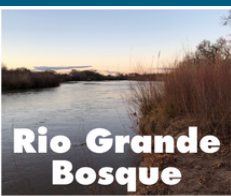


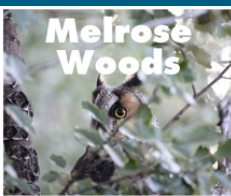
Moon Mountain



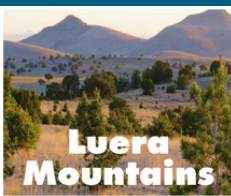
Gila Box



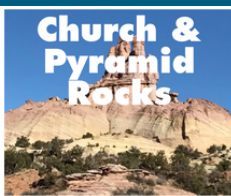
Rio Grande Bosque



Melrose Woods



Luera Mountains



Church & Pyramid Rocks



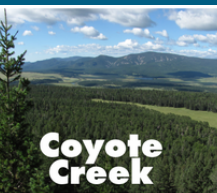
White Peak

FY21 ANNUAL REPORT

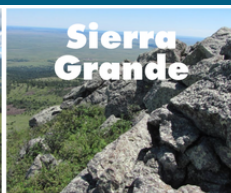
NEW MEXICO STATE LAND OFFICE



COMMISSIONER STEPHANIE GARCIA RICHARD



Coyote Creek



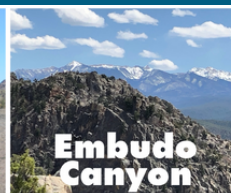
Sierra Grande



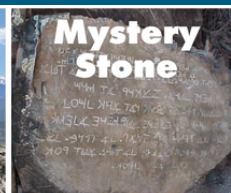
Continental Divide Trail



Tri-State Point



Embudo Canyon



Mystery Stone



San Lorenzo Canyon

NEW MEXICO STATE LAND OFFICE

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A MESSAGE FROM COMMISSIONER STEPHANIE GARCIA RICHARD

Running to serve as your Commissioner of Public Lands came with tackling a lot of firsts: I'm the first woman, Latina, and educator to hold the second most influential position in New Mexico.

We decided on day one we wouldn't stop with history-making achievements. Thanks to the 160 talented and dedicated staff members at the State Land Office, we increased transparency, cut the red tape, and delivered groundbreaking wins for New Mexicans, our public lands, and our beneficiaries.

For a third consecutive year, we have earned over a billion dollars on behalf of New Mexico's schools, universities, and hospitals while saving New Mexico's working families an average of \$1,500 a year.

"DESPITE COVID-RELATED SETBACKS AND MARKET UNCERTAINTY AROUND OIL AND ECONOMIC DEVELOPMENT IN FY21, WE STILL SUCCESSFULLY SHATTERED OUR PREVIOUS FY19 REVENUE RECORD EARNING \$1.25 BILLION AND STOPPED THE FALLOUT FROM THE NATIONWIDE RECESSION!"
- COMMISSIONER SGR

Every year we put more and more pressure on the oil industry to make billions of dollars for our state, but what happens when this boom goes bust? This year, we enlisted the help of two independent and highly respected research firms

to help answer that question. We learned we are dangerously close to another financial crisis over oil and gas bonding inadequacies. Thanks to the Center for Applied Research's Bonding Gap Study, we know the State is short over \$8 billion in bonds to remediate over 60,000 wells, 35,000 miles of pipeline, and other infrastructure. Our work with O'Donnell Economics and Strategy of Corrales found that in the event of a bust, a full-fledged oil and gas remediation industry, focused on plugging wells and other site clean-up, could generate \$4 billion in wages, create 65,337 jobs, and boost state revenue by \$541 million.

We are working to increase our bonds at the State Land Office and in an effort to hold bad actors accountable, announced the first Accountability and Enforcement

MAKING HISTORY & BREAKING RECORDS A LIST OF LAND OFFICE FIRSTS ACCOMPLISHED WITH SGR

FIRST...

- to earn over \$1 billion dollars in one year, and we've done it 3 years in a row.
- Office of Renewable Energy - tripling renewable wind and solar capacity on state trust land.
- to end the use of fresh water for oil and gas activities and establish a Water Bureau to ensure water is appropriately safeguarded and not a free resource as in the past.
- law passed to hold Land Commissioners accountable, end backroom deals, mandate public meetings, and guarantee transparency.
- Accountability & Enforcement Program to hold bad actors accountable and ensure remediation and removal of abandoned wells and infrastructure, saving New Mexicans millions in cleanup costs.
- Office of Outdoor Recreation and first time allowing dispersed camping and backpacking on state trust land.
- Cultural Resources Office and initial official rulemaking to mandate cultural property surveys for new development.
- to sign an executive order halting future leasing around the Greater Chaco Region.
- to modernize all aspects of the State Land Office, including accepting credit and debit cards for payment for the first time.
- to land Netflix and prioritize economic diversification to lessen our dependence on extraction.
- woman, Latina, and educator to hold the title of Commissioner of Public Lands.



Program at the State Land Office. We are proactively completing systematic reviews of lessees' environmental compliance and requiring companies to abide by the reclamation and remediation terms of leases/rules. In FY21, we successfully required the plugging and remediation of 25 oil and gas wells and over 7,000 acres of state trust land, ensuring companies – not taxpayers pay for cleanup.

After establishing the Office of Renewable Energy in 2019, I challenged our staff to triple the footprint of renewable projects on state trust land. In just three years, I am proud to report that we will not only meet that goal, we're on track to exceed it!

In FY21, we executed seven additional renewable energy leases including the first-ever municipal renewable energy utility lease and were honored to participate in the Community Solar Working Group. Since the passage of the New Mexico Community Solar Act, our office has already received fifteen new applications for community solar projects throughout New Mexico.

In our continued effort to diversify revenue, we launched major economic development projects including the expansion of Netflix's global production center on 130 acres of trust land at Mesa del Sol and the initial lease for Prewitt Business Park at the former Escalante Generating Station in McKinley County. We continue to work with Bernalillo County on the 630-acre recreational complex that supports youth sports programs, NM United soccer practice fields, and LiveNation concerts.

We have added over fourteen premier public land destinations on state trust land for people to enjoy, expanded backpacking in the Luera Mountains and dispersed camping in White Peak, worked with the City of Albuquerque and the Valle de Oro National Wildlife Refuge to expand access to the Rio Grande Bosque, and signed a four-year game and fish easement guaranteeing hunting and angling throughout New Mexico and investments to increase access on state trust land.

As we continue to develop outdoor recreation opportunities, stewardship and respect for the land remain at our core. As Land Commissioner, I am reminded daily how privileged we are to have access to such incredible public lands. I understand that comes with responsibility, and I acknowledge that state trust land was and is tribal land.

After nearly two years of meaningful conversations and consultations with tribal members throughout New Mexico, it was clear that for the first time at the State Land Office, we needed to go beyond protections for Chaco and Mt. Taylor to work with tribal nations to protect cultural properties throughout the state. This year, we created the new Cultural Resources Office to elevate the role of cultural protections and archaeology within the agency. We started official rulemaking to stop the destruction of cultural properties by mandating surveys prior to any new ground disturbing activity on state trust land.

I look forward to many more firsts as your Land Commissioner.

A handwritten signature in black ink that reads 'Stephanie'.

New Mexico State Land Office

A Brief History



Since its inception over 100 years ago, the New Mexico State Land Office has remained one of the most vital, self-sustaining state agencies in the Land of Enchantment. Charged with managing 9 million surface acres and 13 million mineral acres, the State Land Office raises billions of dollars to fund public schools, universities, and hospitals. The State Land Office's mission is to provide public institutions the money necessary to aid New Mexicans, while also protecting the health of state trust land so that it can always benefit future generations.



FACT

The Commissioner of Public Lands is not only the second most influential elected position in New Mexico, but the role was created before we had a Governor or statehood.

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. Nearly 50 years later, after losing the battle for statehood, Congressman Harvey B. Fergusson

New Mexico State Land Office

A Brief History



proposed legislation authorizing the granting of lands for certain purposes to the Territory of New Mexico.

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

Other provisions of the Fergusson Act included land grants designated to support additional beneficiaries, which are known today as New Mexico Public Schools, 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.



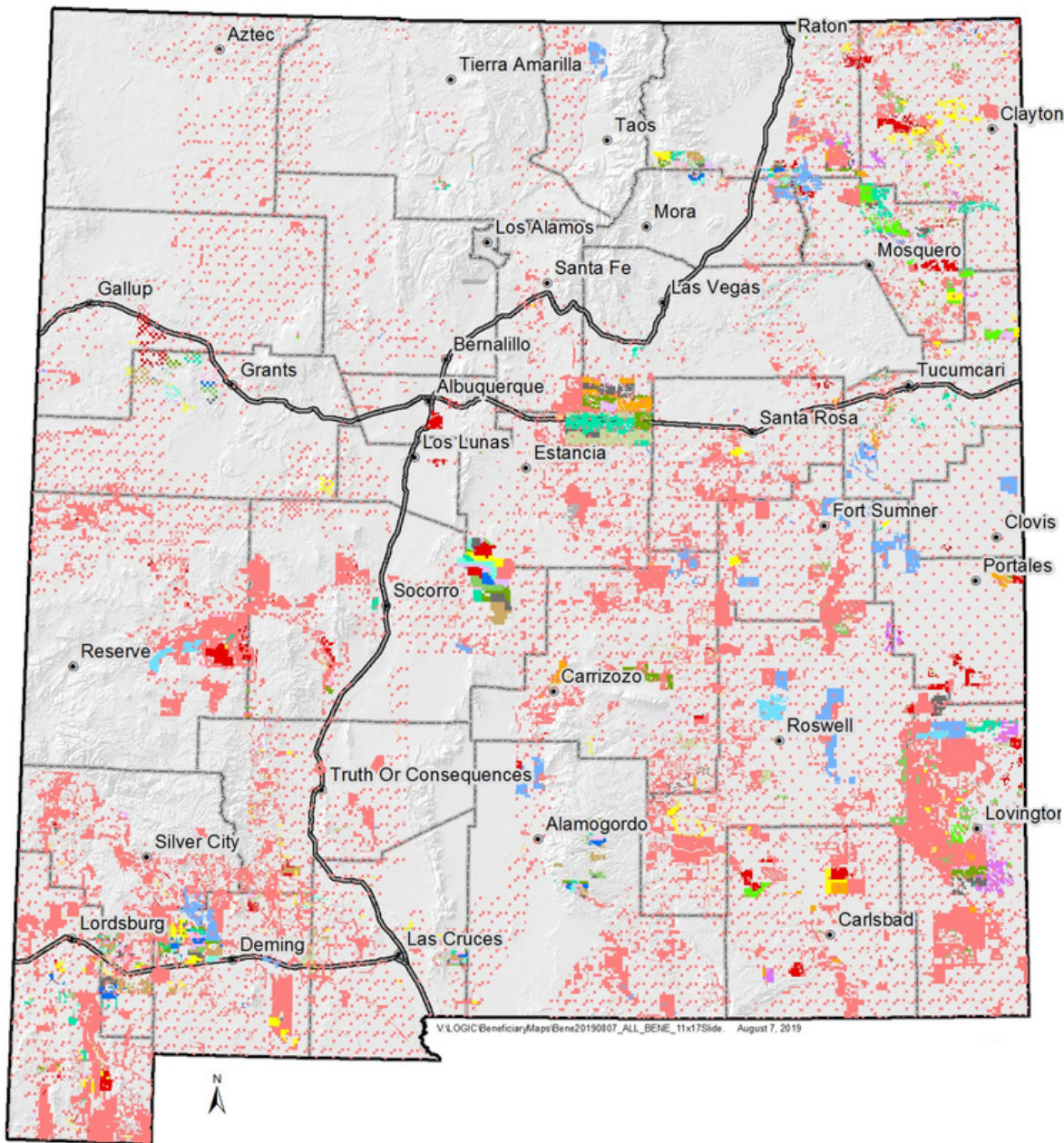
In 1899, Territorial Governor Miguel A. Otero urged the Legislature to activate the federal land grants and appointed the first Commissioner of Public Lands, Alpheus A. Keen.

