the commencement of his term, Dunn’s



Apple blossoms from the fabled Dixon Apple Orchard in full bloom at the NMSLO.

predecessor and some high profile SLO lessees settled a long-running and contentious dispute regarding the fate of the state’s fabled Dixon Apple Orchard. The orchard was almost entirely destroyed during the devastating Las Conchas wildfire and subsequent flooding from monsoon rains. Only a small percentage of apple trees survived.

When the dust finally settled on that dispute, lessees Jim and Becky Mullane were paid to relinquish their 75-year

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FIGHTING FIRE WITH FIRE – Above, SLO Field Operations Division crews and partners targeted abundant fuels in the forest near Black Lake to improve watershed health in advance of the upcoming wildfire season.

State Land Office leads the way in watershed health

In 1736, Benjamin Franklin famously advised fire-threatened residents of Philadelphia that “An ounce of prevention is worth a pound of cure”.

Fast forward 282 years and that sage advice remains both relevant and timely.

The current New Mexico fire forecast is downright scary: Parched forests, unseasonably warm weather, high winds, and an abundance of forest fuels have set the stage for one of the most potentially catastrophic wildfire seasons in recent memory.

But State Land Commissioner Aubrey Dunn isn't panicking. He knows his agency's lands are in good shape to weather the pending storm thanks to his continued efforts with regard to improving watershed health.

Since Dunn took office in 2015, the State Land Office (SLO) has poured more than \$5.184 million on various restoration and remediation projects. When all is said and done, more than 52,000 acres of State Trust Lands will have been treated under Dunn's watch, greatly reducing the risk of wildfires.

“I've invested millions of dollars to protect the health and beauty of State Trust Lands and our Field Operations Division has been working hard to ensure that we do everything we can to minimize the risks associated with wild-

fires,” Commissioner Dunn said. “We've set the bar high as far as our commitment to watershed health; I don't think any other agency has come close to accomplishing what we've done over the course of the past three-plus years.”

One of the primary targets of the treatments is the dense fuels which typically clogs forests and watersheds and feeds devastating fires. At Black Lake – one of several watershed restoration projects – SLO crews teamed with several partners to tackle these fuels.

Field Operations Division Deputy Director Will Barnes said crews targeted the forest's ponderosa pine, mixed conifer, and spruce populations.

“As a result of historic fire suppression, high densities of these small-diameter trees make these forests susceptible to large, hot fire,” Barnes said. “Especially in this year of record-low precipitation, high-risk forests are even more susceptible.”

By reducing the fuels that have accumulated over decades, the risk of loss of resources through catastrophic wildfires is dramatically reduced.

“Instead of consuming old growth trees, fires – both naturally occurring and those initiated through prescribed fire efforts – will consume grasses and forbs thus preserving the

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beauty and maintaining the overall health of the watershed,” Dunn added.

Dunn is also particularly proud of the agency’s efforts to conserve another precious resource – water.

“In addition to reducing fuels, we targeted cedar trees,” said Commissioner Dunn. “It’s estimated that a mature cedar requires more than 30 gallons per day to survive; by removing around 90 trees per acre from a particular aquifer, we’re saving millions of gallons of water each year.”



The watershed near Black Lake prior to the recent treatment.

business lease and a new lease was issued to Cochiti Pueblo – whose ancestral lands border the orchard and once included the land on which the orchard sat. In all, the pueblo acquired 9,269 acres through the lease and the foundation was laid for a future land exchange.

During Commissioner Dunn’s first year in office, he and his staff built on this foundation and, by the beginning of Dunn’s second year at the helm, an exchange between NMSLO and Cochiti Pueblo was finalized.

In exchange for the aforementioned 9,269 acres, the State Land Office acquired a 2.7-acre parcel of Cochiti Pueblo-owned land in Santa Fe’s historic downtown district, which included the renowned Garrett’s Desert Inn. The deal also saw NMSLO staffers transplant a quartet of Dixon apple tree seedlings to the Land Office’s grounds across the street from its newly acquired commercial property.

Just desserts

Today, the transplanted apple trees are in full bloom heralding a very productive near-future harvest. The significance of which, is not lost on Commissioner Dunn.

“The State Land Office is having a great year with regard to revenue and the apple trees are enjoying what promises to be a very good year as well,” Dunn said. “I wanted to make sure that Dixon’s apples weren’t completely wiped out after the fire and terrible flooding that followed.

I’m thrilled that the trees are doing so well this year – it really is a beautiful sight.”

Equally beautiful to Commissioner Dunn is the fact that SLO’s financial forecast is expected to further sweeten as a result of the exchange with the Pueblo. Revenues from a pending lease for the 2.7-acre property at 311 Old Santa Fe Trail are expected to be 10 times greater than those generated from the old Dixon lease. The University of New Mexico is the designated beneficiary for that property.

Such savvy transactions have become a hallmark of Commissioner Dunn’s time in office. The same can be said of Dunn’s father, who, during his time as a State Senator was instrumental in establishing the state’s severance tax fund. That endeavor set aside oil and gas revenues to work for future generations and helped make New Mexico as solvent as it is today.

It seems the fiscally responsible apple didn’t fall very far from the tree down on the Cider Mill Farm in Otero County.

In politics these days, establishing a lasting, positive legacy is sometimes an elusive endeavor. State Land Commissioner Aubrey Dunn, however, found a way to build upon his father’s good name and prepares to leave the State Land Office in much better shape than any of his predecessors.

And, if everything goes according to plan, he’ll get to enjoy the fruits of his labor ... a homemade apple pie

grown on State Trust Lands via Cochiti Pueblo.

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