

# NEW MEXICO STATE LAND OFFICE

## FISCAL YEAR 2020 ANNUAL REPORT

LEARN MORE ABOUT NEW MEXICO'S ONLY ENTERPRISE STATE AGENCY THAT FUNDS PUBLIC EDUCATION, HOSPITALS, AND UNIVERSITIES AND HAS RAISED **OVER \$1 BILLION ANNUALLY FOR THE LAST TWO YEARS!**

**COMMISSIONER OF PUBLIC LANDS  
STEPHANIE GARCIA RICHARD**





Covid - 19 Pandemic Response	3
Commissioner Stephanie Garcia Richard	4 - 5
State Land Office History	6 - 7
Revenue Flow of the NMSLO	8 - 9
State Trust Land Beneficiaries	10 - 11
FY 2020 Financial Overview & Beneficiary Earnings	12 - 13
<b>Oil, Gas, and Minerals Division</b>	<b>14 - 17</b>
◇ Water Bureau	15 - 16
◇ Minerals Bureau	16 - 17
Royalty Management Division	18 - 19
<b>Commercial Resources Division</b>	<b>20 - 23</b>
◇ Economic Development	20
◇ Business Leasing	20 - 21
◇ Office of Renewable Energy	22
◇ Rights-of-Way	23
<b>Surface Resources Division</b>	<b>24 - 29</b>
◇ Agricultural Leasing Bureau	24
◇ Land Stewardship Projects	25
◇ Open for Adventure - Outdoor Recreation Programs	26 - 29
<b>Administrative Services</b>	<b>30 - 34</b>
◇ Accounting Division	30
◇ Information Technology Division	31 - 32
◇ Human Resources Division	33
◇ Records Management Division	34
◇ Facilities Management Division	34
<b>Legal Division</b>	35
<b>Public Affairs</b>	<b>36 - 37</b>
◇ Engagement	36
◇ Communications	37
Organizational Chart	38 - 39
State Land Trusts Advisory Board	40
Employee Public Service Acknowledgement	41
FY 2020 Photo Review	42 - 43



# COVID - 19 PANDEMIC RESPONSE

Following guidelines from Governor Michelle Lujan Grisham's emergency public health orders, the State Land Office closed to the public on March 10, 2020. Employees were moved to a telework arrangement but continue to remain accessible to assist the public and lessees.

**Commissioner Stephanie Garcia Richard** will continue to prioritize the health and safety of the nearly 170 State Land Office employees, their families, neighbors, and all New Mexicans. We are closed to the public, but remain Open for Business, with operations with current and prospective lessees continuing as normal. The Public Room in the Records Division is now open by appointment only. Though New Mexico suffered and will continue feeling the effects of the wideranging economic damage caused by the pandemic, **State Land Office revenues for Fiscal Year 2020 still reached over \$1 billion.**



"In these uncertain times driven by the COVID-19 pandemic, we are grateful to still be Open for Business and making an impact for New Mexico families. We are a unique billion dollar enterprise because every dollar that we raise goes directly back into communities, with the largest chunk of our revenue going to help fund our public schools. That we were able to again break \$1 billion is a testament to the staff of the Land Office. Navigating an unprecedented pandemic wasn't in the plan, but everyone rose to the occasion with our mission and priorities in mind."

COMMISSIONER OF PUBLIC LANDS STEPHANIE GARCIA RICHARD



# COMMISSIONER OF PUBLIC LANDS STEPHANIE GARCIA RICHARD



A MESSAGE FROM

It is my absolute honor to serve as your New Mexico Commissioner of Public Lands. Going into Fiscal Year (FY) 2020, we had set our expectations high, with goals to try and exceed the \$1.18 billion FY 2019 revenue, to triple the amount of renewable energy generated on your state trust land, and to work aggressively to raise bonding amounts on oil and gas operations to protect New Mexico taxpayers and the Trust. Then, in March, came the COVID-19 pandemic, subsequent emergency public health orders, and plummeting oil and gas prices that put our operations and our state budget in jeopardy. That wasn't in anyone's plan. But, just like other hard working New Mexicans, the State Land Office adapted our way of working, prioritizing health and safety, while remaining Open for Business.

**I'm proud of the efforts that have once again resulted in revenue over \$1 billion. When the State Land Office does well, not only does it help our beneficiaries, but it also helps to save New Mexico taxpayers from having to foot the bill to operate some of our most vital public institutions, like our public schools.**

Throughout the pandemic, we have remained laser focused on our priorities. When I was elected, I set a goal of tripling the amount of renewable energy generated on state trust land within four years. It has been just under two years, and we are already on track to surpass this goal and help New Mexico reimagine our energy footprint and become a global leader in clean energy.

The State Land Office, working closely with Governor Lujan Grisham, has spearheaded a study and working group to examine the current bonding needs for oil and gas infrastructure throughout the state. The study and working group will make recommendations for bonding amounts that will adequately cover the existing financial liability of all of the wells, pads, pipelines, and various infrastructure tied to this industry. Once recommendations are final, the State Land Office will begin the process to formally raise bonding amounts required by companies that do business with us. **This will protect YOU, and the Trust, from being on the hook to pay for the cleanup of these lands if companies can't or won't clean up.**

Moving forward into FY 2021, our goals are based on continuing to find innovative ways to fulfill the mandate of this office: to raise revenue for the beneficiaries while also stewarding the land for future generations.

#### **A few things that you can expect to see from the State Land Office in the coming year include:**

- ◇ Implementing a new rule that sets adequate bonding levels for oil and gas operations.
- ◇ Tripling the amount of renewable energy generated on state trust land by signing new wind and solar leases.
- ◇ Building and sustaining our Open for Adventure program to attract outdoor recreation partnerships and increased visitation to the world class outdoor spaces located on state trust land.
- ◇ Implementing changes to protect New Mexico's scarce and sacred fresh water resources.
- ◇ Continuing to hold bad actors accountable for the clean-up and care of state trust land by enforcing rules and laws that have been broken.
- ◇ Being open and accountable to YOU, the public, by increasing public engagement around projects and plans happening in your communities.
- ◇ Implementing thoughtful rule changes that will assure cultural properties are protected when we are working on projects that include ground disturbance.
- ◇ Increasing the capacity of our royalty auditing group to assure that the beneficiaries of state trust land are receiving every dollar that they are owed.
- ◇ Working with local governments on economic development projects that will help our small communities recover from the economic downturn caused by the COVID-19 pandemic.

I couldn't do any of this without the dedicated public servants that work to fulfill the mission of State Land Office, or without your continued support while we move ahead on these important tasks.

Thank you,





Lovingly referred to as “SLO” by employees past and present, the State Land Office, since its inception over 100 years ago, has remained one of the most vital agencies in the Land of Enchantment. Charged with managing over nine million surface acres and 13 million mineral acres to help fund public schools, universities, and hospitals, our mission is to provide public institutions the money necessary to aid New Mexicans, while also assuring the health of state trust land so that it can benefit future generations.

The endowment of these public lands for educational purposes was established by the General Land Ordinance of 1785 and the Northwest Ordinance of 1787. The United States Congress recognized the importance of public schools to a developing nation, and although there was little money available to support the public needs of newly organizing states, the federal government had one resource in abundance – land. By granting land to newly organized states, the federal government could provide state governments with a source of revenue that could be used to fund public education and other essential public institutions.

Following the Treaty of Guadalupe Hidalgo in 1848, under which most of the lands constituting present day New Mexico became part of the United States, Congress approved the Organic Act for the Territory of New Mexico, establishing New Mexico as a territory, authorizing its civil government, and reserving sections 16 and 36 in each township for the ultimate purpose of being used to support public schools.

Nearly 50 years later, Congressman Harvey B. Fergusson took up the statehood battle, but like many who had come before him, his efforts were defeated. Seeing the hopelessness of obtaining statehood at that time, Mr. Fergusson proposed legislation authorizing the granting of lands for certain purposes to the Territory of New Mexico.

The Ferguson Act of 1898 gave sections 16 and 36 in every township to the territory for support of its public schools. In the event these sections happened to be mineral lands, or had otherwise been sold or appropriated under the mining or homestead laws, the territory was entitled to make alternative (or “in lieu”) selections.



Other provisions of the Ferguson Act included land grants designated to support additional beneficiaries, which are known today as University of New Mexico, New Mexico State University, Western New Mexico University, New Mexico Highlands University, New Mexico Institute of Mining and Technology, New Mexico Military Institute, New Mexico School for the Blind and Visually Impaired, New Mexico School for the Deaf, New Mexico Behavioral Health Institute, Miners Colfax Medical Center, Penitentiary of New Mexico, New Mexico Boys' School, Water Reservoirs, Improvements to the Rio Grande, and Public Buildings.

In 1899, Territorial Governor Miguel A. Otero urged the Legislature to activate the federal land grants and appointed the first Commissioner of Public Lands, Alpheus A. Keen.

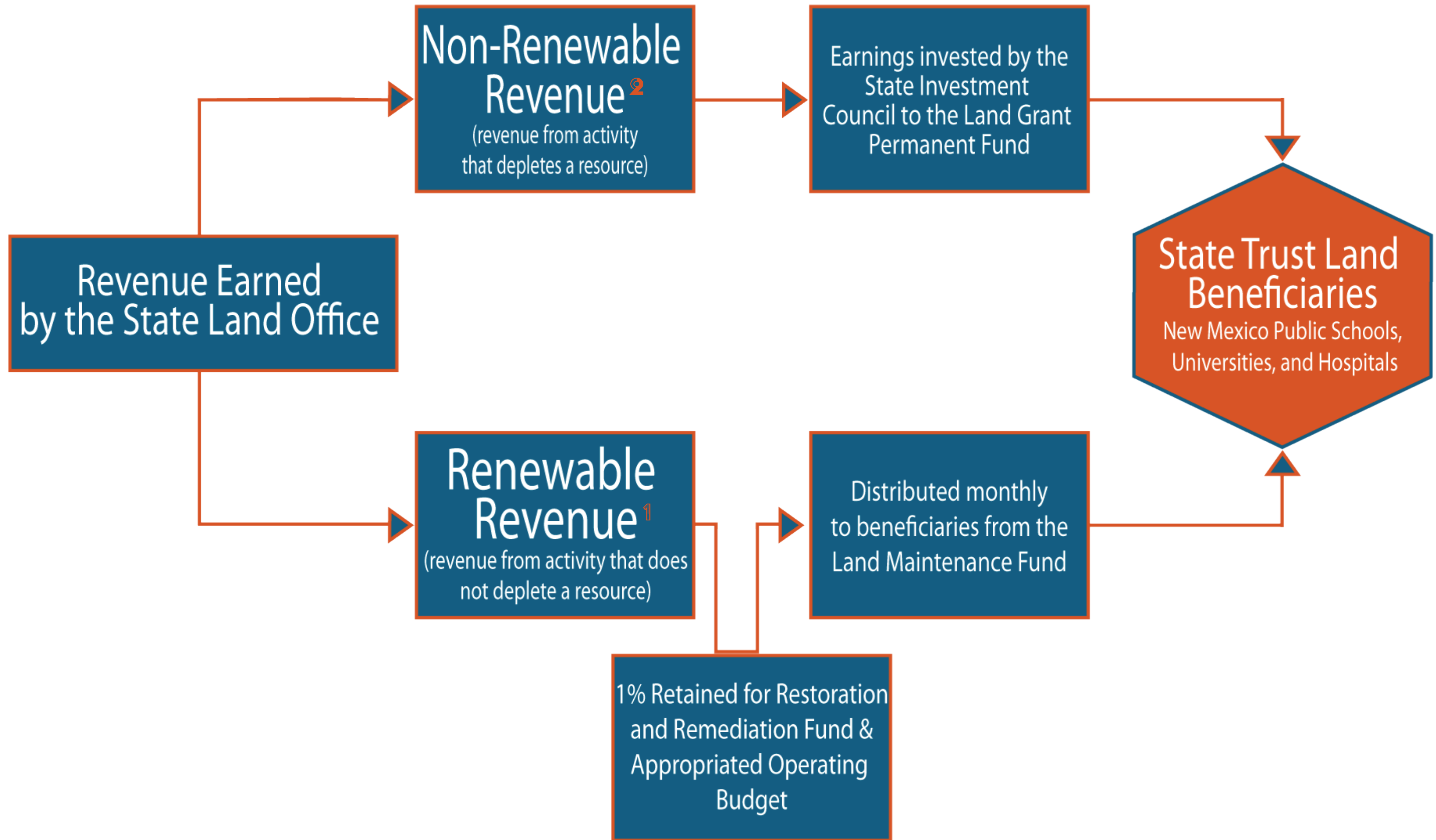
The Ferguson Act stipulated that more land grants would be forthcoming when statehood was granted. Therefore, when the Enabling Act of 1910 was approved it paved the way for statehood and provided that, in addition to sections 16 and 36, sections two and 32 in every township were to be held in trust by the state for support of its public schools. For townships where the public land survey had not yet been completed, actual state ownership of these numbered school sections was delayed pending completion of the public land survey. Again, if these lands were already appropriated, or within a National Forest, "in lieu" lands were selected.

The Enabling Act, which provided for a Constitutional Convention, was passed by Congress on June 20, 1910. After delegates drafted a constitution, the document was submitted to the people for a vote. By presidential proclamation the Territory of New Mexico officially became the State of New Mexico on January 6, 1912.

One of the articles of the new constitution provided that the Commissioner of Public Lands shall exercise custody, control, and the power of disposition of the trust lands as agent for the state. The State Land Office issued its first oil and gas lease in 1916 and received its first royalty payment in 1924. Over time, four million acres of surface estate were sold, but the mineral rights were reserved to the Trust, resulting in "split estate" ownership.