The 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 the 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.

New Mexico State Land Office

State Land Trust Beneficiaries Land Status Map



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

New Mexico State Land Office

Beneficiary Acreage



BENEFICIARY	SURFACE ACREAGE	MINERAL ACREAGE
Common Schools	6,805,370	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
TOTAL	8,952,082	12,683,238

New Mexico State Land Office

Cultural Resources Office (CRO)



Over the last two years, Commissioner Stephanie Garcia Richard and Assistant Commissioner of Cultural Resources and tribal liaison, Rachael Lorenzo (Mescalero, Laguna) traversed the state, holding one-on-one conversations with tribes, tribal organizations, and the All Pueblo Council of Governors.

In discussions about how the State Land Office could best protect Chaco Canyon, the Office learned of over a century of ill-intentioned collaboration and consultation from previous Commissioners. Commissioner Garcia Richard heard the overwhelming request to establish genuine tribal consultation and in February 2021 announced the creation of the first-ever Cultural Resources Office.



The Office is tasked with stewarding the land for the beneficiaries in a way that consults, honors, and respects the heritage of our state's tribes, nations, and pueblos. The Office is responsible for taking the appropriate steps to protect not only archaeological remains, but also landscapes, viewsheds, and artifacts that hold cultural significance to tribal nations.



In FY21, the Office performed hundreds of archaeological reviews of lease applications and conducted twelve independent reviews for State Land Office projects.

The Office is working to reestablish positive working relationships with the 23 federally recognized tribal nations, the All Pueblo Council of Governors, the Bureau of Indian Affairs, and New Mexico's Indian Affairs Department. The Office will host its first Tribal Historic Preservation Officer Summit in Fall 2021.



Along with expanding protections around Chaco Canyon, the Office has started official rulemaking to protect cultural properties and require tribal consultation. The rule will be enacted by Spring 2022 and will require cultural property surveys prior to any new surface ground disturbance.

New Mexico State Land Office

Surfaces Resources Division (SRD)



The Surface Resources Division (SRD) is led by Assistant Commissioner Dana Vackar Strang and manages programs dealing with outdoor recreation, agricultural leasing, watershed and soil health, site remediation, illegal dumping, prescribed fire, and wildlife management.

In an effort to promote conservation and responsible development of trust resources in a cooperative and collaborative manner, the Surface Resources Division works with lessees, government agencies, and non-governmental organizations to ensure best practices and successful outcomes.

The Surface Resources Division provides field reviews and data analysis for all state land office projects including rights-of-way, minerals management, oil and gas frontier nominations, business leases, and land exchanges. In addition to staff in Santa Fe, the division employs approximately 15 District Resource Managers spread across New Mexico, collectively managing approximately nine million surface acres and thirteen million subsurface acres of state trust land.

OFFICE OF OUTDOOR RECREATION

To build on the success of the State Land Office's Open for Adventure program that was launched in 2019, Commissioner Stephanie Garcia Richard announced Craig Johnson would lead the **first-ever Office of Outdoor Recreation in 2020**.



In 2021, after a successful backpacking and dispersed camping pilot program in White Peak and the Luera Mountains, Commissioner Garcia Richard agreed to eliminate the permitting requirement for licensed White Peak hunters and double the number of backpacking permits in the Luera Mountains for the 2021-2022 season.

To date, fourteen premier destinations have been identified or expanded on state trust land and are open year-round to any valid state trust recreational access permit holder.

New Mexico State Land Office

Surfaces Resources Division (SRD)



OFFICE OF OUTDOOR RECREATION (CONTINUED)

Currently, the Office of Outdoor Recreation is working with applicants to develop a disc golf course at Maude's Canyon in Silver City, rock climbing opportunities in Kit Canyon in Roy, increase access in Embudo Canyon near Penasco, and add a fat tire bicycle trail network in northwest Rio Rancho.

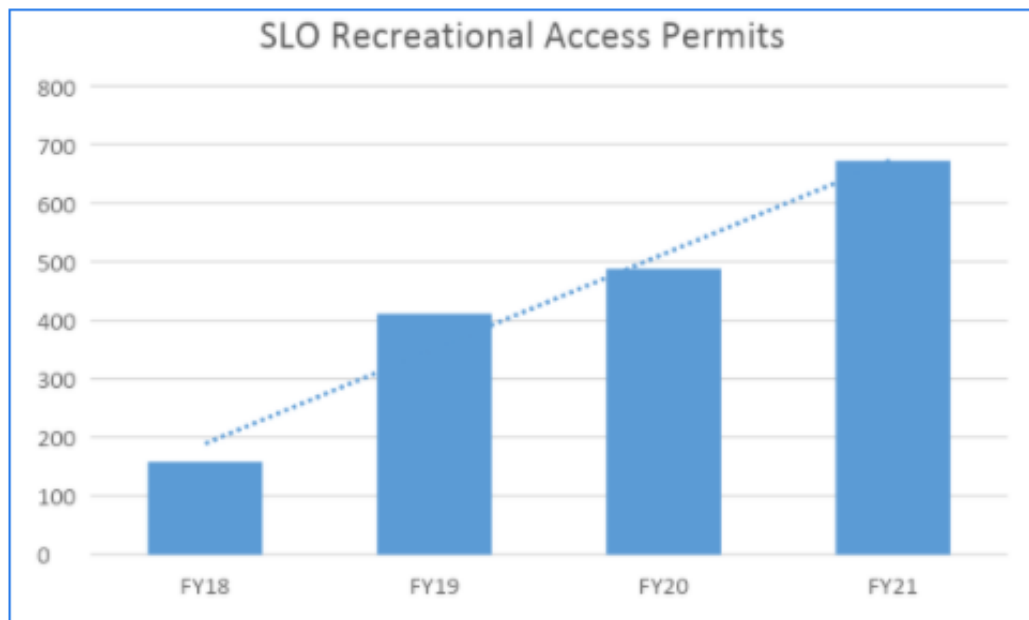
The Office continues to partner with Albuquerque's Open Space Division and the Valle de Oro National Wildlife Refuge to allow better access, restoration, and educational activities in the Rio Grande Bosque. In FY21, the Central New Mexico Audubon Society increased its work at Melrose Woods to expand site clean-up measures, restore habitat, and install educational trail signage.

The Office and the Open for Adventure program continue to see rapidly increasing numbers of permits being requested to access state trust land. In an effort to simplify the permitting process, an online portal for permit applications and payment processing was established on our website.

Ongoing collaborations with organizations like the Continental Divide Trail Coalition helped to establish an easy permitting process for thru-hikers traveling to the boot heel to begin a multi-state journey. These efforts translated into a 325% increase in permits issued when comparing FY18 (158) to FY21 (672).



The outdoor recreational access permits provided for the families of New Mexico 5th graders, by the New Mexico Wildlife Federation, continue to be offered at no cost.



New Mexico State Land Office

Surfaces Resources Division (SRD)



OFFICE OF OUTDOOR RECREATION (CONTINUED)

In January 2021, Commissioner Stephanie Garcia Richard and the New Mexico Department of Game and Fish Commission signed a 4-year easement (2021-2025) agreement to guarantee persons permitted by the Department of Game and Fish to access over eight million acres of state trust land.

Since 2020, this partnership has led to the following projects to increase access, restore native habitat, and protect wildlife:

- Improvements to the Luera Mountains Access Road in Catron County.
- A new Turkey Ridge campsite and fencing on Chupadera Mesa in Socorro County.
- The Canadian River native riparian vegetation establishment project in Harding and Mora Counties to plant several thousand willows and hundreds of cottonwood poles along the river bank for 2-3 miles.
- Ongoing collaboration for the protection of wildlife corridors.
- Increased number of access points including signage and gate installation.
- Modifications of 6 miles of sheep net-wire fence to a wildlife-friendly design in Southeast New Mexico, directly improving pronghorn habitat. The picture to the right is of pronghorns crossing through a once impassable fence.



AGRICULTURAL LEASING BUREAU

In FY21, the Agricultural Leasing Bureau renewed 562 GO-series agricultural leases. These leases are valid for a 5-year period, running from October 1, 2021 through September 30, 2025. Thanks to State Land Office technology investments in 2020 and 2021, the Agricultural Leasing Bureau increased its ability to serve our customers through online engagement to assist with the renewal process and conduct virtual notary services.

