

# New Mexico State Land Office



## FISCAL YEAR 2022 ANNUAL REPORT

### IN THIS ISSUE:

- A record \$2.4 billion in revenue!
- Tripling renewable energy!
- Over 100 abandoned oil and gas wells plugged!

# NEW MEXICO STATE LAND OFFICE

## 2022 ANNUAL REPORT TABLE OF CONTENTS

<b>Commissioner Stephanie Garcia Richard</b>	<b>4 - 5</b>
<b>State Land Office History</b>	<b>6 - 7</b>
<b>State Trust Land Beneficiaries</b>	<b>8 - 9</b>
<b>Accounting Division</b>	<b>10 - 11</b>
<b>Administrative Services</b>	<b>12 - 18</b>
◦ Facilities Management Division	12
◦ Records Management Division	13
◦ Information Technology Division	14
◦ Human Resources Division	16
<b>Commercial Resources Division</b>	<b>19 - 25</b>
◦ Affordable Housing	19
◦ Rights-of-Way, Business Leasing	20
◦ Office of Renewable Energy	22
◦ Renewable Energy Maps	24 - 25
<b>Cultural Resources Office</b>	<b>26 - 27</b>
<b>Office of the General Counsel</b>	<b>28 - 29</b>
<b>Mineral Resources</b>	<b>30 - 33</b>
◦ Oil, Gas, and Minerals Division	30
◦ Royalty Management Division	32
<b>Surface Resources Division</b>	<b>34 - 40</b>
◦ Stewardship Projects	35
◦ Office of Outdoor Recreation	37
◦ Agricultural Leasing	38
◦ Land Grant Partnerships and Traditional Use Permits	40
<b>Public Engagement</b>	<b>41 - 42</b>
<b>State Land Trusts Advisory Board</b>	<b>43</b>



# A Message from Commissioner of Public Lands Stephanie Garcia Richard



After three consecutive fiscal years of record revenue and numerous accomplishments since I first took office in 2019, fiscal year 2022 proved to be the most prolific year ever for the New Mexico State Land Office (NMSLO) thanks to the tireless work of our dedicated employees. It's safe to say that New Mexico is open for business like never before.



## NMSLO SINCE 2019

➔ **\$5.4 billion  
earned for New  
Mexico's school  
kids!**

➔ **Renewable  
energy leases  
increased 208%!**

➔ **Revenue from  
renewable energy  
increased 1,400%!**

This year, we earned \$2.4 billion, essentially doubling the record of \$1.25 billion we set the year prior. That brings State Land Office revenue to over \$5.4 billion earned for New Mexico's school kids and other beneficiaries of our trust lands since 2019. While oil and gas continue to be the primary driver of revenue on state lands in New Mexico, diversification is one of the leading tenets of my administration, and we're starting to see excellent results from these efforts.

I opened the first Office of Renewable Energy with the goal of tripling renewable energy on state lands. We achieved that goal this summer when I issued leases to Pattern Energy to construct the largest wind farm in the Western Hemisphere! Projects like these have quickly accelerated the growth of clean energy in our state. Since we launched the program, the number of renewable energy leases on state lands increased 208% and revenue from those leases increased 1,400%.

Our Commercial Division continues to ink deals that help boost local economies, meet the needs of communities and create jobs. Earlier this year, we partnered with the Greater Albuquerque Housing Partnership to deliver affordable housing for senior citizens on state land near Central and Eubank. This project has provided Albuquerque seniors on a fixed income with more housing options while revitalizing a long neglected area.



I also opened the first Office of Outdoor Recreation to increase access to our outdoor spaces. For the first time, I made it possible to purchase outdoor recreation permits online via credit card and ended a requirement to have an outdoor recreation permit notarized in-person. These streamlining efforts have led to a 425% increase in the number of outdoor recreation permits issued since January 2019.

We developed a new rule to protect cultural properties on state lands, shucking the previous “you-break-it-you-buy-it” approach, which only required violators to provide compensation after the cultural properties had already been destroyed. This new rule proactively protects irreplaceable cultural properties by requiring that surveys be performed on the front end.

In November 2020, I also launched a new Accountability and Enforcement program to ensure leased sites on state land are properly cleaned up – at no cost to taxpayers. In under two years, the program has successfully pushed industry to plug over 100 abandoned oil and gas wells, saving millions in cleanup costs. With record earnings from oil and gas operations, we’ve proved that environmental compliance oversight is not at odds with revenue generation.

Fiscal year 2022 also presented some incredible challenges. The worst wildfire season in the state’s modern history displaced families and destroyed properties that had been passed down for generations. Our Surface Division staff showed great compassion for the folks affected by the fires and put in countless hours of overtime in collaborating with other agencies, land grants and fire departments involved in the response. I couldn’t be prouder of their dedication not only to New Mexico’s lands, but to its people as well.

As the first Latina and first educator to oversee the state lands that fund our public schools, universities, and hospitals, I know how important this work is to securing New Mexico’s future. And I’m fortunate that the professional employees at the State Land Office are committed to the same goals and put their whole hearts into it every day.

# 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 earns billions of dollars to fund public schools, universities, and hospitals. The State Land Office mission is to help finance public institutions, while also protecting the health of the lands for future generations, with recognition that state lands rest on the ancestral homelands of 22 Native American Tribes and Nations.



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 Ferguson 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 Ferguson 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.