**Commissioner Stephanie Garcia Richard made history in 2018 by becoming the first woman, the first Latina, and the first educator to be elected as New Mexico's Commissioner of Public Lands.**

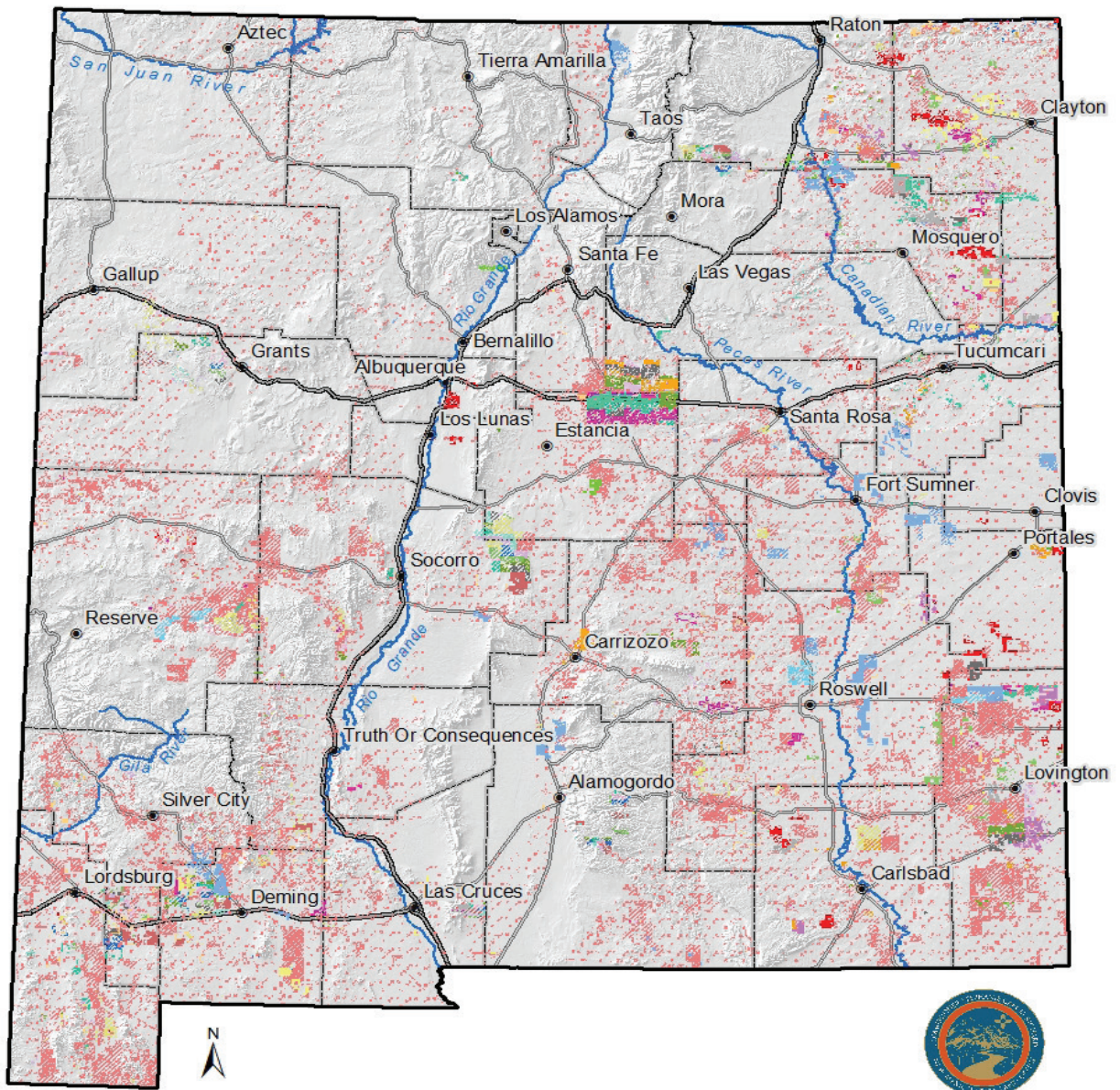


FOOTNOTE - IT'S IMPORTANT TO KNOW AS YOU READ THIS REPORT AT NMSLO, WE CHARACTERIZE REVENUE TWO WAYS.

**1. Renewable Revenue** - any revenue from activities that **do not permanently deplete a resource**. For example, renewable energy, oil and gas lease sales, grazing leases, commercial business leases. Renewable revenues are deposited in the Land Maintenance Fund (LMF).

**2. Non-Renewable Revenue** - any revenue from activities that **deplete a resource**. For example, oil and gas extraction, mineral extracting, royalties, land sales or exchanges. Non-renewable revenues are deposited and then invested in the Land Grant Permanent Fund (LGPF).





**New Mexico Beneficiaries**

- Common Schools
- Charitable, Penal and Reform
- Carrie Tingley Hospital
- Eastern New Mexico University
- Improvements to the Rio Grande
- New Mexico Miners Hospital
- New Mexico Military Institute
- New Mexico Boys School
- Northern New Mexico Community College
- Western NM University, NM Highlands University, and Northern NM Community College
- New Mexico Highlands University
- New Mexico State Hospital
- New Mexico State University
- New Mexico Institute of Mining and Technology
- Public Buildings
- New Mexico Penitentiary
- New Mexico School for the Hearing Impaired
- New Mexico Schools for the Hearing Impaired and Visually Handicapped
- State Park Commission
- School for the Visually Handicapped
- University of New Mexico
- Western New Mexico University, New Mexico Highlands University
- Water Reservoirs
- Western NM University

**FOOTNOTE**

Any revenue generating activity that takes place on acreage benefitting a specific institution is either distributed to that institution on a monthly basis, or transferred to the Land Grant Permanent Fund, generating investment returns for the institution.

<b>BENEFICIARY</b>	<b>TOTAL SURFACE ACREAGE</b>	<b>MINERAL ACREAGE</b>
Common Schools	6,806,011	9,767,525
University of New Mexico	253,140	344,864
Saline Lands	1,044	1,502
New Mexico State University	194,571	254,200
Western New Mexico University	77,500	118,642
New Mexico Highlands University	77,500	118,642
Northern New Mexico College	31,918	56,563
Eastern New Mexico University	82,802	104,039
New Mexico Tech	162,588	219,019
New Mexico Military Institute	135,578	160,011
New Mexico Boys School	50,814	62,331
Miners Colfax Medical Center	98,557	120,766
Behavioral Health Institute	101,242	164,024
State Penitentiary	113,509	159,695
School for the Deaf	87,079	107,022
School for the Blind	100,827	118,830
Charitable Penal & Reformatory	74,551	99,620
Water Reservoirs	341,626	470,417
Rio Grande Improvement	54,221	89,202
Public Buildings	88,846	132,112
Carrie Tingley Hospital	18,799	13,692
State Park Commission	0	520
<b>TOTAL</b>	<b>8,952,723</b>	<b>12,683,238</b>

See how much revenue was generated for each institution from these allocated acres in FY 2020 on page 13!



# FY 2020 REVENUE BY SOURCE

## RENEWABLE REVENUE

Sand & Gravel Mining	\$25,178.05
Special Use Agreements	\$2,752.47
Potash Mining	\$50,179.23
Grazing	\$9,960,462.49
Salt Mining	\$1,223.04
Coal Mining Rental	\$13,905.00
General Mining	\$100,175.10
Shut in Royalty	\$41,230.36
Oil & Gas Rental	\$1,789,420.94
Oil & Gas Bonuses	\$20,802,647.64
Oil & Gas Interest	\$2,641,860.00
Seismic Permits	\$31,420.00
Business Leases	\$8,612,835.20
Business Lease Options	\$9,422.90
Land Use Restrictions	\$594,632.00
Billboards	\$54,164.00
Geothermal	\$10,017.95
Water	\$3,392,616.60
Salt Water	\$6,894,723.48
Rights-of-Way	\$39,019,832.52
Caliche	\$12,546.54
Solar Energy	\$342,580.80
Wind Energy	\$885,273.60
Energy Transmission	-
Land Contracts Interest	-
Gas Storage Units	\$294,628.99
Fuelwood	\$21,550.50

**SUB-TOTAL RENEWABLE REVENUE INCOME \$95,605,279.00**

## NON - RENEWABLE REVENUE

Sand & Gravel	\$1,915,190.77
Potash	\$2,623,041.32
Salt	\$68,662.97
Caliche	\$2,333,854.25
Coal	\$4,178,351.47
Oil & Gas	\$936,377,784.00
Land Contracts	\$10,597.00
General Mining	\$7,653.44

**SUB-TOTAL NON-RENEWABLE REVENUE INCOME \$947,515,135.00**

## OTHER

Fees & Copies	\$2,680,478.87
Interest Earnings	\$9,669,538.59
Other	\$27,489.60

**SUB-TOTAL OTHER INCOME \$12,377,507.06**

**FY 2020 TOTAL = \$1,055,497,922**

**FY 2019 + 2020 TOTAL = \$2,174,414,627**

BENEFICIARY	LAND MAINTENANCE FUND	LAND GRANT PERMANENT FUND	TOTAL REVENUE
Common Schools	\$69,858,281.48	\$893,259,729.18	\$963,118,010.66
University of New Mexico	\$1,312,469.75	\$3,617,536.69	\$4,930,006.44
Saline Lands	\$3,957.27	\$51,410.00	\$55,367.27
New Mexico State University	\$1,349,048.71	\$190,762.23	\$1,539,810.94
Western New Mexico University	\$94,777.17	\$27,779.00	\$122,556.17
New Mexico Highlands University	\$118,347.07	\$27,779.00	\$146,126.07
Northern New Mexico College	\$61,549.45	\$27,849.00	\$89,398.45
Eastern New Mexico University	\$464,413.18	\$20,818.00	\$485,231.18
New Mexico Tech	\$325,639.59	\$212,075.00	\$537,714.59
New Mexico Military Institute	\$1,029,678.92	\$10,554,505.00	\$11,584,183.92
New Mexico Boys School	\$83,988.10	\$ -	\$83,988.10
Miners Colfax Medical Center	\$660,671.46	\$836,821.00	\$1,497,492.46
Behavioral Health Institute	\$1,545,596.01	\$2,643,666.42	\$4,189,262.43
State Penitentiary	\$2,425,196.14	\$6,758,885.00	\$9,184,081.14
School for the Deaf	\$351,792.48	\$5,260,949.00	\$5,612,741.48
School for the Blind	\$356,986.42	\$5,263,480.84	\$5,620,467.26
Charitable Penal & Reformatory	\$1,076,971.49	\$621,215.86	\$1,698,187.35
Water Reservoirs	\$808,138.94	\$480,623.00	\$1,288,761.94
Rio Grande Improvement	\$156,663.82	\$117,892.00	\$274,555.82
Public Buildings	\$3,340,992.97	\$17,541,359.00	\$20,882,351.97
Carrie Tingley Hospital	\$73,083.98	\$ -	\$73,083.98
State Park Commission	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$85,498,244.40</b>	<b>\$947,515,135.22</b>	<b>\$1,033,013,379.62</b>



# FY 2020 HIGHLIGHTS

## OIL AND GAS LEASING

Commissioner Garcia Richard, Assistant Commissioner Kessler, and State Land Office staff spent FY 2020 working to lease oil and gas tracts in a manner that protects the environment, Trust assets, and taxpayers.

**In FY 2020, the Division spearheaded a review of oil, gas, and minerals bonding amounts, including a systematic review of existing oil and gas bonds and bonding structure, kicking off a bonding adequacy study, and legislative proposals to ensure adequate protection of state trust lands during development.** The study that is currently underway is a joint effort of Commissioner Garcia Richard and Governor Lujan Grisham in order to protect New Mexicans if the bottom falls out of the industry. A bonding working group is functioning in tandem with the State Land Office to determine changes to the current bonding requirements.

At the outset of the COVID-19 pandemic, when oil and gas prices plummeted, the Division took steps to implement both an emergency and regular rule to allow lessees to shut in oil wells for a year in response to the oil market crash. From that rule change, and in response to the pandemic and the oil market crash, the Division processed a 1,192% increase in lease extensions compared to FY 2019. As of July 2, 2020, 226 applications have been submitted to the State Land Office. 21 oil well shut-in payments have been approved, 10 have been rejected, and 195 are being reviewed.