New Mexico State Land Office

Surfaces Resources Division (SRD)



AGRICULTURAL LEASING BUREAU (CONTINUED)

In order to improve and streamline the FY22 agricultural leasing renewal process, the Bureau announced in June 2021 that lessees could pay their future annual agricultural leasing rental renewal online by credit card or electronic check and eliminated the appraisal form and requirements for a separate appraisal for renewal.

For the fourth year in a row, there was a reduction in agricultural leasing rental fees. The calculation of the rent formula, which is defined in Rule 8-Relating to Agricultural Leases, is based on the carrying capacity and an adjustment factor to track economic conditions from year to year (known as the Economic Variable Index or “EVI”) to establish a market value rental.

Agriculture Leasing Revenue FY 2017 – 2021

INCOME-SOURCE	FY2017	FY2018	FY2019	FY2020	FY2021
Grazing (\$)	10,750,474	11,104,763	10,312,071	9,960,462	9,080,576.

Note: The reduction in grazing fees received in FY21 compared to FY20 is based on annual changes to the Economic Variable Index and its impact to the rental formula.



Commissioner Garcia Richard with State Land Office Ag Advisory Committee Chair, Bill Sauble.

New Mexico State Land Office

Surfaces Resources Division (SRD)



LAND GRANT PARTNERSHIPS & TRADITIONAL USE PERMITS

After decades of the State Land Office not engaging with Land Grants and the Land Grant Council, that all changed in 2019 when the federal government halted firewood collection due to an owl protection order. Commissioner Garcia Richard and SRD staff jumped into action to provide inexpensive fuelwood collection permits, and we haven't stopped.

Since then, the State Land Office has rejoined the Land Grant Council discussions and our specialists have engaged in three fuelwood projects to benefit eight Land Grants and nearby communities. The first and still ongoing project on state trust land is with San Joaquin del Rio Chama and Tierra Amarilla Land Grants. The fuelwood area is 86 acres and an estimated 172 cords of wood will continue to be made available to the heirs of the Land Grants.

The second project beginning in FY21 is a project with the Santa Barbara land grant-merced and Taos County. This project will replicate the forest mayordomo model that was piloted by the Cerro Negro Forest Council and Rio de las Trampas Forest Council, providing locals much-needed access to firewood cutting areas while improving forest health and reducing the threat of catastrophic wildfire. The Santa Barbara Land Grant is currently recruiting 10 community members to act as leñeros (woodcutters) for the project. Each leñero will be allotted a one-acre block within the project area, and they will thin each unit per a forester's prescription. There are 10-acres allotted for this initial pilot program with the option to expand into 50-acres of state trust land.

Finally, we have begun the planning stage for the 240-acre multiyear Bearcat Project in the Tijeras area in Bernalillo County. Partners include the Edgewood SWCD, the Land Grant Council, Tajique, Cañon de Carnue, Torreon, Chilili, and Manzano Land Grants.

In 2020, the State Land Office started offering \$10 Christmas tree cutting permits and \$5 sand gathering permits. Permit holders are allowed to remove one 15-foot tree and up to 20 gallons of sand per permit, which is enough to fill approximately 100 farolito bags. Seven staging areas have been made available across the state for sand gathering purposes. In 2021, arrangements were made to reopen the staging areas and offer the Christmas tree and sand collection permits to all New Mexicans.



New Mexico State Land Office

Surfaces Resources Division (SRD)



FY21 SURFACE RESOURCES PROJECTS

In 2017, the Legislature created the "state trust lands restoration and remediation fund" to allow for up to one percent of our renewable revenue to be used to restore the health of our state trust lands.

In FY21, the Surface Resources Division completed a wide variety of projects to protect wildlife habitat, clean up legacy pollution and public safety issues, identify cultural properties, and help effectively manage the land.

There were 29 projects in FY21 that treated OVER 13,350 acres throughout 19 counties across New Mexico and cost the State Land Office \$1,087,075 out of the contractual budget and operation budget.



Above are the before and after cleanup photos of caliche pit 359. To the left is a photo from the Circle Cross forest thinning project.



New Mexico State Land Office

Surfaces Resources Division (SRD)



FY21 SURFACE RESOURCES PROJECTS (CONTINUED)

Type	# of Projects	# of Counties	# of Acres	Cost	SLO Funding Source
Archaeological Services	12	10	4,062	\$176,660	Contractual Services
Forestry/Mechanical	3	3	842	\$386,012	Contractual Services
Habitat: Noxious weeds/invasive	3	2	7,127	\$238,352	Contractual Services
Illegal Dump Cleanup	2	1	6.55	\$40,663	Contractual Services
Recreational Access	1	1	10	\$24,457	Operations Budget
Monitoring/Consulting	6	6	1,286	\$156,190	Contractual Services
Demolition	2	2	16.5	\$64,741	Contractual Services



The photo to the left is of 74-acre Maude's Canyon Restoration Project in Grant County, after the completion of juniper tree thinning that cost the State Land Office \$59,400.00 out of the contractual services budget.

New Mexico State Land Office

Commercial Resources Division (CRD)



The Commercial Resources Division is under the direction of Assistant Commissioner Steve Vierck and oversees commercial leasing, land exchanges, economic development, and rights-of-ways.

Currently, commercial leasing covers economic development, business leases, billboards leases, telecommunication site leases, affordable housing developments, 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 and beneficiaries equally benefit economically from the leasing of state trust lands for business enterprises and infrastructure including water, roads, electricity, and telecommunications facilities. Passage of House Bill 176 during the 2020 Regular Legislative Session extended the maximum lease term of a municipal or county economic development lease from 25 years to 40 years.

Among the most significant Economic Development leases executed was a sublease to Netflix at Mesa of 130 acres within an economic development lease to the City of Albuquerque. Netflix plans to construct one of the largest film production facilities in the world, consisting of up to 10 sound stages, post-production services, and backlots on the leased state trust land and adjacent private land. Nearly 1,000 production jobs are projected for their expanded operations along with almost 1,500 construction jobs.

Each acre of state trust land has an assigned beneficiary – meaning when revenue is raised on that land, it goes directly to the assigned beneficiary or public institution.

Netflix will financially benefit the University of New Mexico to the tune of over \$24 million over the 40-year lease.



New Mexico State Land Office

Commercial Resources Division (CRD)



ECONOMIC DEVELOPMENT (CONTINUED)

The Office executed a 40-year governmental lease with Bernalillo County for a regional Recreational Complex. It will be a major recreational/entertainment complex with dozens of youth soccer and football fields, as well as practice fields and facilities for the New Mexico United professional soccer team. The lease will also continue the use of leased state lands for live music performances at the amphitheater.

Another noteworthy economic development/municipal lease was the planning and assessment lease for Prewitt Business Park at the former Escalante Generating Station in McKinley County.

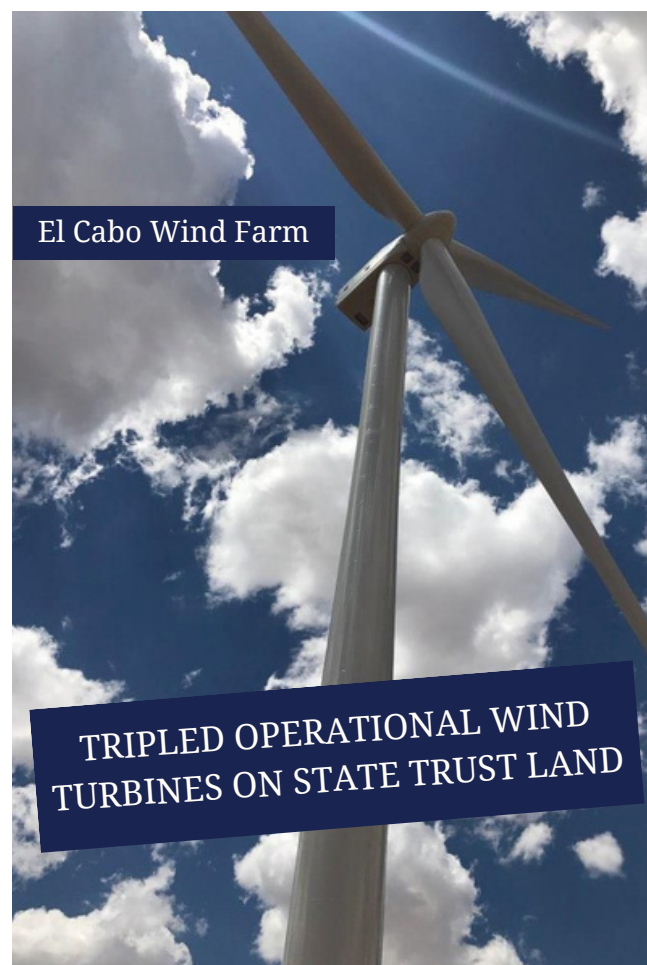


OFFICE OF RENEWABLE ENERGY

While the Office of Renewable Energy is a newly-formed wing of the State Land Office, they have been building renewable energy capacity on state trust land in leaps and bounds! In addition to new wind and solar projects coming online and plugging into the grid, the Office of Renewable Energy has been successful at bringing new project leases forward to create a steady stream of renewable energy project growth on state trust land for decades to come.

In February 2021, the State Land Office more than tripled the number of wind turbines in operation on state trust lands when La Joya Wind Farm commenced commercial operations of their 306-megawatt wind farm in Torrance County.

In this large renewable energy generation facility, 74 turbines are located on trust land with a combined power output of 207 megawatts.



New Mexico State Land Office

Commercial Resources Division (CRD)



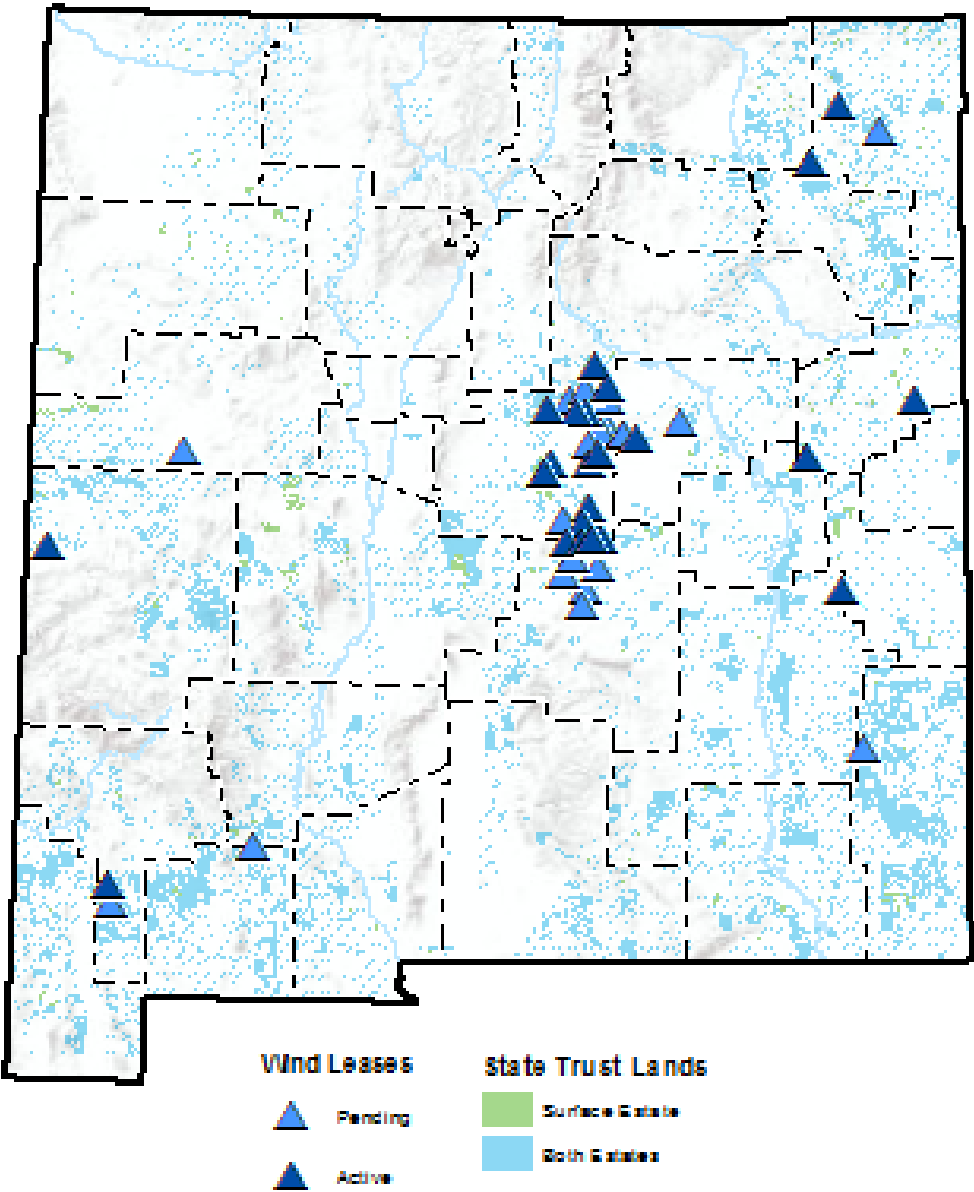
OFFICE OF RENEWABLE ENERGY (CONTINUED)

Previously built and operational wind farms include El Cabo, also in Torrance County, with 21 megawatts of capacity on trust land added in 2017.

The San Juan Wind Farm (2006) in Chaves County and Roosevelt County includes 46 megawatts on trust land. In Quay County, there are two wind farms on trust land: Caprock Wind (2004) includes 4 megawatts, while the NM Wind Energy Center (2003) hosts 24 wind turbines on trust land.

In total, 302 megawatts of wind power capacity are now operational on state trust land.

Active and Pending Wind Leases on State Trust Lands



New Mexico State Land Office

Commercial Resources Division (CRD)



OFFICE OF RENEWABLE ENERGY (CONTINUED)

The Buena Vista Solar Energy Center in Otero County is a 120-megawatt solar array and 50-megawatt battery energy storage system that will be built in 2021 and operational by May 2022. Completion of this project will triple the capacity of solar energy projects operating on state trust land.

The State Land Office also has two 10-megawatt projects in Lea County (Monument and Lea Solar, 2011), a 49-megawatt solar project in Luna County (Macho Springs Solar, 2014), and a 2-megawatt project in Bernalillo County (Eubank Landfill Solar, 2012).

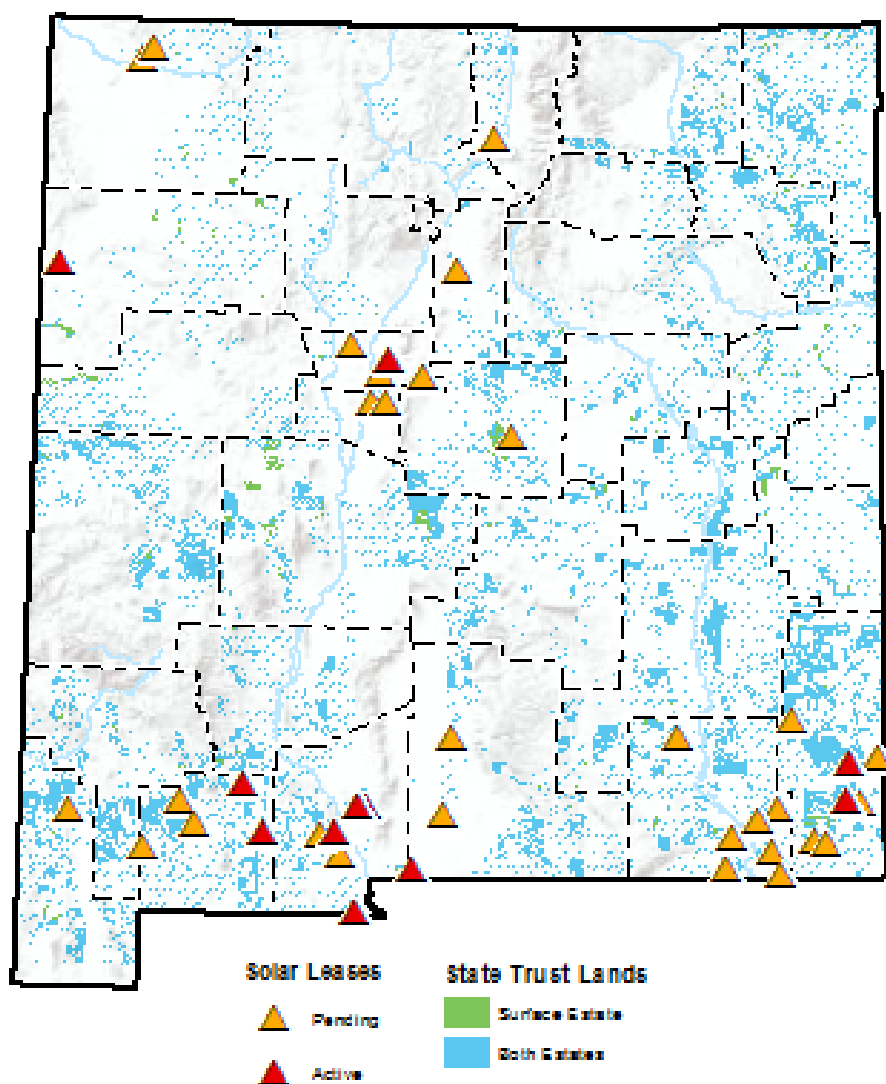
Commissioner Garcia Richard also approved the first-ever municipal renewable energy utility lease. The four solar generation sites are a part of the City of Las Cruces' "Green Initiative."

Currently, there are 71 megawatts of solar power generating on state trust land, and by 2022, the number will triple to over 241 megawatts.

In addition to the wind projects currently generating renewable energy for the New Mexico and regional electric grids, the State Land Office has a robust portfolio of 18 active leases for planned wind and solar energy projects.

These projects include eleven leases for wind energy with a combined capacity of 321 megawatts and seven leases for solar energy expected to provide 262 megawatts of power.

Active and Pending Solar Leases on State Trust Lands



New Mexico State Land Office

Commercial Resources Division (CRD)



OFFICE OF RENEWABLE ENERGY (CONTINUED)

In 2021, Commissioner Stephanie Garcia Richard signed one new wind energy lease in Catron County for the Borderlands Wind Farm and five new solar energy leases, one in McKinley County and four in Dona Ana County.

The pipeline of new applications to lease trust land for wind and solar projects is similarly robust with 2,275 megawatts of potential wind energy leases and 3,968 megawatts of solar energy leases under review by the Commissioner and the Office of Renewable Energy. Applications to lease trust land include 31 leases for community solar projects, consisting of projects approximately 40 acres on average.



AFFORDABLE HOUSING

In response to calls from communities across New Mexico seeking affordable housing solutions, Commissioner Garcia Richard made the decision to prioritize affordable housing on state trust land in New Mexico's urban areas.

Along with working with the City of Las Cruces, City of Santa Fe, and Santa Fe County to determine future needs, in December 2020, Commissioner Garcia Richard signed a deal for the Luminaria Senior Apartments – a subsidiary of the Greater Albuquerque Housing Partnership. The project will consist of 92 one or two-bedroom units serving low-income seniors (55+), with rents fixed for between 30% and 60% of the average median income.

FROM THIS...

TO THIS!!!