### Other Highlights:

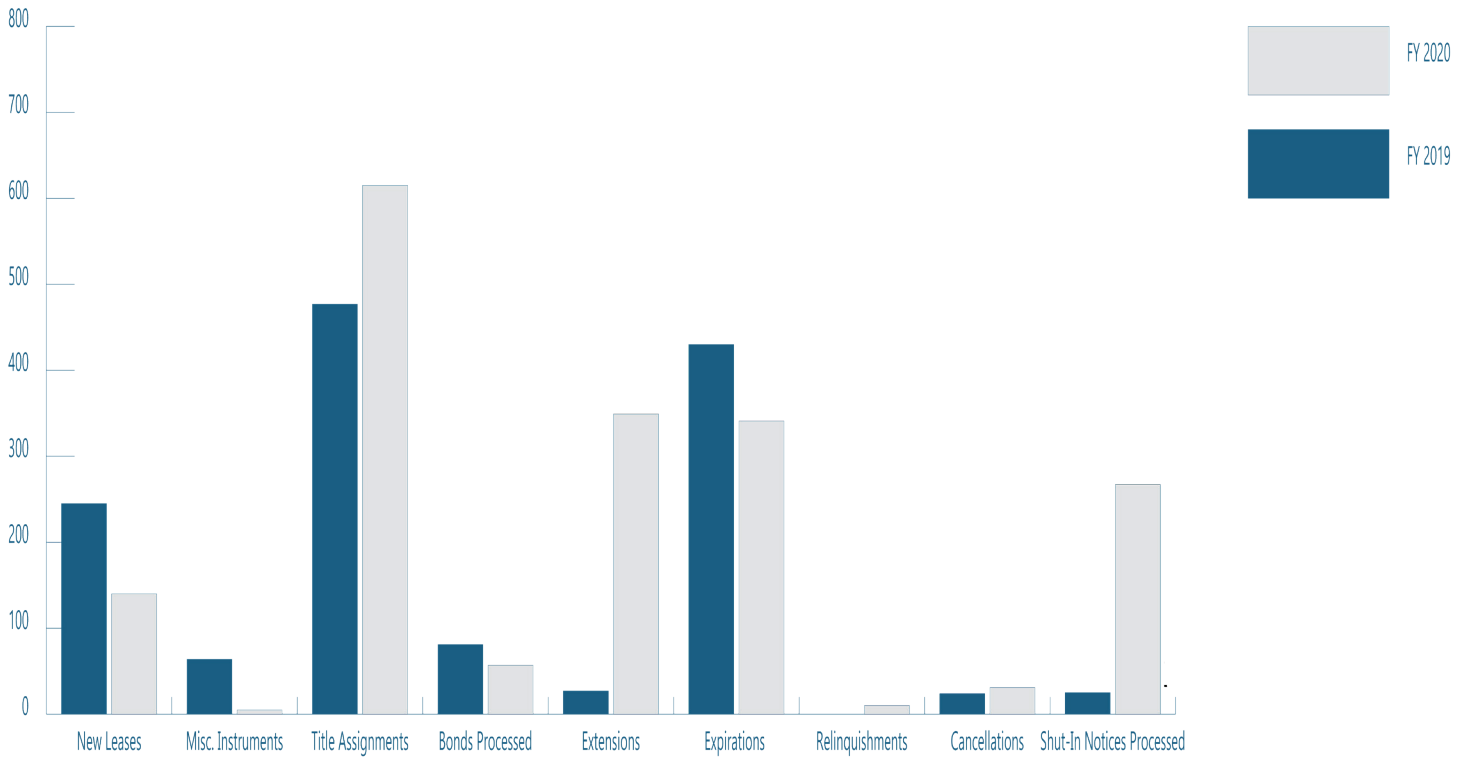
- ◇ Implemented the routine use of the most up-to-date, satellite digital orthophotography, to review lease sites in order to identify trespass, identify spills and minimize liability to the Trust. This resulted in the discovery of 31 potential spills and five instances of trespass on state lands.
- ◇ Continued lease sale review and analysis to adjust minimum bids to capture the best value for trust land.
- ◇ Corrected a longstanding error in the collection of lease bonuses and calculation of select shut in gas payments which will result in long-term additional revenue to the State Land Office.

### Bonus Income:

The Division holds oil and gas lease sales on the third Tuesday of every month. Companies and individuals can bid on available tracts, and the tracts are then awarded with results posted online after being approved by the Commissioner. Nominations for tracts can be made to the Division Director. The income generated from lease sales is internally referred to as bonus income. Bonus income revenue from each sale goes directly to the beneficiary of the acreage through the Land Maintenance Fund.

**FY 2020 BONUS INCOME = \$20,802,647.64**

## OIL AND GAS LEASING INSTRUMENT COMPARISON FY 2019 - FY 2020



## WATER BUREAU

The Water Bureau manages approximately 300 fresh water easements and 267 salt water disposal (SWD) easements. The Water Bureau was established by Commissioner Garcia Richard to ensure comprehensive long-term management of water resources on trust lands. In FY 2020, the Water Bureau processed seven new SWD easements and 27 SWD renewals. Associated water easement revenue earned for beneficiaries increased by 55% and salt water disposal easement revenue increased by 22%, or \$ 2.9 million. Not only does the Water Bureau work to process easement applications, but the Bureau also works to ensure the State Land Office collects the monies to which it is entitled, analyzes data to determine possible trespass and spills, and works to develop innovative strategies to protect trust land and water resources for future generations.

### Highlights:

- ◇ Increased bonds on SWD renewals from \$25,000 to \$250,000.
- ◇ The Water Bureau, in coordination with the Legal Division, undertook a comprehensive review of water easements and associated environmental issues to ensure long-term water security for trust lands. This entailed the verification of well locations and associated diversions, researching metering records, identification of well locations and easements located within Office of the State Engineer critical management areas, and the abstracting of water rights.



- ◇ In FY 2020, the Water Bureau managed 300 fresh water easements and 267 SWD easements. The Water Bureau also created an additional type of easement for deep, non-potable water.
- ◇ The Water Bureau processed seven new SWD easements and 27 renewals. Associated water easement revenue earned for beneficiaries increased by 55% and SWD easement revenue increased by 22%, or \$ 2.9 million.
- ◇ The Bureau also signed five settlement agreements to receive payments based on injection volumes from proposed salt water disposal wells with locations within ½ mile of state land office surface. Two additional settlements are pending.
- ◇ Began process of streamlining reporting and payment submittals for lessees.

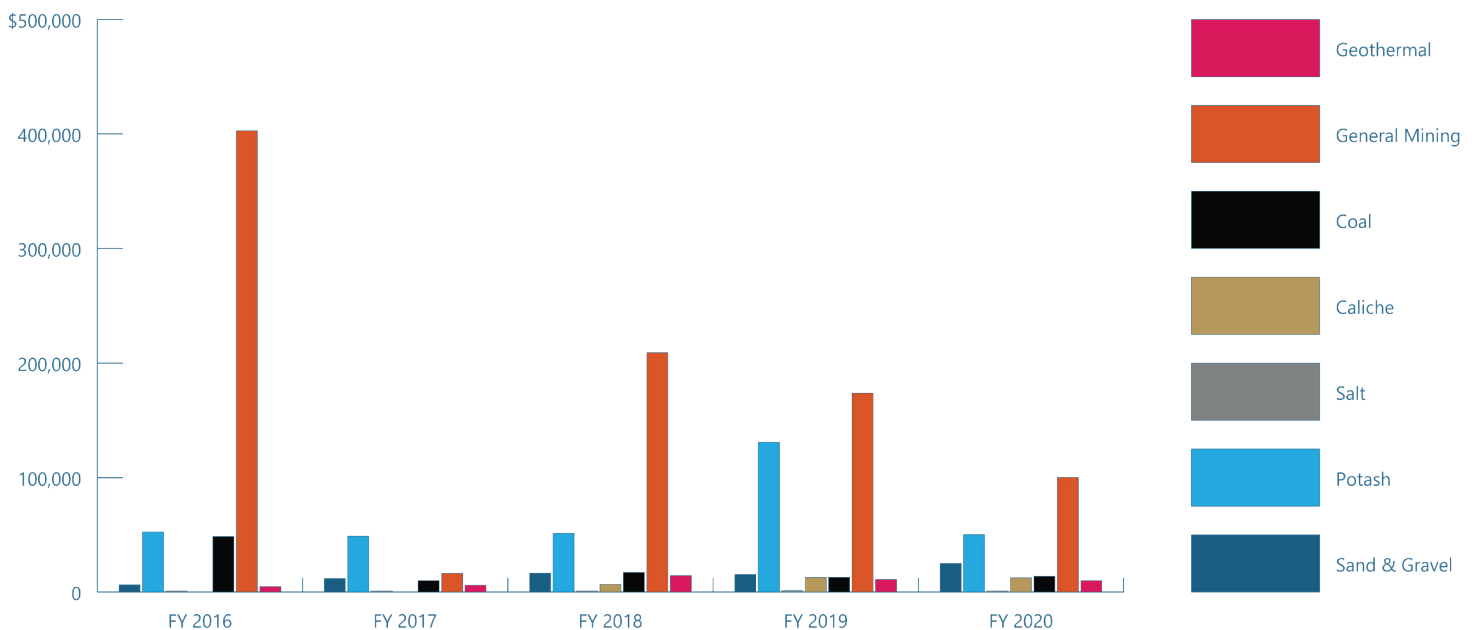
## MINERALS BUREAU

The Minerals Bureau manages approximately 294 leases comprised of coal, salt, industrial minerals, potash, general mining, and geothermal resources, as well as special use agreements for exploration and reclamation covering more than 119,000 acres. Over \$11.3 million in rent and royalty income was generated from these resources in FY 2020. The Bureau also processes special use agreements, lease renewals, expirations, relinquishments, rejections, cancellations, reconciliation, bonding, and site inspections as a normal part of continued operations.

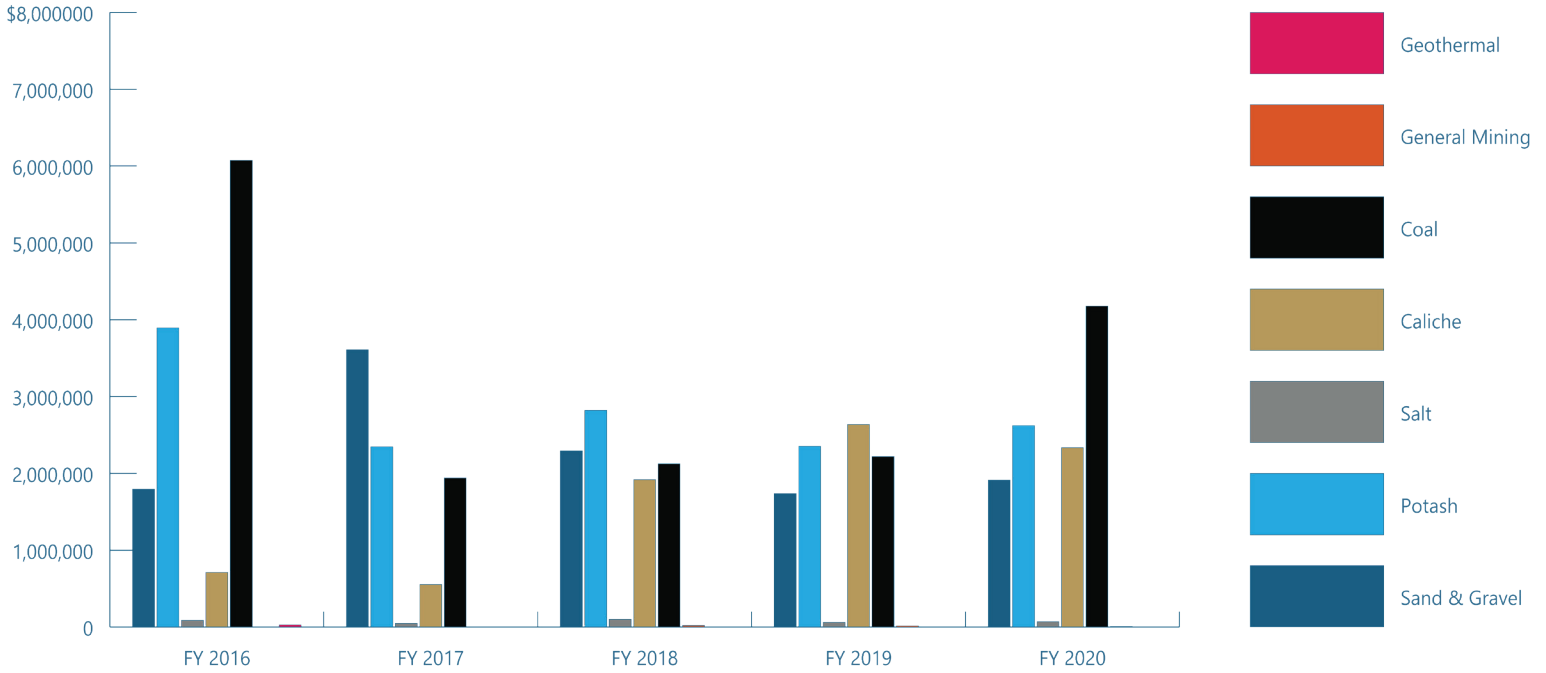
### Highlights:

- ◇ Continued caliche re-mining and reclamation initiative, which incentivizes mining on previously disturbed or mined state lands. As a result, the Minerals Bureau obtained reclamation on 13 previously mined and unreclaimed caliche pits in FY 2020. These 13 historic pits encompassed a total disturbed area of 69.4 acres and with an average reclamation value of \$6,600 per acre, equated to just over \$458,000 dollars in reclamation conducted at no cost to the Trust.
- ◇ Minerals staff prepared 27 mineral evaluations in FY 2020 to assist the Commercial Division.
- ◇ Increased the number of mineral leases by 22 (from 268 to 290) or eight percent.