New Mexico State Land Office

Commercial Resources Division (CRD)



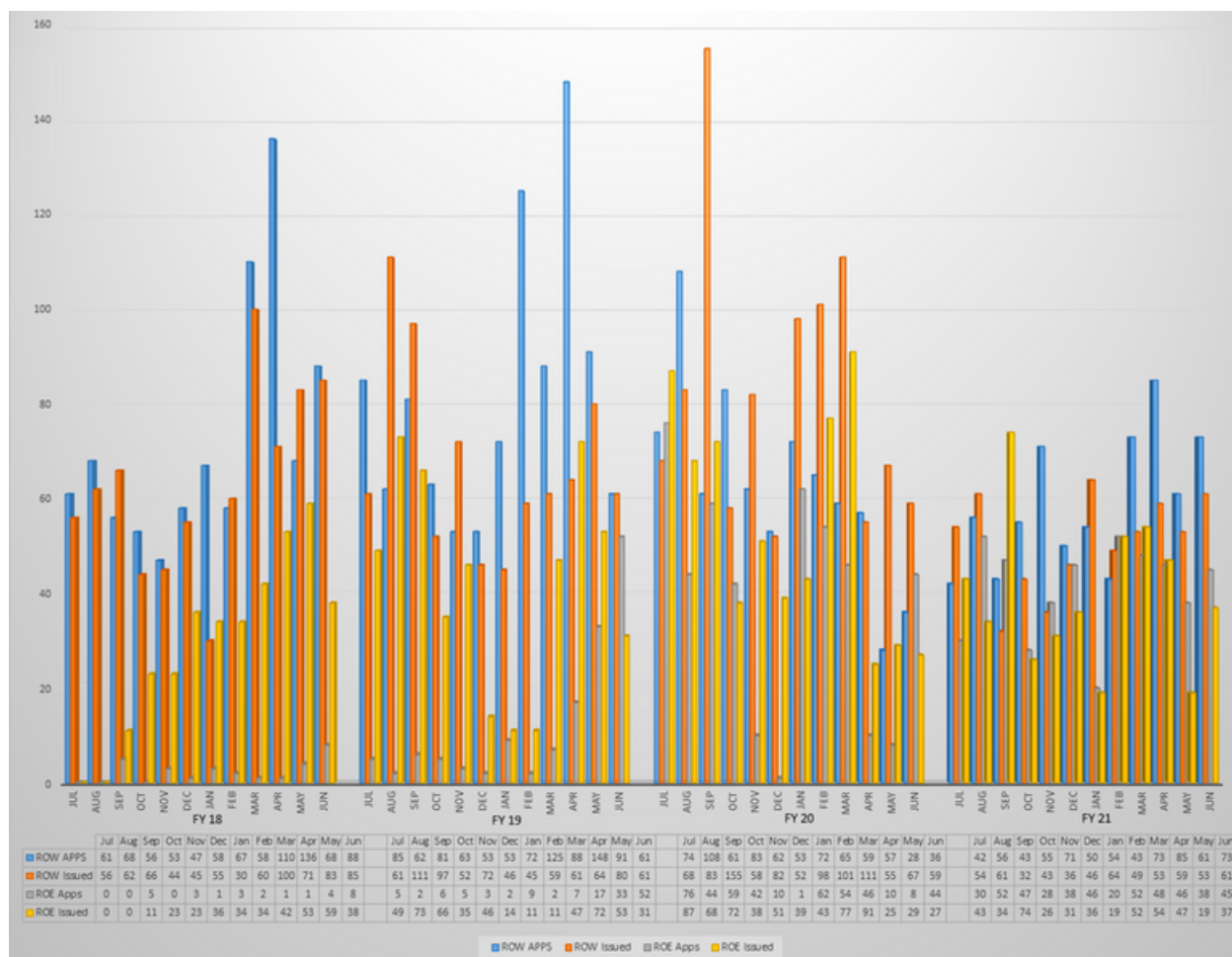
RIGHTS-OF-WAY

Rights-of-way and rights-of-entry applications totaled 1,196 in FY21, representing only a slight drop of 1.5% from FY20. Rights-of-way applications dropped by 7% while rights-of-entry actually increased by 7%. Overall, executed rights-of-way and rights-of-entry in FY21 fell by 34% from FY20. Rights-of-way and rights-of-entry revenues totaled \$10.2 million. Nearly 80% of Rights-of-Way revenues were for pipeline easements.

Significant progress was made in reducing the average process time from 120 days to 75 days, a 38% reduction.

BUSINESS LEASING

The Commercial Resources Division performed analyses for 90 newly executed business leases in FY21.



New Mexico State Land Office

Commercial Resources Division (CRD)



BUSINESS LEASING (CONTINUED)

The Commercial Resources Division also completed the five-year review and reissuance of billboard permits totaling 84 billboards on state trust land.

LEGEND

CM	COMPRESSOR SITE
EL	ELECTRICAL LINE
EP	ELECTRICAL POWER RELATED
GO	GOVERNMENT
MM	MAINTENANCE/METERING SITE
OG	OIL & GAS RELATED
PP	PIPELINE
PL	PIPELINE
PC	PIPELINE HYDROCARBON
PR	PIPELINE WATER
RE	RESIDENTIAL
R1	ROAD
RD	ROAD
SD	SALTWATER DISPOSAL
SL	SOLAR ENERGY
TC	TELECOMMUNICATION
TL	TELECOMMUNICATION
OTHER	OTHER

RIGHTS OF WAY INCOME BY SOURCE				
	FY2018	FY2019	FY2020	FY2021
	\$	\$	\$	\$
CM	-	2,500.00	-	-
	\$	\$	\$	\$
EL	117,519.34	710,358.99	5,775,164.13	179,199.10
	\$	\$	\$	\$
EP	15,601.79	-	89.95	-
	\$	\$	\$	\$
GO	-	-	800,000.00	-
	\$	\$	\$	\$
MM	-	-	50,000.00	-
	\$	\$	\$	\$
OG	1,500.00	3,018.00	2,310.00	-
	\$	\$	\$	\$
PP	2,500.00	16,901.20	5,207.20	-
	\$	\$	\$	\$
PL	5,622,833.64	9,712,303.69	12,227,762.03	2,717,754.57
	\$	\$	\$	\$
PC	4,674,989.78	5,074,462.85	12,730,542.47	4,204,048.14
	\$	\$	\$	\$
PR	2,754,733.20	2,998,791.91	2,414,891.26	1,260,022.59
	\$	\$	\$	\$
RE	-	-	100,000.00	-
	\$	\$	\$	\$
R1	1,228,182.02	1,198,031.34	1,788,772.56	1,749,337.04
	\$	\$	\$	\$
RD	11,074.80	19,514.00	-	18,641.30
	\$	\$	\$	\$
SD	108,356.92	138,476.99	402,121.90	22,529.80
	\$	\$	\$	\$
SL	-	-	116,573.00	-
	\$	\$	\$	\$
TC	144,323.51	37,929.61	76,381.70	75,826.57
	\$	\$	\$	\$
TL	-	-	-	15,545.13
	\$	\$	\$	\$
OTHE	69,924.24	28,183.74	392,525.33	
R	\$	\$	\$	\$
	14,751,539.24	19,940,472.32	36,882,341.53	10,242,904.24

New Mexico State Land Office

Office of the General Counsel



LEGAL DIVISION

The State Land Office General Counsel, Ari Biernoff, and the Legal Division advise the Commissioner and staff and annually receive and fulfill hundreds of requests from every State Land Office division for legal advice, troubleshooting, and representation.

The Division's 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, conduct business negotiations, and provide guidance on a variety of legal matters. Currently, the Division is handling more than 100 active matters, including overseeing official internal rulemaking like the Cultural Properties Rule to require cultural property surveys prior to any new ground disturbance on state trust land.

State Land Office attorneys also appear in court and in administrative proceedings on behalf of the Commissioner and the State Land Office. The Division is presently representing the Commissioner and the agency in nearly two dozen active matters in New Mexico state district courts and the New Mexico Court of Appeals.

ACCOUNTABILITY AND ENFORCEMENT PROGRAM

In the past, the State Land Office waited for environmental catastrophes to occur before taking legal action against bad actors. Commissioner Stephanie Garcia Richard changed that in November 2020 and directed staff to implement the first-ever Accountability and Enforcement Program.

The Accountability and Enforcement Program is proactively reviewing all active leases to determine if any pose an immediate environmental threat to the long-term health of state trust land.

To date, the program has filed 17 lawsuits against bad actors that refused to take action. Negotiations and legal action have led to the plugging of 25 oil and gas wells (50 total by December 2021) and remediation of 7,000 acres of state trust land. The companies responsible for the damage, rather than New Mexicans, are properly covering the millions in cleanup costs.



New Mexico State Land Office

Mineral Resources Division (MRD)



Assistant Commissioner Greg Bloom oversees the Mineral Resources Division (MRD) at the State Land Office, which incorporates two divisions: Oil, Gas, and Minerals Division (OGMD) and Royalty Management Division (RMD). Collectively in FY21, these two divisions brought in just under \$1.2 billion in revenue.

OIL, GAS, AND MINERALS DIVISION

The Oil, Gas, and Minerals Division has three main bureaus: Minerals, Water, and Oil and Gas Operations. OGMD administers the State Land Office monthly oil and gas lease sale and manages all activities involving oil, natural gas, carbon dioxide, industrial aggregates, water, caliche, coal, potash, salt, geothermal energy, and other natural resources on state trust land.

In FY21, OGMD oversaw 6,800 oil and gas leases, approximately 262 mineral leases, and 567 fresh water and salt water disposal easements together covering nearly 2.3 million acres of state trust mineral estate. OGMD staff prepared 16 mineral evaluations for land exchanges and renewable energy projects in FY21.

The Minerals Bureau manages approximately 262 leases comprised of coal, salt, industrial minerals, potash, general mining, geothermal resources, and special-use reclamation agreements covering more than 111,021 acres. Over \$8.8 million in rent and royalty income was generated from these resources in FY21. The Minerals Bureau also processes special use agreements, lease renewals, expirations, relinquishments, rejections, cancelations, reconciliation, bonding, and site inspections.

The Minerals Bureau continues to lease sand and gravel resources and has had great success in the caliche re-mining and reclamation initiative, which incentivizes mining for caliche on previously disturbed state lands. In FY21, over 70 acres of previously mined state trust land were reclaimed.

MINERALS FISCAL YEAR RENT & ROYALTY EARNINGS BY COMMODITY

COMMODITY	FY 2018	FY 2019	FY 2020	FY 2021
Sand & Gravel	\$2,309,685	\$1,752,147	\$1,940,368	\$1,770,995
Potash	\$2,872,451	\$2,484,062	\$2,673,220	\$1,945,610
Salt	\$102,295	\$62,570	\$69,885	\$27,429
Caliche	\$1,925,925	\$2,649,210	\$2,346,400	\$2,274,771
Coal	\$2,142,895	\$2,231,900	\$4,192,256	\$2,765,557
General Mining	\$230,895	\$189,689	\$107,828	\$60,405
Geothermal	\$14,411	\$11,017	\$10,017	\$10,018
TOTAL =	\$9,598,557	\$9,380,595	\$11,339,974	\$8,854,784

New Mexico State Land Office

Mineral Resources Division (MRD)



The Oil and Gas Operations Bureau administers all oil and gas leases, lease sales, assignments, compliance, administration of the Reduced Royalty Program, and review of unit and communitization agreements. Oil and gas lease sales are required monthly by statute and in FY21 were conducted online through EnergyNet, earning a total bonus income of nearly \$11 million for 132 leases encompassing 24,099.47 acres. - an average of \$451.98 per acre. Since issuing the emergency shut-in rule in July 2020, the Oil and Gas Bureau has allowed lessees to shut-in oil wells for a year in response to the temporary oil market crash during COVID. In FY21, an additional 39 applications to shut-in oil wells were received.

The Water Bureau pursued fourteen salt water injection well trespasses, three water easement trespasses and six salt-water disposal pore-space Settlement Agreements, and successfully closed out over twenty injection well sites. The Bureau recovered \$3.7 million in restitution for unpaid water volumes. In FY21, the Bureau processed 20 new Salt Water Disposal easements and over 130 renewals of both water and salt water easements. Revenue for beneficiaries increased by 25% to \$15 million. In December 2020, Commissioner Garcia Richard announced the State Land Office would be halting the commercial sales of fresh water for oil and gas development. This represents a major shift in the state land office's water policies to better ensure the long-term stewardship of state trust lands and natural resources by saving millions of barrels of potable water every year.

ROYALTY MANAGEMENT DIVISION

The Royalty Management Division is comprised of three bureaus: Processing, Compliance, and Audit responsible for receiving, processing, and auditing royalties from oil and gas leases. The Division brought in and distributed to beneficiaries over \$1.1 billion in FY21.

The Division successfully completed the conversion from the antiquated 1990s, mainframe-based ONGARD system to the modern, server-based RAPS to manage the billions in royalty revenue received at the State Land Office.

The Division had successive record-breaking royalty revenues of \$109 million in April 2021, \$115 million in May 2021, and \$133.5 million in June 2021.

The Compliance Bureau received over \$350,000 in collections for our beneficiaries. The Audit Bureau surpassed FY21 performance measures by nearly 150%, achieving \$4.4 million in audit collections.

New Mexico State Land Office

Mineral Resources Division (MRD)



OIL & GAS BONDING

Over the last two years, the State Land Office has taken numerous steps to help the state address the severe inadequacies in oil and gas bonding on state, private, and federal land. Along with trying to get bonding legislation passed in 2020, the State Land Office successfully convened a statewide working group comprised of 30 large and small oil and gas operators and producers, midstream, and water companies, State Land Office staff, and the Oil Conservation Division.

Working with invaluable data from State Land Office experts, working group members, the Public Regulatory Commission, and the Oil Conservation Division, the Center for Applied Research researched and conducted analysis independently on a statewide bonding inadequacy study.

In May 2021, the Center for Applied Research released the startling report that found that the cost of cleanup exceeds the available bonds by a staggering \$8.1 billion, a sum of money greater than the State of New Mexico's annual budget.

With more than 60,000 wells in the state and over 35,000 miles of pipelines, Commissioner Garcia Richard is committed to making sure that companies cover the cost of cleanup, not New Mexico taxpayers and the Land Office's beneficiaries.

The State Land Office announced in Fall 2021, they would begin the process of determining new bonding requirements. Along with holding public meetings over the next year (2022) in impacted communities throughout the state, the State Land Office will reconvene and expand the bonding working group to ensure bonding requirements are established with a complete understanding of what impacts an increase would have on the public, on our working families, and on New Mexico small businesses.



To access the report and learn more and/or provide comments, please visit www.nmstatelands.org/bonding.

New Mexico State Land Office

Administrative Services Division (ASD)



The Administrative Services Division (ASD) of the Land Office is overseen by Assistant Commissioner Selena Romero. The Division encompasses human resources, facilities management, records management, and information technology.

FACILITIES MANAGEMENT DIVISION

The State Land Office building opened in 1960 and is operated and maintained by the State Land Office's Facilities Management Division. The Division covers all maintenance, custodial services, security, as well as the Business Operations Center which includes a print shop, graphic design, mail services, and agency fleet management.

In FY21, the Division completed several capital outlay projects and received an appropriation to design, upgrade, repair, and replace the heating, ventilation, and air conditioning system at the Santa Fe office. The upgrade cost was \$180K and is expected to reduce the State Land Office's energy usage by about 50%. In an effort to be independent of the capital complex grid system, the transformers and electrical switchgear were also replaced at a cost of \$498K.



Finally, the State Land Office completed the parking lot and sidewalk renovation capital project at a final cost of \$627k.

The project included design, excavation of two to four feet of non-suitable fill, installation of a new structural mat and replaced sidewalks, re-paved the parking lot, installed a new gate control and access system, and laid the groundwork for new electrical conduits for future electric car charging stations.

New Mexico State Land Office

Administrative Services Division (ASD)



FACILITIES MANAGEMENT DIVISION (CONTINUED)

Facilities Management continues to provide Covid-19 support and safety improvements. A touchless standing thermometer was procured, and all employees and visitors are required to pass a temperature check before proceeding past the front desk. The building remains open to a few authorized employees based on business needs and scheduled visitors. In addition, Plexiglas shields were installed in various areas of the building that were deemed high traffic.

The Business Operations Center within the Facilities Management Division manages all State Land Office Vehicles (41 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 (approximately 121,328 copies were made in FY21), shipping and receiving, and also the management of all inventory and distribution of supplies in the State Land Office supply room.



RECORDS MANAGEMENT DIVISION

The Records Management Division plays a key role in assisting to identify lands that may be available to generate new revenue sources while preserving historical records and ensuring the business continuity of the land office.

The Records Management Division is the repository for all the original, legal documents relating to ownership, along with all the original, legal title interest documents, such as leases, rights-of-way, easements, and any related procedural documents.

These original documents, dating from as far back as the early 1900s through today, are held in a climate-controlled vault. They are recorded both manually in special ledgers or tract books, and electronically in the agency's specialized Land Information and Management System (LIMS) program. All title documents, along with procedurally related documents, are also scanned and digitally preserved.

New Mexico State Land Office

Administrative Services Division (ASD)



RECORDS MANAGEMENT DIVISION (CONTINUED)

During FY21, in support of Commissioner Garcia Richard's renewable energy initiative and other potential leasing opportunities, staff performed title search reports covering over 78,000 acres of state trust land providing valuable title and encumbrance information to assist the Commissioner and prospective lessees in selecting the most appropriate land for the intended use.

Access to State Land Office records is critical for potential lessees to continue to make informed bids and/or proposals for leasing. However, due to COVID restrictions, our agency's Public Room remained closed for most of the year. The Records Division staff successfully pivoted and went above and beyond to perform the research, and provide the documents digitally to the abstracters and landmen. This resulted in a 400% increase in responses to digital records requests. The Public Room is now reopened by appointment.

The Records Division also created and implemented audit procedures to verify correct state trust land ownership in the LIMS program, which will improve overall data integrity and availability, and to confirm restrictions placed on state trust land use in the LIMS program, which will enable staff to verify the land use for identifying and securing new revenue sources.

INFORMATION TECHNOLOGY DIVISION

- Improved service levels for computer support and enhanced computer security during a year of office closure.
- Completed RAPS platform conversion from IBM mainframe to same computing environment used for all other NMSLO computer systems.
- Completed operational transfer of all RAPS/ONGARD operations from DoIT to NMSLO personnel and internally hosted computing platforms.
- Completed digitization for all rights-of-way leases with adequate documentation.
- Continued expansion of GIS support for agency business decision-making through integration of imagery and customization for individual divisional needs.
- Completed transition to release model for all systems and built strong controls around test environments and release management resulting in nine successful RAPS releases and two LIMS releases.



New Mexico State Land Office

Administrative Services Division (ASD)



HUMAN RESOURCES DIVISION

The State Land Office employs nearly 160 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.

Since Commissioner Garcia Richard began her term, the land office vacancy rate has been reduced substantially from nearly 25% to 12% in FY19 and reduced further to 8% for FY20. Despite the COVID-19 pandemic consuming a majority of FY21, a hiring freeze implemented on most State positions, and several retirements, the State Land Office continued its recruitment efforts and finished FY21 with a 10.3% vacancy rate.

Despite COVID, we finished FY21 with a 10.3% vacancy rate, considerably lower than the State's average of 21.4%.

Recently, the Governor implemented mandatory COVID-19 testing for non-vaccinated State employees. The Division implemented a tracking system and over 80% of State Land Office employees have been vaccinated and the remaining employees are in compliance with providing weekly test results.

In addition to weekly testing, the Division has expanded its safety practices by purchasing a state-of-the-art infrared touchless thermometer for employees to utilize when entering the building and providing hand sanitizer and wipes for all employees in the building. The agency has had less than 1% of positive COVID-19 cases reported.

New Mexico State Land Office

Administrative Services Division (ASD)



HUMAN RESOURCES DIVISION (CONTINUED)

With most State Land Office employees teleworking, mandatory trainings were adapted online to include Civil Rights, IT Security Awareness, Defensive Driving, and First Aid. Our employees can participate in these online trainings and avoid the health risks associated with social gatherings.

The Division offers customized training to offer staff opportunities to develop appropriate skills, knowledge, and aptitudes to perform their jobs to the best of their abilities.

In a continued effort to celebrate all of the amazing work and accomplishments of our staff, we continue to issue the quarterly State Land Office newsletter. Since employees have not been in the office in over a year, the newsletter provides information submitted by employees such as home projects, pictures of their pets, and a monthly recipe to try.



In addition, there is a “HR Corner” and a “Benefit Corner” that highlights a benefit in HR and provides important updates or changes to benefits like the Employee Assistance Program.

Commissioner Garcia Richard has continued to maintain employee morale via agency-wide Zoom meetings and a monthly newsletter with staff acknowledgments for accomplishments, work anniversaries, and birthdays.