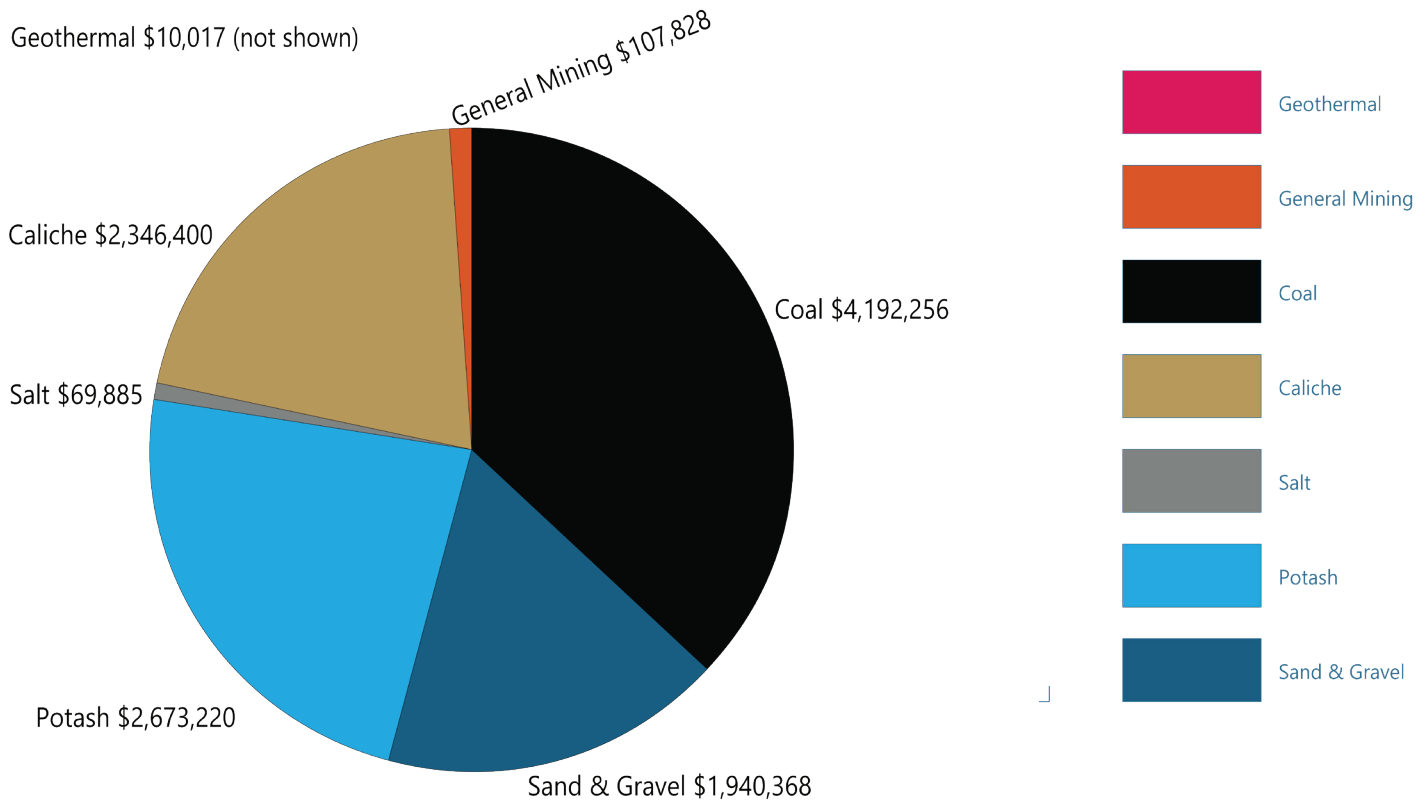
## MINING RENTAL REVENUE SINCE FY 2016



## MINING ROYALTY REVENUE SINCE FY 2016



## FY 2020 MINING REVENUE BY COMMODITY



**FY 2020 MINING INCOME = \$11,339,974.00**



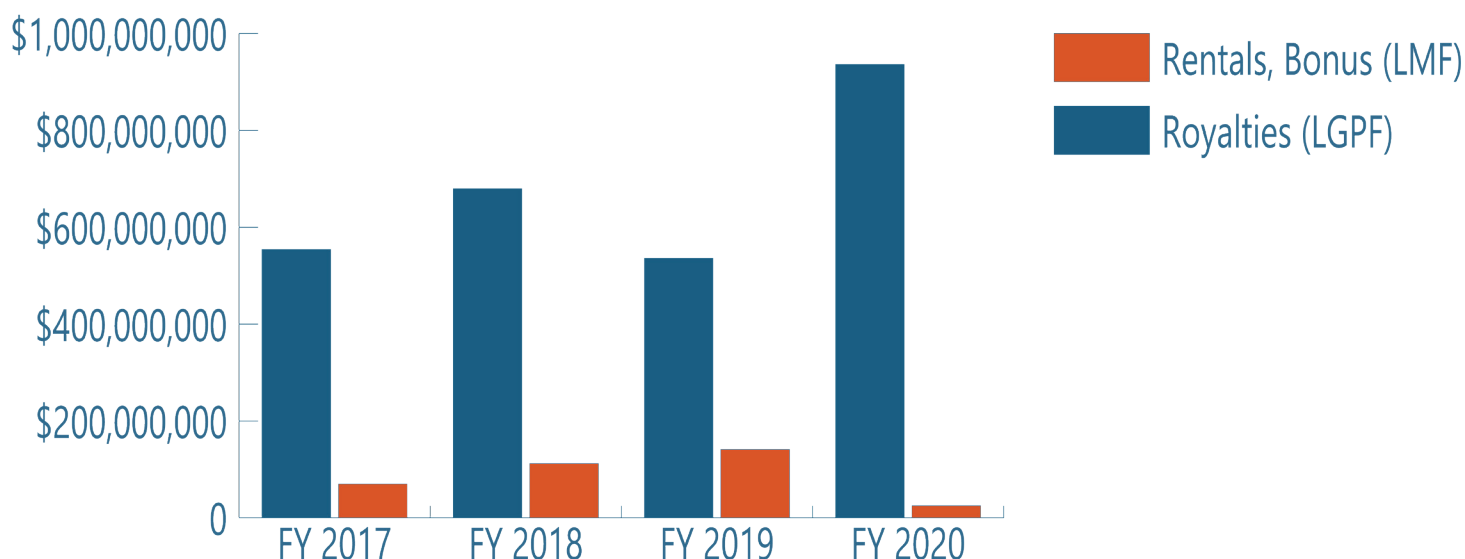
## ROYALTY MANAGEMENT DIVISION

The Royalty Management Division is responsible for the collection, processing, distribution, and auditing of royalty revenue from oil, natural gas, and carbon dioxide produced from state trust lands. Royalty payments are based on the terms specified in the state’s statutory lease form. These terms require that payments be computed on a percentage of the value of products sold; the percentage being the royalty rate specified in the lease agreement. The royalty revenue generated from the state’s lease depends on two factors: the price of oil or gas and the volume of production. Royalty distributions over the previous two fiscal years have averaged approximately \$80 million monthly. Interest distributions on late royalty payments for the same time period have averaged \$209,000 monthly. Royalty payments are considered “non-renewable revenues” and are deposited in the Land Grant Permanent Fund. Interest income is deposited in the Land Maintenance Fund. The Royalty Management Division is comprised of three separate business units: Revenue Processing, Compliance, and Audit.

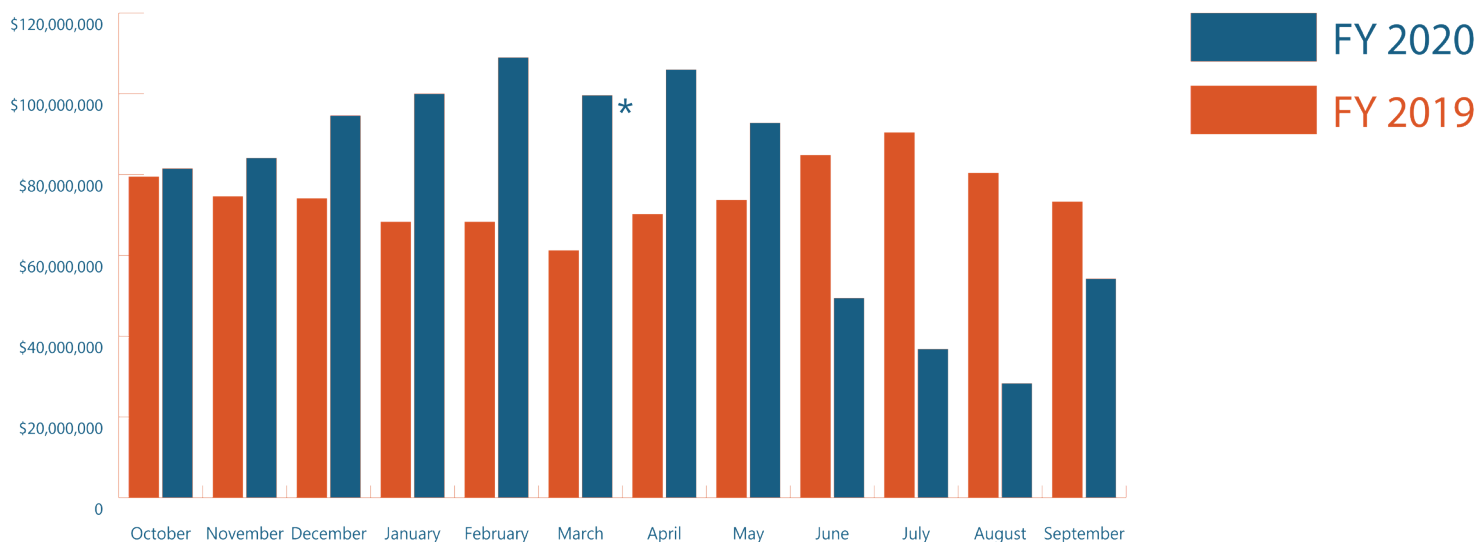
## REVENUE PROCESSING

The Revenue Processing Unit is responsible for the evaluation, payment matching, reconciliation, and validation of royalty returns to assure royalty revenue distributions are accurate and timely. Accomplishing these tasks requires analyzing errors identified during the process and working with royalty filers to correct any discrepancies prior to the distribution of funds. This unit is the first point of contact with royalty return filers. Over 99.8% of royalty-return detail lines are filed electronically utilizing the State Land Office web-filing application. This section is also responsible for the validation of notices issued as a result of the processing of royalty returns through the ONGARD system. Assessments and credits that are generated are reviewed for accuracy and mailed to royalty return filers on a monthly basis.

### OIL AND GAS RENTAL AND ROYALTY REVENUE PROCESSING YEARLY COMPARISON



## OIL AND GAS RENTAL AND ROYALTY REVENUE PROCESSING MONTHLY COMPARISON



**\*Beginning of Covid-19 pandemic, subsequent public health orders, and drop in WTI**

## COMPLIANCE

The Compliance Unit is responsible for the resolution and collection of outstanding notices, and the clearing of suspense accounts. This area conducts a collections process which requires the analysis of all notices that remain outstanding after 90 days of issuance. Letters along with a listing of outstanding notices are sent to oil and gas royalty filers requiring resolution by: 1) payment of assessments, 2) application of credits to current royalty, or 3) the correction of detail lines submitted in error. Accomplishing this task requires working extensively with royalty revenue filers. The Compliance Unit also supports the resolution of suspense accounts. Royalty payments get suspended when an error exists in the royalty return which prevents the payment form being distributed to the appropriate beneficiary. The suspense process involves assisting royalty return filers to ensure they have all the correct reporting identification numbers so royalty payments are distributed timely and accurately. Additionally, the compliance section is responsible for processing refund requests, administering the advance royalty payment program, and assigning Production Unit Numbers with their associated lease(s).

## AUDIT

The Audit Unit is responsible for ensuring companies are reporting and paying oil and gas royalties in accordance with 1) the terms of their statutory lease agreement, 2) existing regulations and agency policies, and 3) court decisions or settlement agreements. The audit section conducts two types of audits: field audits and desk audits. During FY 2020, the audit section performed multiple desk audits but was limited in the number of field audits conducted because of state travel bans instituted because of Covid-19 public health orders. Field audits are generally larger in scope and require travel to a company's accounting offices to review documents and systems used in reporting state royalty. Historically, audit collections are larger for field audits because of the number of properties and periods being reviewed. Desk audits are generally smaller in scope and require a review of royalty return data, severance tax data, and data submitted to the Oil Conservation Division. In general, all auditing activity includes a thorough analysis of all available information used in the calculation of State royalty. The field audit program has proven to be very successful with a high return on investment. The Audit Unit is also responsible for addressing and resolving trespass and bankruptcy issues.



## COMMERCIAL RESOURCES DIVISION

The Commercial Resources Division manages the use of state trust lands to produce the greatest economic return for the beneficiaries. This is accomplished through leasing, exchanges, and rights-of-ways, while preserving the resource to the greatest extent possible. Currently, land leasing covers economic development, business leases, billboards leases, telecommunication site leases, renewable energy leases, and surface activities associated with commercial development. Revenue earned from leasing state trust land is deposited into the Land Maintenance Fund for monthly distributions to the beneficiaries.

### ECONOMIC DEVELOPMENT

Communities benefit economically from the leasing of state trust lands for business enterprises as well as for infrastructure, including water, power, and telecommunications facilities required to support those and other activities. To increase the use of state trust lands by local governments for economic development, the Commissioner successfully advocated for the passage of House Bill 176 during the 2020 Regular Legislative Session, which extends the maximum lease term of a municipal or county economic development lease from 25 years to 40 years.

#### Local Community Economic Development Leases

There are 53 active municipal or local economic development leases with either municipalities, counties, or school districts. Some of the projects developed through economic development leases include airports and landing strips, business parks, water projects, utility systems, recreation areas and open space, office buildings, and fire stations. The recurring annual payment for these leases is approximately \$580,000.

#### House Bill 176

House Bill 176 was passed by the State Legislature and signed by Governor Lujan Grisham. The law extends the maximum municipal or local community economic development lease term from 25 to 40 years. Economic development professionals and prospective private sector tenants have long cited the need for longer lease terms. This bill furthers Commissioner Garcia Richard's goal to foster increased use of state trust lands for local community economic development.

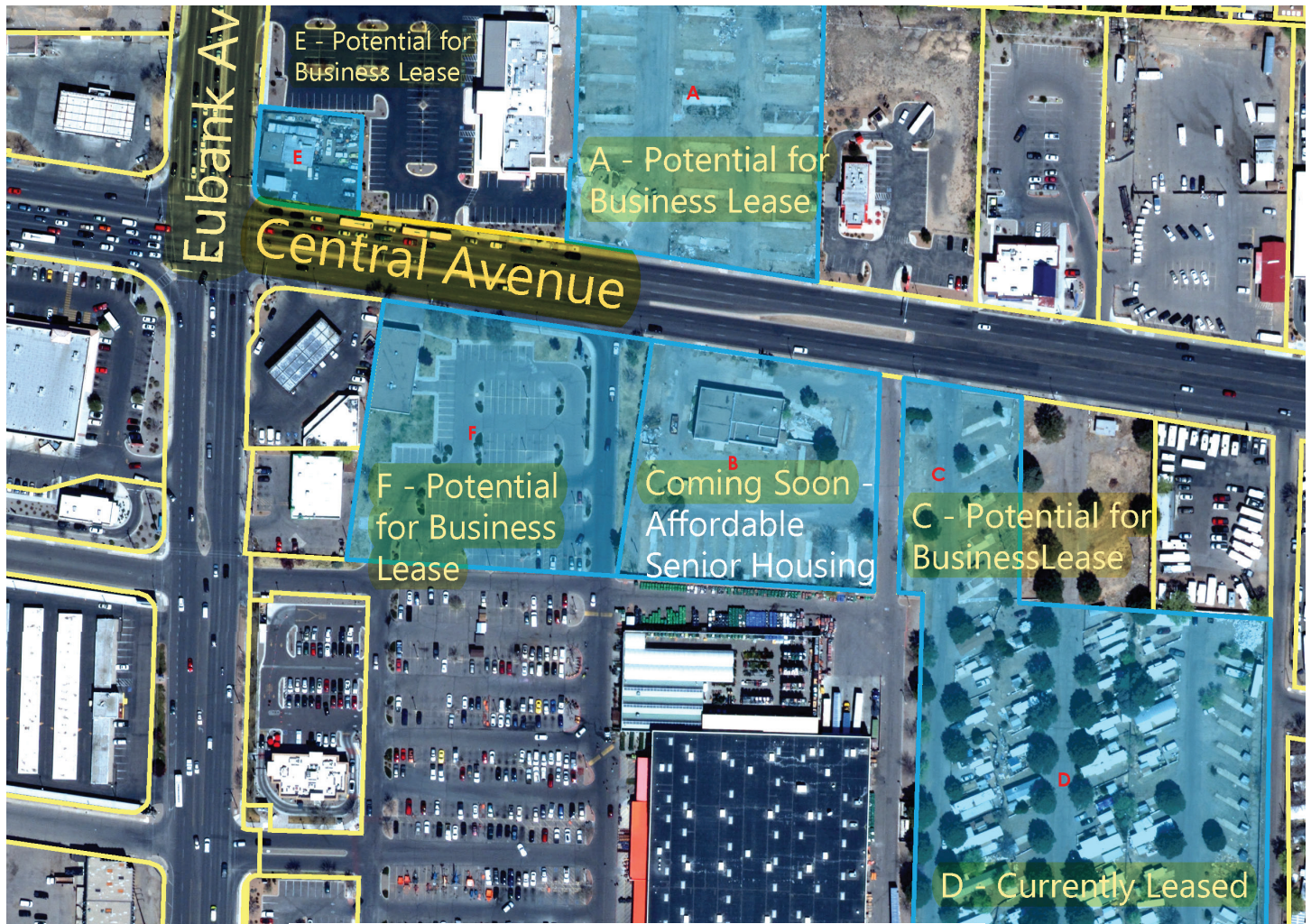
### BUSINESS LEASING

Business Leasing manages over 1,000 active leases for retail, office, certain oil and gas related activities, and other commercial uses, along with 117 billboard leases on state trust land throughout New Mexico. Business leases are available for short or long term projects. Any lease over five years must go through a competitive bid process.

Commercial opportunities on state trust lands are thriving as "highest and best use" of land increasingly favors commercial, residential, and industrial development. This offers new potential for residential, commercial, or industrial development. By using a planning and development lease, the Land Office can partner with the private sector to help increase the value of trust lands, and generate increased lease revenues.

Because of Constitutional restrictions, the State Land Office cannot use revenues generated from leases and sales to invest directly in infrastructure to create additional value on specific parcels. The planning and development lease provides a mechanism to create that additional value and to participate with private developers in the additional value created through cooperative efforts.

**COMMISSIONER GARCIA RICHARD IS PRIORITIZING EFFORTS TO REVAMP THE ALBUQUERQUE STATE TRUST LAND PARCELS AROUND CENTRAL AND EUBANK**



■ NM Trust Land    □ Private Property

**Parcel B - Business Lease - 2727 (Luminaria Apartments)**

On January 1, 2020 the Greater Albuquerque Housing Authority (GAHP) executed a 40 year lease for an affordable senior apartment building. GAHP held a public meeting in June, 2020 where they reviewed the project with members of the public. GAHP then submitted their project to the City of Albuquerque Design Review Board in June, 2020 and the board approved the project in September, 2020.

**Parcels A, C, E, F**

The State Land Office is evaluating new uses for these properties at the intersection of Central and Eubank with a focus on cleaning up legacy problem areas and providing positive commercial activity for the neighborhood. With clean up and care, there is ample opportunity to use these state trust land parcels in the heart of Albuquerque to help revitalize the area.



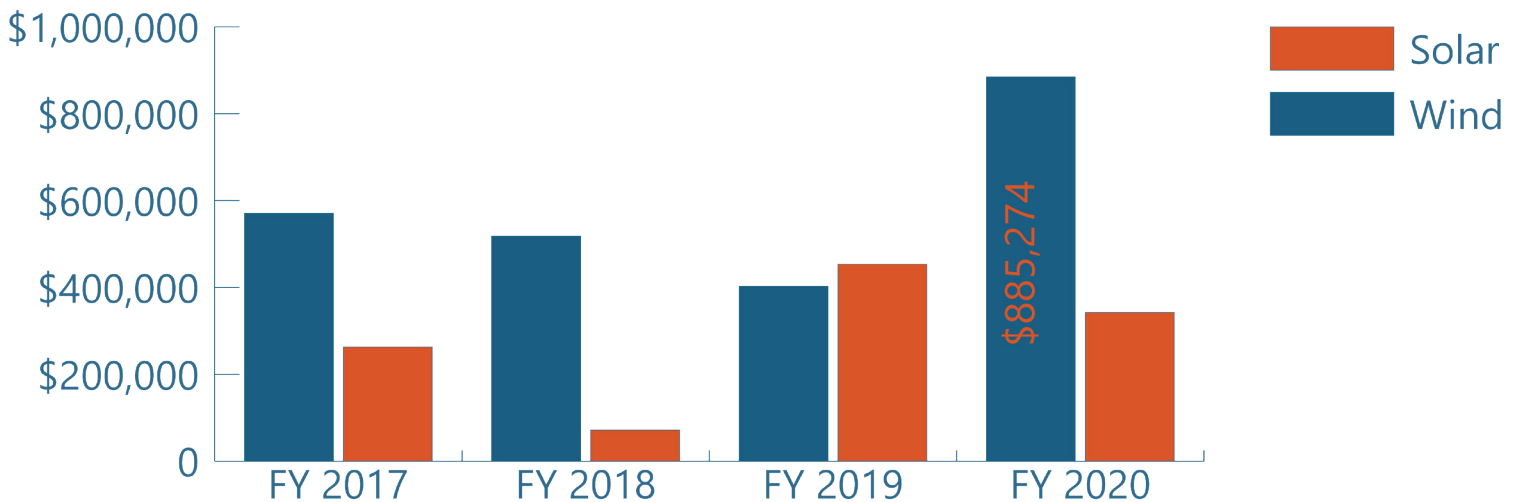
# OFFICE OF RENEWABLE ENERGY

The first ever Office of Renewable Energy, created under the leadership and vision of Commissioner Garcia Richard, reports a highly successful FY 2020 in which eight wind energy leases were executed. These eight new leases include land in five counties (Torrance, Lincoln, Grant, Colfax, Union) for development of 414 megawatts of wind power. These new wind power leases are expected to generate substantial recurring revenues for years to come. In addition, they will expand the property tax bases of their respective counties.

On state trust land, 95 megawatts of wind power are now operational, and 512 megawatts of wind power turbines are in construction or planned for construction. Solar power is also growing on state trust land with 71 megawatts now in operation and a total of 170 megawatts under construction or readying for construction. The State Land Office has executed 20 renewable energy leases – 14 for wind energy development and six for solar energy development.

The Office of Renewable Energy stewards all wind and solar project on state trust land. This includes processing applications for wind and solar lease requests, management of existing leases, and facilitation of high-voltage transmission line development to deliver renewable energy to cities and communities.

## RENEWABLE ENERGY REVENUE COMPARISON



At the beginning of her term in 2019, Commissioner Garcia Richard set a goal of tripling the amount of renewable energy generated on state trust land by the year 2022. With the leases signed since that goal was set, the State Land Office is on track to reach and exceed that goal. **With several dozen high megawatt renewable energy projects in development and in the application phase, the State Land Office is at the forefront of New Mexico’s culture shift towards clean energy.**

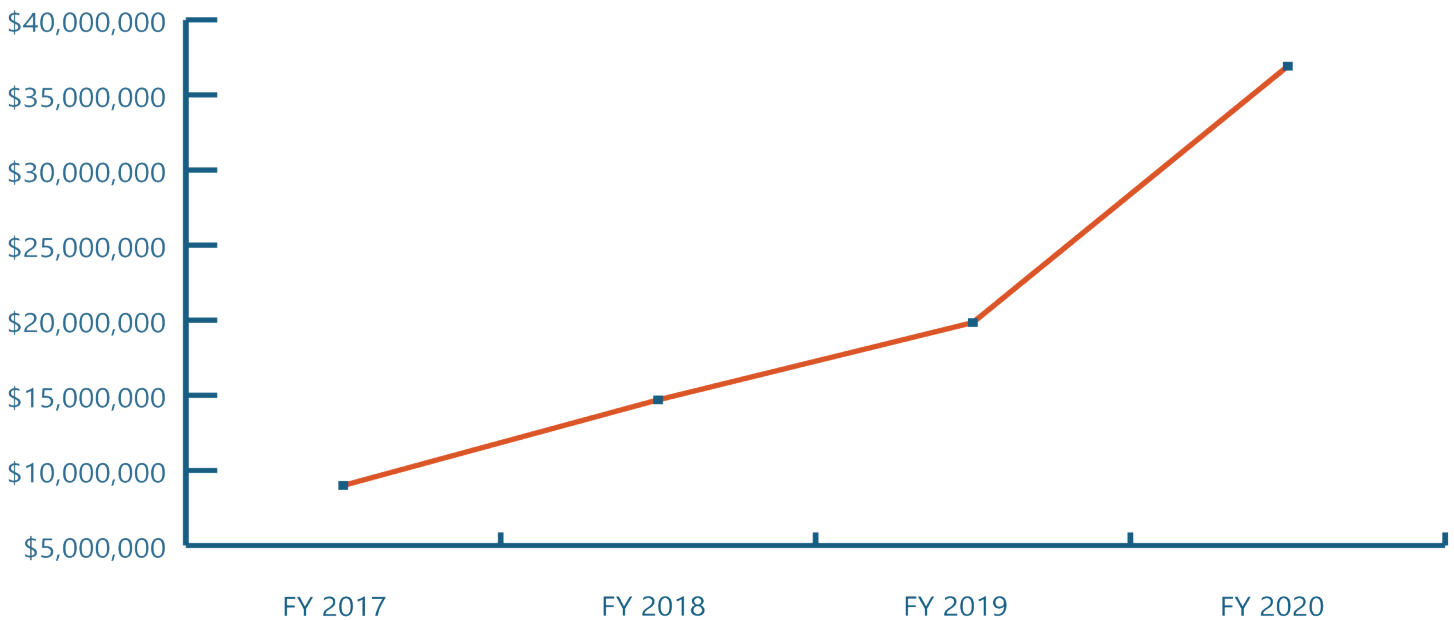
	MEGAWATTS	ACRES	ACRES PER MEGAWATT
<b>PENDING SOLAR APPLICATIONS</b>	1,992	17,691	9
<b>PENDING WIND APPLICATIONS</b>	1,212	216,365	866

# RIGHTS-OF-WAY

The Rights-of-Way Department administers over 22,000 active rights-of-way including those for roads, electricity transmission, pipelines, and telecommunications. In FY 2020, Rights-of-Way increased its efforts to actively reduce the turnaround time to process applications on state trust land. Together with the Surface Resources Division, the times for each phase in the application and approval process are being monitored and scrutinized in an effort to identify and eliminate bottlenecks in order to ensure that applications are processed in the most expeditious manner possible, while maintaining our responsibility to act as good stewards for the land.

To make this a reality, staffs of both divisions work closely with one another, particularly on high profile or challenging projects. The process begins with clear communication with applicants regarding what information is necessary and required from them as part of the application so that they can prepare complete submittals, which reduces unnecessary waiting, and bottlenecks. Completing an application involves staff in each department, including directors, analysts, district resource managers, biologists, and archaeologists.