FY21 Service Awards

5 Years of Service

James White
Selena Romero
Evangelia Tsesmeli
Julie Sanchez
Jack Yates
Amy Velazquez
Francesca Fernandez
Carmen Mora

20 Years of Service

Tina Smith
Erik Chavez
Vincent Martinez
Danny Martinez

25 Years of Service

Fernando Roybal



New Mexico State Land Office

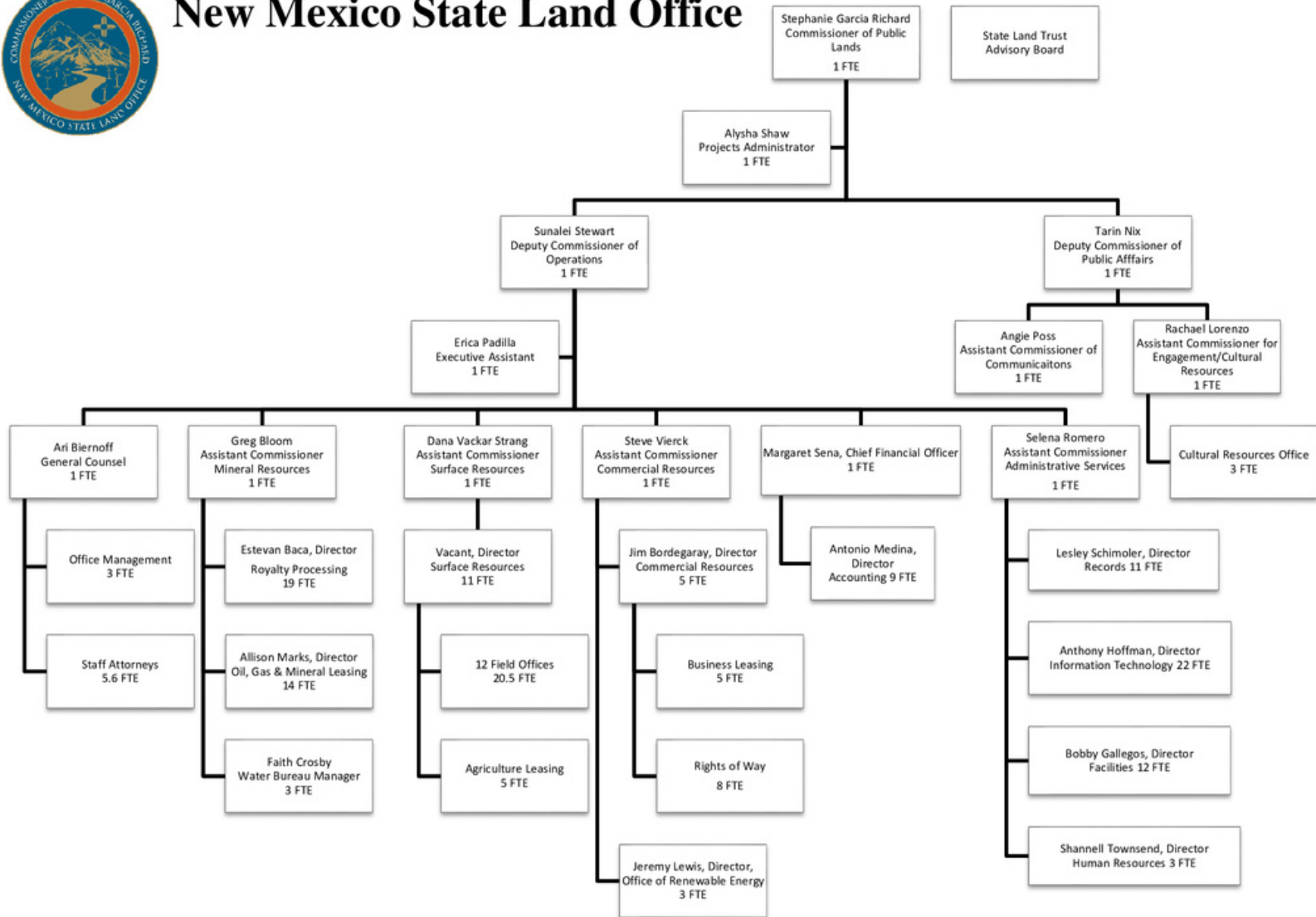
Administrative Services Division (ASD)



STATE LAND OFFICE ORGANIZATIONAL CHART



New Mexico State Land Office



New Mexico State Land Office

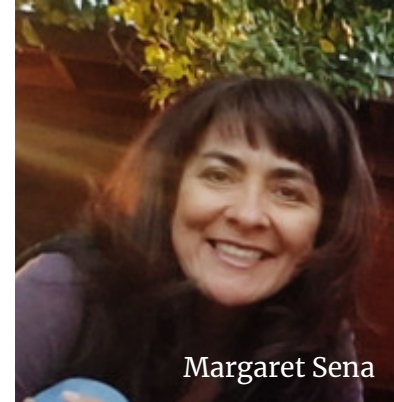
Office of Accounting



ACCOUNTING SERVICES

In 2020, understanding the GASB 87 implementation challenges on the horizon, Commissioner Stephanie Garcia Richard made the decision to create a standalone Office of Accounting to guarantee continuity and expertise throughout this multiyear process.

Commissioner Garcia Richard named our Director of Accounting, Margaret Sena, as the new Assistant Commissioner of Accounting.



The Office provides support services, financial control, and financial reporting activities and is responsible for ensuring compliance with the rules and policies of the Department of Finance and Administration, the State Treasurer's Office, and State Auditor's Office.

Compared to FY20, the Office oversaw a slightly increased budget of \$19,643 million for FY21 and exceeded FY20 revenue distributions by earning more than \$1.252 billion in revenue.

All revenue generated from over 35,000 active leases on state trust land is received, classified, and recorded by the Office of Accounting.

BENEFICIARIES	FY21 Land Maintenance Fund Distribution	FY21 Royalty Revenue sent to LGPF for investment on behalf of Beneficiaries	Total Distribution to Beneficiaries
1. Common Schools	\$ 41,762,187.01	\$ 1,124,527,489.98	\$ 1,166,289,676.99
2. UNM	721,739.04	3,481,970.00	\$ 4,203,709.04
3. Saline Lands	360.90	66,440.00	\$ 66,800.90
4. NMSU	734,177.11	443,456.34	\$ 1,177,633.45
5. WNMU	104,680.67	20,396.00	\$ 125,076.67
6. NMHU	124,346.39	20,396.00	\$ 144,742.39
7. Northern NM School	72,778.38	20,450.00	\$ 93,228.38
8. ENMU	155,978.41	52,610.00	\$ 208,588.41
9. NM Inst. Of Min. & Tech.	610,752.82	197,414.00	\$ 808,166.82
10. NMMI	701,453.85	13,086,757.00	\$ 13,788,210.85
11. NM Boys School	81,959.47	-	\$ 81,959.47
12. Miners Hospital	342,416.27	607,541.00	\$ 949,957.27
13. State Hospital	685,105.78	2,446,463.00	\$ 3,131,568.78
14. State Penitentiary	1,209,405.14	6,458,047.77	\$ 7,667,452.91
15. School for the Deaf	338,753.50	5,471,675.76	\$ 5,810,429.26
16. Sch. for Visually Hd.	353,170.31	5,470,277.00	\$ 5,823,447.31
17. C P & R	387,846.37	691,674.34	\$ 1,079,520.71
18. Water Reservoirs	529,461.96	498,484.00	\$ 1,027,945.96
19. Rio Grande Improve.	120,876.67	110,928.00	\$ 231,804.67
20. Public Buildings	1,176,620.09	20,750,241.00	\$ 21,926,861.09
21. Carrie Tingley Hospital	69,070.29	-	\$ 69,070.29
22. State Park Commission	-	-	\$ -
Total	\$ 50,283,140.43	\$ 1,184,422,711.19	\$ 1,234,705,851.62

New Mexico State Land Office

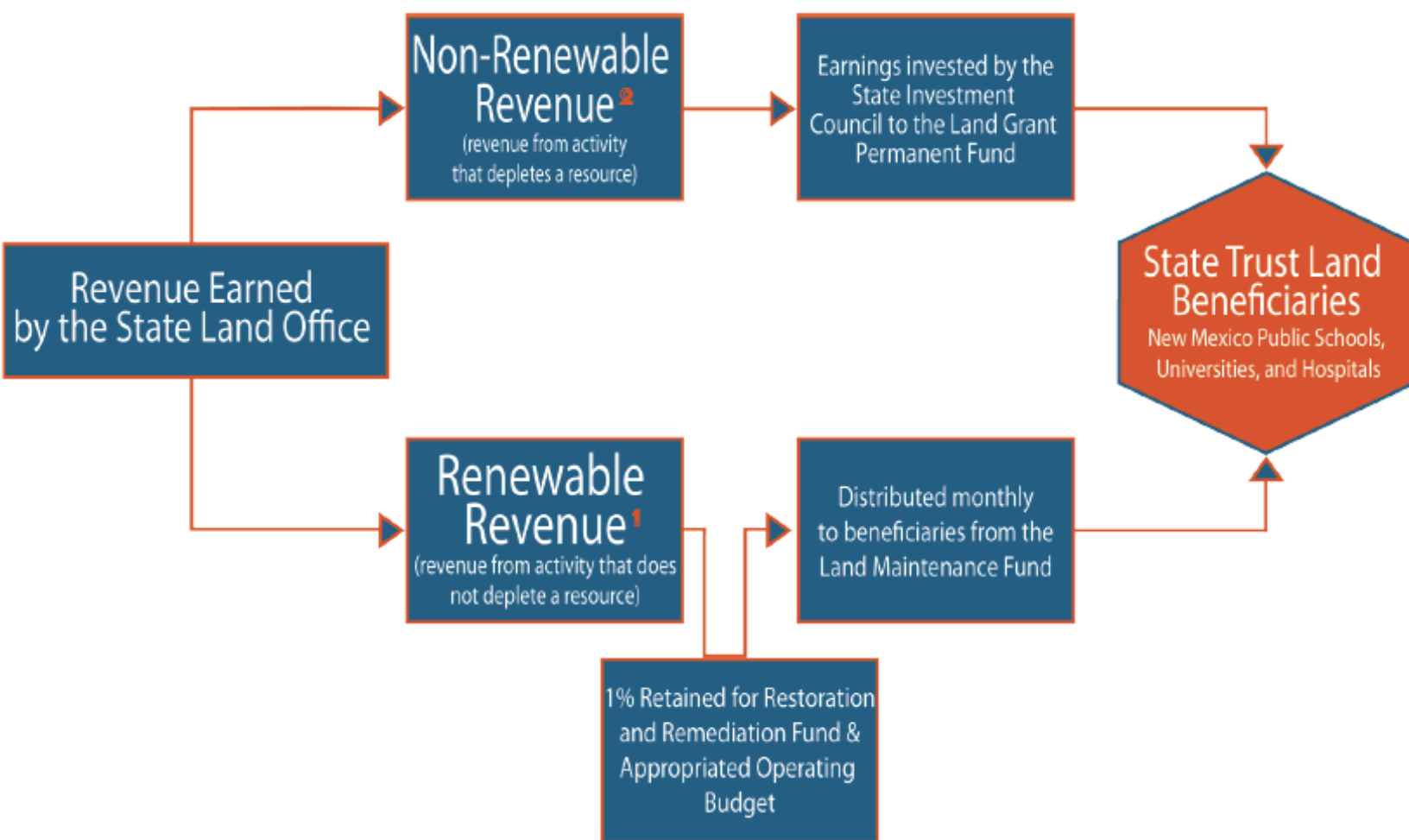
Office of Accounting



ACCOUNTING SERVICES (CONTINUED)

After paying operating expenses, the revenue recorded in the Land Maintenance Fund is directly disbursed to the assigned beneficiary. The revenue recorded in the Land Maintenance Fund is from renewable sources such as renewable energy, agriculture, business development leases, rights-of-ways, rentals, and other income.