## RIGHTS-OF-WAY REVENUE COMPARISON



In addition to regular requests to expedite processing times, which involves a premium fee, the Commercial Resources Division has engaged our top lessees (as indicated by historic total number of applications) in response to the economic downturn brought on by the Covid-19 pandemic. In order to help lessees respond to any required changes to their most urgent operating needs, we pledged to move quickly on a processing queue so lessees could begin using their rights-of-way as quickly as possible. This approach was received well by the community and virtually all of the requests have been met. **Rights-of-way revenue has more than tripled in the past three years surpassing \$39 million in FY 2020.**

**FY 2020 ROW INCOME = \$39,019,832.52**



# FY 2020 HIGHLIGHTS

## SURFACE RESOURCES DIVISION

The Surface Resources Division is comprised of several programs and one administrative bureau that promote sustainability of state trust land, while optimizing revenue for Trust beneficiaries. The Division manages complex and dynamic programs that focus on watershed health, site remediation, illegal dumping, biological and cultural resources, and investigations and compliance. The Division houses the Agricultural Leasing Bureau.

## AGRICULTURAL LEASING BUREAU

The Agricultural Leasing Bureau supports New Mexico's farming and ranching heritage through the leasing of state trust lands for livestock and cropland production. Over 3,500 agricultural leases are administered, covering nearly nine million surface acres. In an effort to arrive at a fair market value for leased lands, rentals assessed on livestock agricultural leases are calculated through a formula that takes into account the previous year's economic conditions. The formula is managed by an outside entity and has been in place since 1988.

The Bureau maintains a close relationship with lessees in order to meet their needs to continually improve agricultural leasing and promote stewardship of trust lands. The Bureau also facilitates lessee participation in federal conservation and environmental programs including the federal Environmental Quality Incentive Program and Conservation Reserve Program. The Bureau coordinates efforts with cooperative agencies such as the Natural Resources Conservation Service (NRCS) and the Farm Service Agency (FSA) to streamline processes in order to accommodate lessee participation in these programs which promote managing lands more efficiently and effectively.

**FY 2020 AG LEASE INCOME = \$9,960,462.00**

In FY 2020, the Agricultural Leasing Bureau renewed 858 GM-series agricultural leases. These leases are valid for a five year period, running from Oct. 1, 2019 through Sep. 30, 2024.

## LAND RESTORATION AND REMEDIATION FUND

One percent of the renewable revenue received by the State Land Office is deposited in the Land Restoration and Remediation Fund, up to \$5,000,000. The State Land Office administers the Fund and may use the money to implement projects in the following categories: surface damage remediation and restoration; watershed, forest or grassland restoration; illegal dump site cleanup and site demolition, contaminated site remediation, and fire mitigation efforts. These monies play an important role in protecting state trust land and keeping them healthy for use by future generations.

**Illegal dumping is a persistent problem impacting trust property.** Illegal trash and debris pose health hazards, degrade lands and increase the risk of liability to the State Land Office. The cost of cleaning up illegal dump sites diverts revenues from the beneficiaries. The goal of this program is to identify areas of illegal dumping and/or contaminated property, and aggressively remediate the sites through project activities and collaborative partnerships.

# RESTORATION AND REMEDIATION

## PROJECT BREAKDOWN

### FY 2020 Projects:

Project Type	# of Projects	# of Counties	# of Acres	Amount spent per fund
Archaeological Services:	10	9	3,604.6	\$181,278.37 CS
Forestry/Mechanical:	5	5	1,305	\$245,993.54 RR \$165,069.99 CS
Forestry/Rx Burn:	1	1	0	\$9,500.00 RR
Erosion Control:	1	1	37.1	\$59,989.29 CS
Habitat: Noxious Weeds/Invasive:	5	5	18,503	\$511,204.19 RR \$441,651.71 CS
Illegal Dump Cleanup/ Site Demolition	4	4	21.25	\$133,547.54 RR \$39,529.45 CS
Recreational Access:	2	1	10	\$530.63 RR \$28,468.88 CS
Riparian Restoration:	1	1	20.4	\$55,480.00 RR
Monitoring /Consulting:	6	3	1708.72	\$27,980.60 RR \$157,935.46 CS

**TOTAL ACREAGE TREATED: 25,210.07**

**TOTAL AMOUNT SPENT PER FUND  
CONTRACTUAL SERVICES (CS): \$1,073,923.15  
RESTORATION AND REMEDIATION FUND (RR):  
\$984,236.50**

**TOTAL FY 20 PROJECTS : \$2,058,159.65**



# OPEN FOR ADVENTURE

- Hiking
- Cycling
- Fishing
- Hunting
- Climbing
- Camping
- Stargazing
- Birdwatching
- Photography

**Open for Adventure** is a new initiative of Commissioner Garcia Richard, and strives to expand high-quality outdoor recreation opportunities on state trust lands that: provide revenue for the beneficiaries; engage partners including local communities, entrepreneurs, other agencies, non-profit groups, and philanthropy; allow for visitor management that protects Trust resources and strives for compatibility with existing lessees; promotes outdoor education and outdoor equity. In addition, through an easement issued to the New Mexico Game Commission, the State Land Office provides access to trust lands to hunting and angling license holders to pursue those activities when in season.

## INCREASING ACCESS TO STATE TRUST LAND

In March 2020, the State Land Office and the New Mexico Game Commission signed an easement agreement for 2020-2021 that provides access to nearly nine million acres of state trust land for hunters and anglers who hold a valid New Mexico Department of Game and Fish (NMDGF) license. The easement included new provisions proposed by the Commissioner to expand camping and enhance access for New Mexico sportspeople.



**From those new provisions, the State Land Office began developing the White Peak Dispersed Camping and Luera Mountains Backpack Camping pilot programs to provide hunters with increased access opportunities in these areas rich in wildlife and natural beauty.** Recommendations for the programs were received from two working groups comprised of sportspeople, agricultural lessees, and NMDGF. The programs are in place for the 2020-2021 deer and elk seasons. If the programs are successful, the State Land Office may expand these opportunities elsewhere on state trust land in the future. In FY 2020, the State Land Office also worked with NMDGF to establish 67 new locations for NMDGF licensees to access state trust lands during the hunting season. These locations are mapped on both agencies' websites and also shown in popular smartphone mapping apps used by sportspeople.



# WORLD CLASS RECREATION AREAS ON STATE TRUST LAND

The **Continental Divide Trail (CDT)** stretches north from the bootheel of New Mexico through another four states to Canada. From the southern terminus at Crazy Cook Monument to Cumbres Pass, the CDT traverses about 70 miles of state trust land in New Mexico. The State Land Office continued a successful collaboration with Continental Divide Trail Coalition (CDTC) to ensure that all hikers crossing state trust land obtain the required recreation access permit. This effort has generated over \$7,700 in new revenue. The Bureau of Land Management (BLM) is seeking a long term easement for management of the trail. The BLM's compensation to the State Land Office for this easement is limited by rigid appraisal guidelines. The Land Office and the CDTC have expanded their cooperative efforts as the CDTC is working to identify and secure additional funding sources to augment the BLM's funds. The State Land Office, CDTC, and the BLM are all working together to properly compensate the beneficiaries while acquiring long term authorization and protection for this important trail.



**Melrose Woods** is an oasis for birding in Roosevelt County. The site boasts a huge variety of birds in a small area, especially during spring and fall migrations. The State Land Office signed a business lease in Spring 2020 with the Central New Mexico Audubon Society (CNMAS) for site stewardship and visitor management. Further, the State Land Office and CNMAS are working together to improve the site and enhance the habitat. After gathering community input through an engaging virtual town hall meeting, the State Land Office hired a contractor to remove trash and debris and design and develop a site trail network. The contractor completed the trail work with minimal impact and used on-site materials to create rest areas with benches and chairs. The next phase of this collaboration is to identify the most effective ways to use extremely limited water resources to plant native trees and bushes.



# WORLD CLASS RECREATION AREAS ON STATE TRUST LAND

**Kit Canyon** is part of the Canadian River canyon system near Roy, NM, that has become a world-class bouldering destination. In FY 2020, the State Land Office conceptualized a partnership plan to accommodate visitors to Kit Canyon and generate revenue for the beneficiaries. We began working with the NM Department of Transportation on a rights-of-way use agreement for a small parking area on state trust land to provide safe access into Kit Canyon. Another crucial partner is the New Mexico Climbers Resource Advocacy Group (NMCRAAG), who will lead the construction and maintenance of the parking lot and associated signage, user education, and trail infrastructure. The State Land Office supported NMCRAAG's successful effort to acquire an Access Fund grant that, along with other funding sources, will be used for the parking area while NMCRAAG's members will provide volunteer labor for trail construction and other activities. The State Land Office has worked with the agricultural lessee to incorporate their input and address their concerns.



The **Rio Embudo Gorge** runs through a breathtaking parcel of state trust land near Dixon, NM, that is currently leased to WildEarth Guardians. The site offers amazing opportunities for hiking, biking, fishing, and wildlife viewing. The State Land Office is working with adjacent property owners and State Land office beneficiary institution, the University of New Mexico (UNM), to develop an access and parking area agreement. The State Land Office is also working UNM and WildEarth Guardians to plan for site signage and other needed improvements.

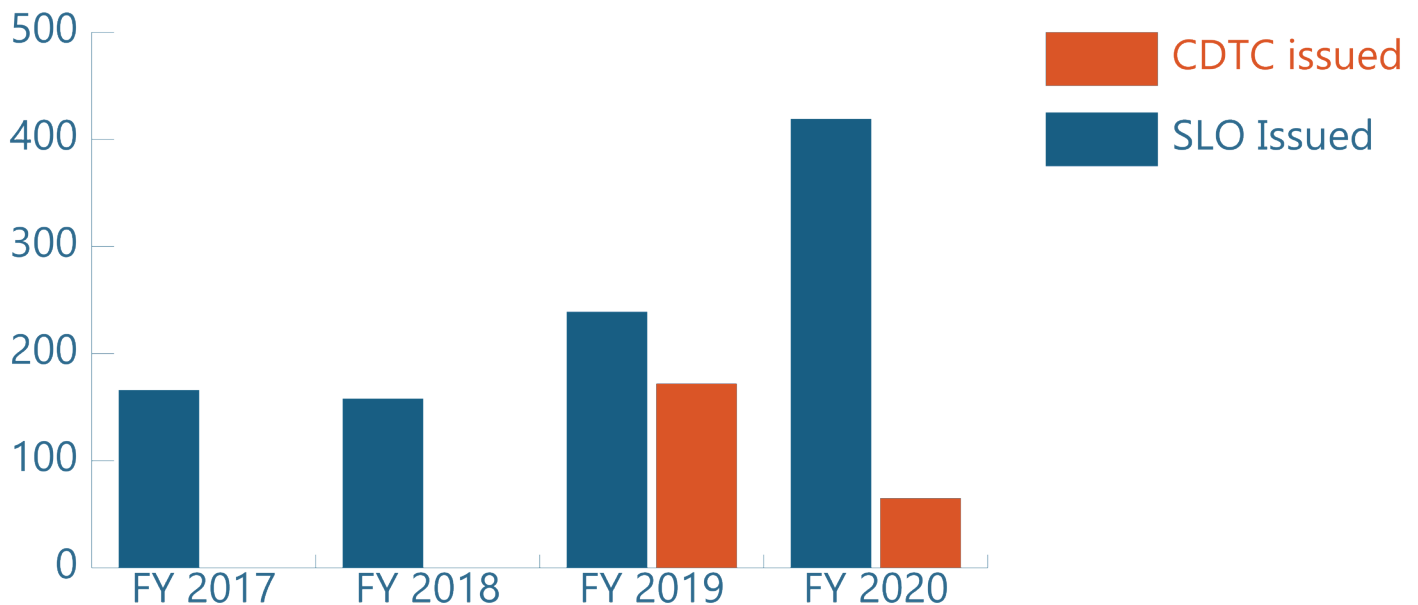


# RECREATIONAL ACCESS PERMITS

A key component of the Open for Adventure program has been promoting and improving the Recreational Access Permit (RAP). The RAP is required to recreate on most state trust land and Commissioner Garcia Richard has worked to make the process more efficient and leverage partnerships to educate the public about RAPs. In FY 2020, the State Land Office implemented a process whereby, for the first time, RAPs can be applied for and paid for online, modernizing the previous system which only processed mail-in or walk-in applications.

In addition, the State Land Office worked with the New Mexico Wildlife Federation (NMWF) to get more youth outdoors. NMWF provided funding for New Mexico's fifth graders and their families to get a RAP at no cost to the family. The State Land Office also continued the partnership, begun in FY 2019 with the Continental Divide Trail Coalition (CDTC), that enabled the CDTC to issue RAPs on the State Land Office's behalf, thus helping to ensure all Continental Divide Trail hikers using state trust lands acquired RAPs. The number of permits issued by CDTC declined from FY 2019 and FY 2020 due to fewer hikers using the trail because of COVID-19 precautions, but recreational use of state trust land overall remained robust.

## RECREATIONAL ACCESS PERMIT ISSUANCE COMPARISON



The State Land Office has also made strides by providing more information about the Open for Adventure program on its website and social media. These partnerships, efficiencies, and efforts have resulted in a notable increase in RAPs issued, which provides additional revenue to our beneficiaries and promotes responsible recreational use of state trust land.

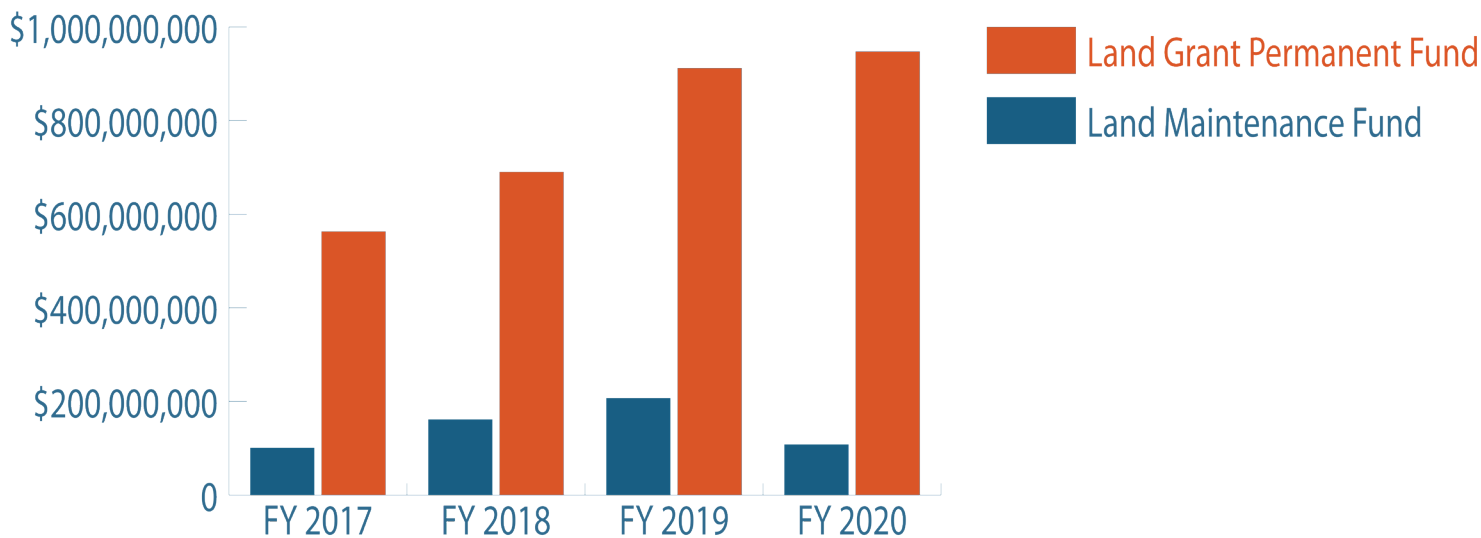


## ADMINISTRATIVE SERVICES ACCOUNTING DIVISION

Accounting provides support services, financial control, and financial reporting activities. Accounting is responsible for ensuring compliance with rules and policies from the Department of Finance and Administration (DFA), the State Treasurer’s Office and the Office of the State Auditor. The Division also oversees an \$18.8 million budget and a projected distribution of over \$1 billion in revenue to beneficiaries in FY 2020. All revenue generated from over 35,000 active leases is received, classified and recorded by the Division. Revenue is then disbursed in accordance with the source of funding collected and beneficiary associated with the land generating the income.

Internal controls implemented by accounting ensure revenue is recorded accurately. The revenue recorded in the Land Maintenance Fund is from renewable sources such as oil and gas rental, other rental, grazing rentals, and other income. After paying for operating expenses, the remainder of renewable revenue is disbursed to the designated beneficiaries. The revenue recorded in the Land Grant Permanent Fund is derived from non-renewable sources such as royalties earned from oil, gas, and mineral leases, or the sale of land. Revenue from non-renewable revenue sources is transferred monthly to the Land Grant Permanent Fund where it is invested by the State Investment Council.

### STATE LAND OFFICE TOTAL REVENUE COMPARISON BY FUND



Financial statements are prepared monthly and revenue reports are posted and available on the agency website. The financial statements provide the monthly and year-to-date amounts collected by revenues source; net distributions from the Land Maintenance Fund to beneficiaries and contributions to beneficiary accounts in the Land Grant Permanent Fund.

In FY 2020, the agency used 1.6% of the total revenue it generates for operational expenses. A little over 98% was distributed to Trust beneficiaries.

# INFORMATION TECHNOLOGY DIVISION

The State Land Office is charged with managing nearly nine million acres of surface lands and 13 million acres of mineral estate in 32 of the state's 33 counties. With limited field staff, Commissioner Garcia Richard launched an effort to utilize satellite imagery from Planet Labs to help the agency identify trespass, spills, and other issues in a more efficient and effective manner.

**The State Land Office's initial subscription with Planet Labs for "high frequency" imagery during FY 2020 was a success.** During our first year of access to the imagery, the minerals team located eight trespass sites which generated over \$435,000 in restitution payments. In addition, two of the trespassers signed new leases which will generate over \$485,000 in royalties over time. These eight violations brought in a return on investment six to seven times the cost of the Planet subscription. While scanning for mineral violations, the team located 72 possible material spills which are under investigation or already resolved with the lessee.

One of the detected spills occurred outside of State Land Office ownership and the office shared the high resolution imagery with the Energy, Minerals, and Natural Resources Department (EMNRD), the agency responsible for remediation and cleanup. Because of this help, New Mexico was able to fine the operator \$20,000 and those funds were utilized for development of a cleanup plan that accelerated remediation of the site. The State Land Office also negotiated a Planet imagery sharing arrangement with two Executive branch agencies (EMNRD and TRD Property Tax) to improve the value of the Planet subscription. This arrangement was also included in the second year subscription furthering inter-agency collaboration and enhancing the value to the citizens of New Mexico.

As we move into the second year of the State Land Office/Planet partnership our goal is to begin using models and artificial intelligence (AI) to assist in the detection of spills and additional violations. One major target of this stepped up activity is rights-of-way violations by operators who begin construction before the lease agreements are signed. In the past it has been very difficult to identify these violations but with continued scrutiny and enhanced automated detection the State Land Office will be able to detect most, if not all, of these ongoing violations. The State Land Office has also begun efforts to train additional staff members on how to use and interpret the imagery so we can have more "eyes" looking for violations. We also will be testing ways to assist our resource managers in reviewing lease applications.

The GIS/Imagery efforts continue to allow the agency to enhance and capture revenue that otherwise would go uncollected. An agency metric was added for FY 2021 that will allow the State Land Office to track and report all such revenue.

## ROYALTY ADMINISTRATION PROCESSING SYSTEM (RAPS) & ONGARD

ONGARD is a 25+ year old mainframe system, and is the program of record for the State Land Office Oil, Gas, and Minerals and Royalty Management Divisions. This system consists of over 3,000,000 lines of code supporting public facing reporting, web based return submission functionality, customer notice generation, and over 150 State Land Office internal reports. ONGARD manages all State Land Office monetary distributions and supports all aspects of oil and gas royalty collections and auditing.

Due to the age of the ONGARD system, and the limitations of the mainframe platform on which it is built, a project is underway to migrate the ONGARD system to a modern server-based architecture called the Royalty Administration Processing System (RAPS). The RAPS project was initiated in FY 2019 and as of June 2020 was in the final stages of testing and is expected to be implemented early in FY 2021. The initial targeted implementation date of March, 2020 was not met due to delays in the conversion of the complex logic in the ONGARD system identified by exhaustive testing by the agency. Because of the importance of RAPS to the overall revenue of the State Land Office and the commitment to maintain current oil and gas customer interfaces "as is" in the new system, this testing will continue until the vendor delivers prescribed system equivalency.

## PREPARING FOR TELEWORK

In March, 2020, the State Land Office was faced with significant challenges as New Mexico responded to the Covid-19 pandemic. On March 10th, the State Land Office closed the physical office, asked employees to begin working from home and was forced to take some dramatic steps to support this effort. The Information Technology team responded rapidly by assessing available resources, modifying work at home practices, expanding and modifying network resources, and acquiring necessary equipment and software to facilitate these changes.

Although the transition was challenging, there were no major problems experienced in migration to a mostly telework environment in a short period. Major projects with significant vendor team members along with the nearly 170 agency employees were transitioned and work has continued on all fronts since March with most employees and contractors working effectively from home.

The following specific activities were undertaken by the IT Network and Infrastructure team to facilitate this transition. Efforts are ongoing and will continue until the pandemic subsides and workers can safely return to the office.

- ◇ Purchased additional Cisco Anyconnect Virtual Private Network (VPN) licenses to allow employees to connect to the State Land Office network over secure VPN tunnels.
- ◇ Configured firewall Access Control Lists and Virtual Private Network (VPN) configurations to allow users to securely remote into their internal desktops once connected to the VPN.
- ◇ Built and deployed 25+ laptops and 20+ desktops to enable users without a personal computer a means to work from home.
- ◇ Purchased 14 laptops to accommodate employees with inadequate home computing equipment.
- ◇ Provided support and documentation for nearly 170 users in installation and configuration of VPN software to allow remote connectivity from home computers.
- ◇ Provided additional monitors for some State Land Office employees.
- ◇ Setup and configured Discord (open source team collaboration software) for communication in State Land Office divisions as well as a helpdesk group where users can ask for help and receive instantaneous support.
- ◇ Purchased and deployed GoToMeeting software for State Land Office remote meeting communications.
- ◇ Provided ongoing support with rotating in-office staffing to accommodate physical hands-on support for remote processing glitches.

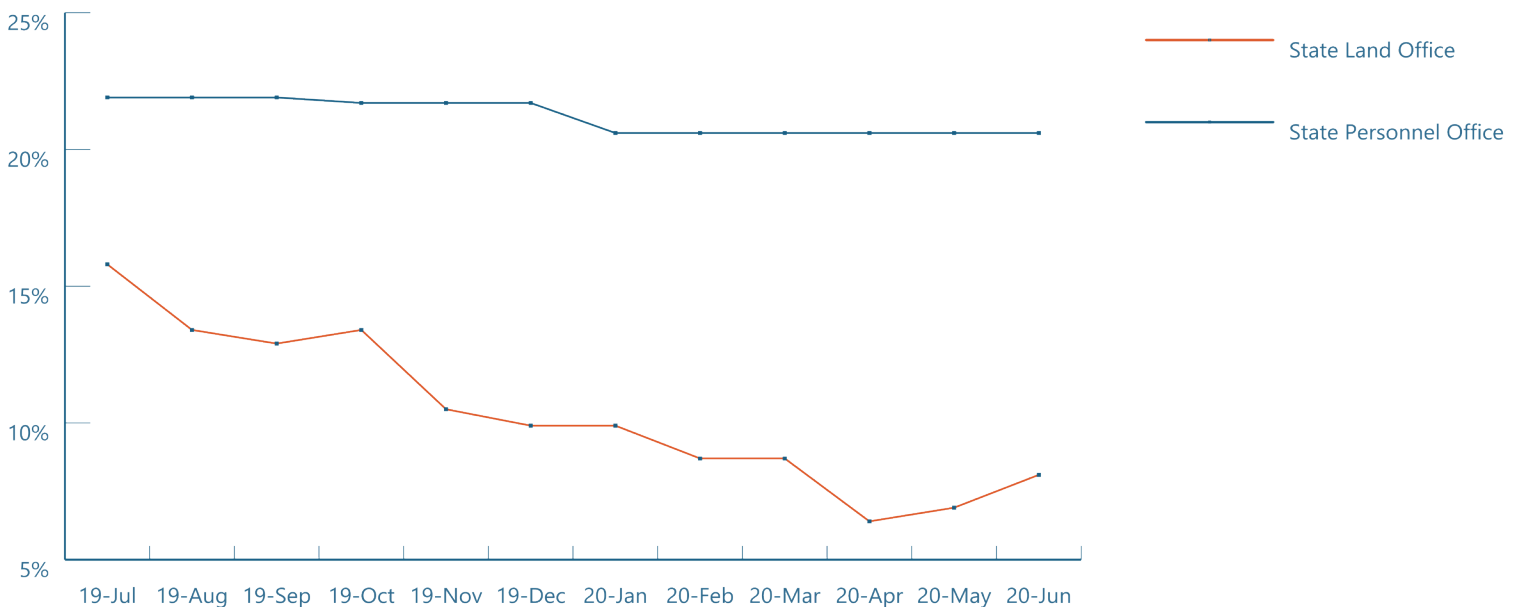


# HUMAN RESOURCES DIVISION

The State Land Office employs nearly 170 staff around New Mexico, with most of those employees based in Santa Fe. The dedicated, talented, and hardworking staff reflect the diversity of New Mexico. The Human Resources Division is comprised of three staff: a Director, a Recruitment and Training Specialist and a Payroll and Benefits Specialist. The Division assists the leadership team by providing counseling, guidance, and direction on agency and State Personnel Board policies and procedures, as well as state and federal laws. Human Resources manages all payroll and benefit transactions as well as personnel and position requests and approvals. Human Resources manages all recruitment efforts from advertising to overseeing the interview and hiring process.

When Commissioner Garcia Richard began her term, the State Land Office had a vacancy rate near 25% which was reduced to 12% by the end of FY 2019. The vacancy rate was reduced further in FY 2020 to six percent at times, ending the fiscal year at eight percent. This was the first time the State Land Office had a single digit vacancy rate since the start of FY 2015. Recruitment efforts to reduce the vacancy rate included participation in the Statewide Rapid Hire event and offering temporary pay differentials in hard to fill positions and locations such as the southeast. Another factor in reducing the vacancy rate was managing employee turnover. Commissioner Garcia Richard implemented an employee of the month program and a celebrations committee was established to recognize employee achievements and build morale. Employee turnover for FY 2020 is an average of less than one percent per month in comparison to previous fiscal year averages of 1.5-2.5% per month.