The revenue recorded in the Land Grant Permanent Fund is derived from non-renewable sources such as royalties earned from oil, gas, and minerals or the sale of state trust 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.



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 State Land Office

Accounting Division



FY 18-21 REVENUE BY SOURCE: PART 1

INCOME-SOURCE	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2018	2019	2020	2021
RENTALS				
Sand & Gravel (M)	16,583	15,521	25,178.05	15,821.68
Special Use Agreements	5,035	1,952	2,752.47	1,913.10
Potash (M)	51,379	130,849	50,179.23	50,179.23
Grazing (S)	11,104,763	10,312,071	9,960,462.49	9,080,576.40
Salt (M)	1,128	1,288	1,223.04	2,927.37
Coal Rental (M)	17,205	12,905	13,905.00	12,905.00
General Mining (M)	209,140	173,799	100,175.10	60,215.20
Shut-in-Royalty (O/G)	28,271	6,817	41,230.36	111,520.95
Oil & Gas Rental	1,844,447	1,820,495	1,789,420.94	1,734,567.50
Oil & Gas Bounses (O/G)	106,972,234	142,023,222	20,802,647.64	10,982,773.00
Oil and Gas Int. (O/G)	3,428,934	1,592,837	2,641,860.00	2,842,471.00
Seismic Permits	-	-	31,420.00	91,080.00
Business Leases (C)	6,035,891	7,535,284	8,622,258.10	7,959,258.77
Business Lease Options	-	-	-	-
Land Use Restrictions	-	10,000	594,632.00	6,241.73
Billboards (C)	91,959	108,558	54,164.00	85,040.00
Geothermal Rental/Income (M)	14,412	11,018	10,017.95	10,017.95
Water (S)	3,596,187	2,071,585	3,392,616.60	6,622,852.22
Salt Water (C)	8,411,020	6,387,831	6,894,723.48	10,844,729.60
Right-of-Way (S)	15,368,147	24,709,358	39,019,832.52	12,662,817.99
Caliche (M)	6,791	12,943	12,546.54	12,426.80
Solar Energy	29,130	449,141	342,580.80	319,001.34
Wind Energy	37,748	406,685	885,273.60	1,363,497.32
Energy Transmission	-	-	-	-
Land Contracts Int. (C)	-	3,274	-	-
Gas Storage Units (C)	157,597	200,640	294,628.99	234,208.94
Fuel wood (S)	17,610	6,055	21,550.50	13,814.00
SUB-TOTAL RENTAL INCOME	157,445,610	198,004,129	95,605,279	65,120,857
OTHER				
Fees & Copies (O)	2,412,963	2,382,906.30	2,680,478.87	2,096,425.55
Interest Earnings	1,644,538	6,499,977.69	9,669,538.59	295,802.94
Other	17,664	34,687.74	27,489.60	467.49
SUB-TOTAL OTHER INCOME	4,075,164	8,917,571.73	12,377,507.06	2,392,695.98
TOTAL RENTAL-OTHER	161,520,774	206,921,701	107,982,786	67,513,553

New Mexico State Land Office

Accounting Division



FY 18-21 REVENUE BY SOURCE: PART 2

ROYALTY				
Sand & Gravel (M)	2,293,164	1,736,636	1,915,190.77	1,755,173.45
Potash (M)	2,821,073	2,353,213	2,623,041.32	1,895,430.33
Salt (M)	101,168	61,283	68,662.97	24,501.89
Caliche	1,919,135	2,636,268	2,333,854.25	2,262,344.53
Coal (M)	2,125,691	2,218,996	4,178,351.47	2,752,651.60
Oil & Gas (O/G)	679,420,057	898,875,775	936,377,784.00	1,175,732,420.00
Land Contracts (C)	1,726,191	4,096,932	10,597.00	-
General Mining (M)	21,756	15,892	7,653.44	189.39
Water (S)	-	-	-	-
Business Lease Principle	-	-	-	-
Geothermal (M)	-	-	-	-
SUB-TOTAL ROYALTY	690,428,235	911,994,994	947,515,135	1,184,422,711
GRAND TOTAL	851,949,008	1,118,916,694	1,055,497,922	1,251,936,264
OIL & GAS REVENUE				
Shut-in-Royalty (O/G)	28,271	6,817	41,230	111,521
Oil & Gas Rental	1,844,447	1,820,495	1,789,421	1,734,568
Oil & Gas Bonuses (O/G)	106,972,234	142,023,222	20,802,648	10,982,773
Oil and Gas Int. (O/G)	3,428,934	1,592,837	2,641,860	2,842,471
Oil & Gas Royalty(O/G)	679,420,057	898,875,775	936,377,784	1,175,732,420
Total Oil & Gas Revenue	791,693,943	1,044,319,145	961,652,943	1,191,403,752

NEW MEXICO COMMISSIONER OF PUBLIC LANDS

Since 2019, the State Land Office has raised over

\$3,426,000,000

BILLION 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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LAND EXCHANGES

Since 2019, State Land Office has been actively pursuing two land exchanges to increase access to public lands and return cultural properties and land back to tribes. The first multi-year land exchange is currently occurring with the Bureau of Land Management (BLM) to exchange state trust land in the Rio Grande del Norte National Monument and Sabinoso Wilderness area. This exchange will accomplish two things. First, it will allow for better management and public access to the national monument and wilderness area. Second, it will allow for the State Land Office to acquire BLM disposal land more viable for economic development and raising revenue for beneficiaries.



Similarly, in an effort to restore land to our tribes and protect cultural properties, Commissioner Stephanie Garcia Richard met with tribes to start the process of exchanging state trust land on or within their tribal boundaries.



In total, five tribes expressed interest in an exchange, and two (Ft. Sill Apache and Santa Ana) are in the process of purchasing land selected by the State Land Office with economic development potential to trade. Both land exchanges are slated to be completed by Winter 2022.

STATE LAND OFFICE STUDIES

The State Land Office has partnered with various experts and organizations to independently conduct comprehensive studies to help address oil and gas bonding, the economic impacts of plugging and remediation, and revenue diversification at the State Land Office.

In May 2021, the Center for Applied Research released a data-driven analysis of the adequacy of current financial assurance requirements imposed by state regulatory entities to offset the potential public liability posed by wells, pipelines, and other oil and gas infrastructure located on private lands and state trust lands throughout New Mexico. Public meetings and official rulemaking will commence in FY22 to address New Mexico's oil and gas industry's \$8.1 billion bonding gap.

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STATE LAND OFFICE STUDIES (CONTINUED)

In June 2021, the O'Donnell Economics and Strategy of Corrales released a study titled: *The Economic Impact of Oil Field Remediation in New Mexico*. It showed that a full-fledged oil and gas remediation industry in New Mexico, focused on plugging wells and other site clean-up, could generate \$4 billion in wages, create 65,337 jobs, and boost state revenue by \$541 million.



In an effort to find long-term solutions to lessen our State's dependence on oil and gas revenue and diversify our revenue streams, the State Land Office has teamed up with Headwaters Economics to conduct a study focused specifically on state trust land revenue. The report is scheduled to be released in Fall 2021.

WEBINARS & PUBLIC MEETINGS

In collaboration with the New Mexico Healthy Soil Working Group, the Quivira Coalition, the Coalition to Enhance Working Lands, and the Western Landowners Alliance, the State Land Office offered free, informative webinars on drought resources and healthy soils for state trust land agricultural lessees and the greater agricultural community. The State Land Office also held public meetings on:



Silver City restoration project, White Peak/Luera Mountain camping and backpacking program, cellphone tower applications in Santa Fe and Albuquerque, a disc golf course in Silver City, the Mesa Vista housing development application in Las Cruces, and agricultural leasing renewal workshops.

AMBASSADOR PROGRAM

In an effort to consistently monitor the expanded State Land Office camping and backpacking programs in White Peak and the Luera Mountains, the State Land Office launched the Ambassador Program in 2020 to promote positive relationships between lessees and recreational users of state trust land. Ambassadors receive a free annual recreational pass and serve as partners to assist in fire prevention efforts, user/lessee relationship-building, and hunter education.

New Mexico State Land Office

State Land Trusts Advisory Board



The State Land Trusts Advisory Board advises the Commissioner of Public Lands in the formulation of policies and programs at the State Land Office. The members are appointed by the Commissioner and confirmed by the New Mexico State Senate to serve six-year terms. By law, the Board must be politically and geographically diverse and represent the Trust's beneficiaries and key constituencies. While two members serve at large, two other members represent the beneficiary institutions and one each represents agriculture, extractive industries, and conservation interests.

CURRENT STATE LAND TRUST ADVISORY BOARD MEMBERS:

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

Patricia L. Quintana was appointed to represent the agricultural community and has vast experience in farming, ranching, and rural land and water issues.

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.

Anthony Casados represents the beneficiaries. Mr. Casados has been an educator for 30 years and always has the best interest of New Mexico's school children at heart.

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

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.

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.