## STATE LAND OFFICE V. AVERAGE STATE GOVERNMENT VACANCY RATE IN FY 2020



The Division offers customized training to afford staff opportunities to develop appropriate skills, knowledge, and aptitudes to perform their jobs to the best of their ability. In FY 2020 Human Resources held 31 training sessions with 264 attendees. Classroom training sessions included new employee orientation, training on the state's Human Capital Management system, Emergency Evacuation for Wardens and Active Shooter Preparedness. In addition to the classroom training, two mandatory courses were provided online, of those 155 employees completed Civil Rights training and 158 employees completed IT Security Awareness training.

# RECORDS MANAGEMENT DIVISION

The Records Management Division is the repository for all the original, legal documents relating to ownership, and all title interest documents, such as leases, rights-of way, easements, etc. These original documents, dating from as far back as the early 1900s through today, are held in our climate controlled vault. These title documents are recorded both manually and electronically in special ledgers or Tract Books, where a full title abstract is maintained for each tract of state trust land. All the title documents, along with procedurally related documents, are also scanned and digitally preserved. Additionally, Inspection of Public Records Act (IPRA) requests that are received by the State Land Office are routed through the Records Management Division.

of 2)

		ABSTRACT OF ENTRIES																						
Contract or Lease No.	Assignment No.	NAME	ADDRESS	LOTS								NE		NW		SW								
				1	2	3	4	5	6	7	8	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
12750	2	J. M. Z. M. Canyon, Santa Fe, New Mexico														X	X							
2584	3	Standard Enterprises Inc., Albuquerque N.M.															X	X						
2573		"	"														X	X						
2750	3	"	"														X	X						
2719		Dr. J. J. J. Santa Fe, New Mexico															X	X						
28421		Board of Education of the City of Albuquerque N.M.														X	X							
28517		Joe W. James, Las Lunas, New Mexico															X	X						
2926		Public Services of New Mexico															X	X						
2583		Stephen Dick, Denver Colorado															X	X						

# FACILITIES MANAGEMENT DIVISION

The State Land Office building opened in 1960 and has capacity to support up to 175 full time employees. Unlike other state owned properties, the building is operated and maintained by the State Land Office's own facilities staff. Facilities Management staff cover all maintenance for the buildings and grounds, custodial services, security, as well as the Business Operations Center which includes a print shop, graphic design, mail services and agency fleet management.

In FY 2020, Facilities Management completed several projects such as an energy audit, the south side store front door replacement, the painting of all hallways, several office reconfigurations and the installation of new security cameras. In response to the Covid-19 pandemic, Facilities Management worked persistently to procure hard to find items such as temperature thermometers, cleaners, gloves, masks and hand sanitizers. The building remained open to a few authorized employees based on business needs. In addition, plexiglas shields were installed in high traffic areas such as the Records Management Division and the front security desk, in anticipation of an eventual, safe re-opening of the building.

The Business Operations Center within the Facilities Management Division manages all State Land Office Vehicles (39 Vehicles total, including 22 district office vehicles and seven UTV/ATV's and four trailers). The Business Operations Center operates a full service print shop including graphic design (nearly 190,000 copies were made in FY 2020), shipping and receiving and also management all inventory and distribution of supplies in the State Land Office supply room.

# FY 2020 HIGHLIGHTS

## LEGAL DIVISION

The Legal Division advises the Commissioner and State Land Office leadership on the full spectrum of agency operations. The Division annually receives and fulfills hundreds of requests from across the State Land Office for legal advice, assistance, and representation with all aspects of the agency's mission to generate revenue for the Trust and protect state trust lands for future generations. Legal Division attorneys and staff draft and review leases, policy documents, contracts, memoranda of agreement, and other instruments; draft and review proposed State Land Office administrative rules; provide legal analysis and guidance; negotiate complex business ventures, including renewable energy projects; analyze proposed legislation; and help manage the processing of numerous public records requests. Division attorneys and staff are presently handling more than 100 active matters.

In addition, the Legal Division appears in court and in administrative proceedings on behalf of the Commissioner and the State Land Office, in both affirmative and defensive roles. State Land Office attorneys are presently representing the Commissioner and the agency in more than a dozen pending cases in New Mexico state and federal courts.

### **HIGHLIGHTS OF STATE LAND OFFICE LEGAL DIVISION ACCOMPLISHMENTS FROM FY 2020 INCLUDE:**

- ◇ Securing the return of a full section (640 acres) of land in Las Cruces back to the Trust, undoing a problematic land sale from the mid-2000s.
- ◇ Managing the rulemaking process for the temporary oil well shut-in rule, and collaborating with other divisions on the development of a new rule to protect cultural properties on state trust lands.
- ◇ Launching a formal enforcement program to hold lessees and third parties accountable for protecting soil, water, and other natural resources on state trust lands.
- ◇ Successfully resolving years-long litigation with a multimillion-dollar judgment against a former lessee that damaged trust land with illegal disposal operations and hazardous spills.



# FY 2020 HIGHLIGHTS

## ENGAGEMENT AND TRIBAL LIAISON

“In the last year and a half since I started at the Land Office, I have learned so much from staff that have been at this agency for years, and even decades. Commissioner Garcia Richard appointed me to help her bring her vision of genuine relationships and transparency with tribal communities and governments to fruition. While we still have quite a ways to go, we have accomplished more than we hoped for.

Assistant Commissioner Lorenzo Reading to Students at Native American Community Academy (NACA)



This year, I have worked with archaeologists and tribal historic preservation officers (THPOs) to understand how consultation is typically done with tribes and how communication can be better. We are developing a tribal consultation policy that will guide the agency on proper notification and consultation with tribes that have cultural interests located on state trust land. We are also developing a cultural properties rule that will help preserve and protect what exists on state trust land. The State Land Office is also working creatively with community organizations across the state to educate people on what the agency does and how we impact the state through public education and health.”



# COMMUNICATIONS

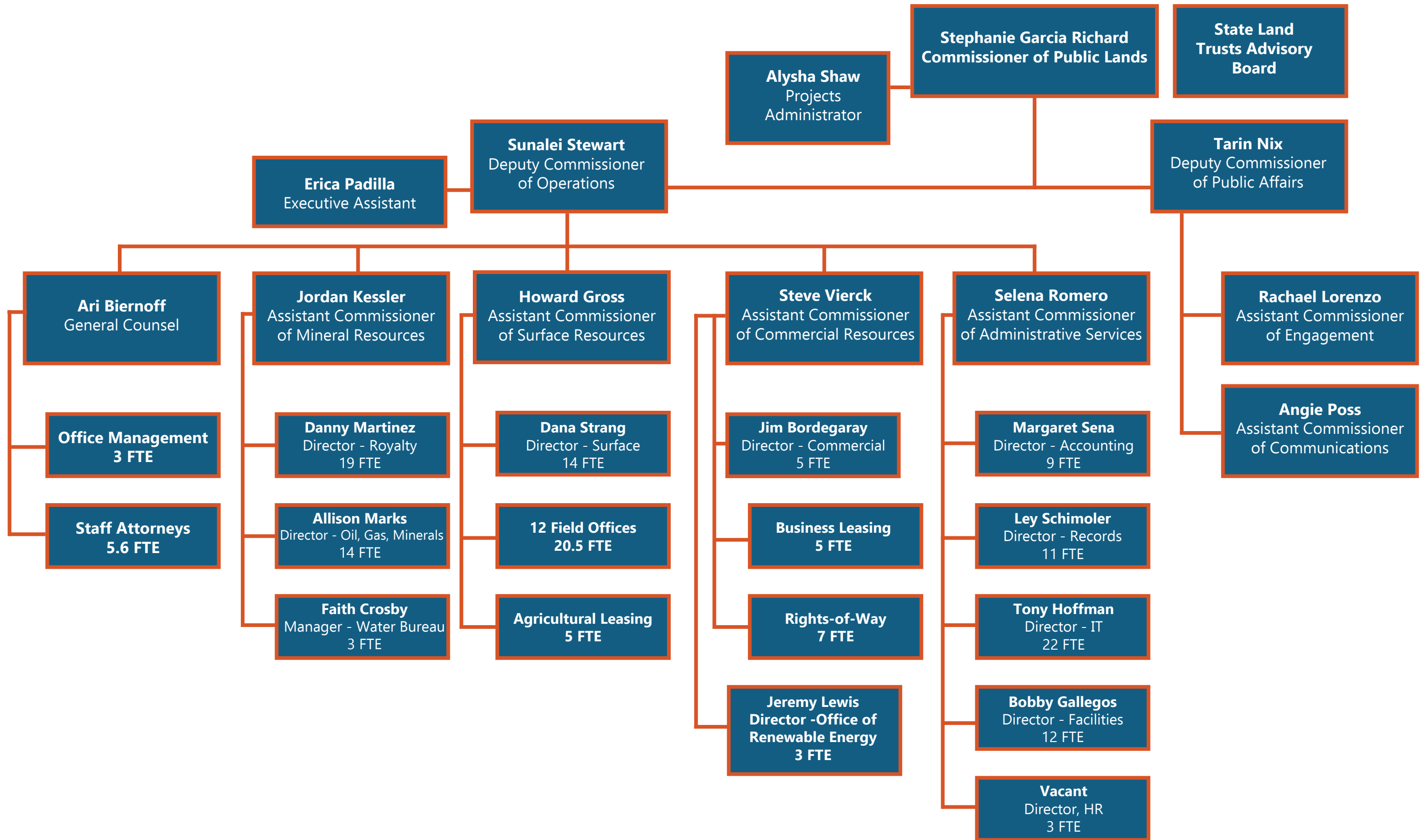
The strategic goal of the AC of Communications is to tell the story of the State Land Office, Commissioner Garcia Richard, and her priorities for the office to the general public. This is accomplished through a variety of efforts focused on getting projects and milestones covered by news outlets both in state and nationally. As a public official, Commissioner Garcia Richard receives hundreds of requests annually for public appearances and speeches.

The State Land Office and the Commissioner maintain a presence on three social media platforms (Twitter, Facebook, and Instagram), all of which share the @NMLandOffice handle. Along with this social media presence, the AC of Communications maintains NMStateLands.org, a large, dynamic website that hosts updated content along with leasing information for all individuals and entities that do business with the State Land Office.

In light of the COVID-19 pandemic, Commissioner Garcia Richard has taken part in a variety of digital events and spoken on several panels, some hosted by other organizations, and several hosted by the State Land Office.



## ASSISTANT COMMISSIONER **ANGIE POSS**





The State Land Trusts Advisory Board assists the State Land Commissioner 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 represents agriculture, extractive industries, and conservation interests. Two members serve at large. The members are appointed by the Commissioner and confirmed by the New Mexico State Senate to serve six-year terms.

## CURRENT MEMBERS:

**Patricia L. Quintana** (Current Board President) was appointed to represent the agricultural community and has vast experience in farming, ranching, and rural land and water issues.

TERM: January 2017 - December 2022

**Samuel T. Smallidge** represents the beneficiaries and serves as the Wildlife Specialist for the Cooperative Extension Service at New Mexico State University (NMSU). He also serves as the Coordinator of the Range Improvement Task Force (RITF) at NMSU.

TERM: January 2016 - December 2021

**Anthony Casados** represents the beneficiaries. Mr. Casados has been an educator for 30 years and brings that experience to the Board.

TERM: January 2017 - December 2022



State Land Trusts Advisory Board Meeting - December 2019, New Mexico Tech

Hobbs oilman and community leader **Mark Veteto** was appointed to the State Land Trusts Advisory Board representing the extractive industry.

TERM: January 2017 - December 2022

Mountainair conservationist **Dierdre "Dee" Tarr** was appointed to the State Land Trusts Advisory Board in early 2018 to represent conservation interests.

TERM: January 2018 - December 2023

**Royce "Pancho" Maples** represents the general public. He served as an Air Defense officer in the U.S. Army and New Mexico Army National Guard. His last assignment was as Commander, 1st Bn (Avenger), 200th ADA.

TERM: January 2016 - December 2021

**Randal "Randy" Rabon** was appointed to represent the general public. Mr. Rabon is a lifelong resident of Alamogordo where he owns and operates several businesses.

TERM: January 2017 - December 2022

In recognition and acknowledgement of their hard work and public service, we recognize these State Land Office employees that reached important career milestones during FY 2020.

## 5 YEARS SERVICE

Barbara Griego  
Angel Lujan  
Melissa Chavez  
Faith Ingwersen Crosby  
John Winscott  
Daniel Chavez  
Cindy Olivas

## 10 YEARS SERVICE

Shirley Sandoval  
Roddy Martinez

## 15 YEARS SERVICE

Joann Roybal  
Nicholas Jaramillo  
Jared Hernandez

## 20 YEARS SERVICE

Willie Lucero  
Eric Armijo

## 25 YEARS SERVICE

Paul Rivera

## 35 YEARS SERVICE

Stella Sanchez

thank you!





\*All photos depicting the Commissioner or State Land Office staff in groups, in person were taken prior to March, 2020.





**OPEN  
FOR  
BUSINESS** Agriculture  
Land Stewardship  
Renewable Energy  
Outdoor Recreation  
Oil, Gas, and Minerals  
Business Development

## NEW MEXICO COMMISSIONER OF PUBLIC LANDS

In FY 2019 and 2020, the State Land Office has raised

**\$2,174,414,627**

for New Mexico public schools, universities, and hospitals!

S T E P H A N I E   G A R C I A   R I C H A R D



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