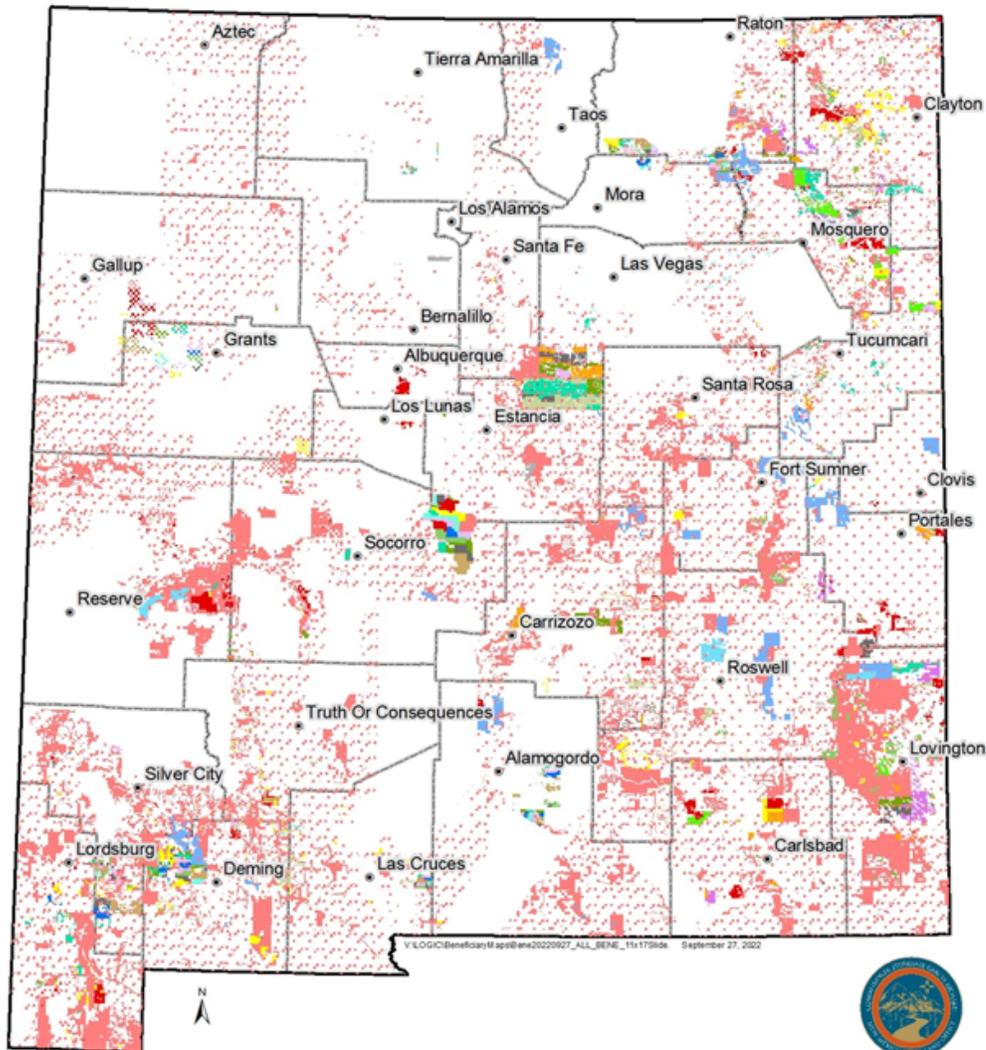
# New Mexico State Land Office

## State Land Trust Beneficiary Lands



### New Mexico Land Trust Beneficiaries

- |   |   |
|---|---|
| <span style="color: red;">■</span> Common Schools                             | <span style="color: gray;">■</span> New Mexico Penitentiary   |
| <span style="color: green;">■</span> Charitable, Penal and Reform             | <span style="color: olive;">■</span> New Mexico State Hospital  |
| <span style="color: gray;">■</span> Carrie Tingley Hospital                   | <span style="color: yellow;">■</span> New Mexico State University                                       |
| <span style="color: orange;">■</span> Eastern New Mexico University           | <span style="color: pink;">■</span> New Mexico School for the Deaf                                      |
| <span style="color: cyan;">■</span> Improvements to the Rio Grande            | <span style="color: purple;">■</span> New Mexico Schools for the Deaf/Visually Impaired                 |
| <span style="color: lightblue;">■</span> New Mexico Miners Hospital           | <span style="color: lightcyan;">■</span> New Mexico School for the Visually Impaired                    |
| <span style="color: green;">■</span> New Mexico Military Institute            | <span style="color: orange;">■</span> Public Buildings  |
| <span style="color: blue;">■</span> New Mexico Boys School                    | <span style="color: red;">■</span> University of New Mexico   |
| <span style="color: gray;">■</span> Northern New Mexico College               | <span style="color: lightblue;">■</span> Water Reservoirs   |
| <span style="color: purple;">■</span> New Mexico Highlands University         | <span style="color: brown;">■</span> Western New Mexico University                                      |
| <span style="color: cyan;">■</span> New Mexico Institute of Mining Technology | <span style="color: lightgreen;">■</span> Western New Mexico University/New Mexico Highlands University |



# New Mexico State Land Office

## Beneficiary Acreage



<b>Beneficiary</b>	<b>Surface Acreage</b>	<b>Mineral Acreage</b>
Common Schools	6,803,453	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
<b>TOTAL</b>	<b>8,950,165</b>	<b>12,682,718</b>

# New Mexico State Land Office

## Accounting Division



### ACCOUNTING SERVICES

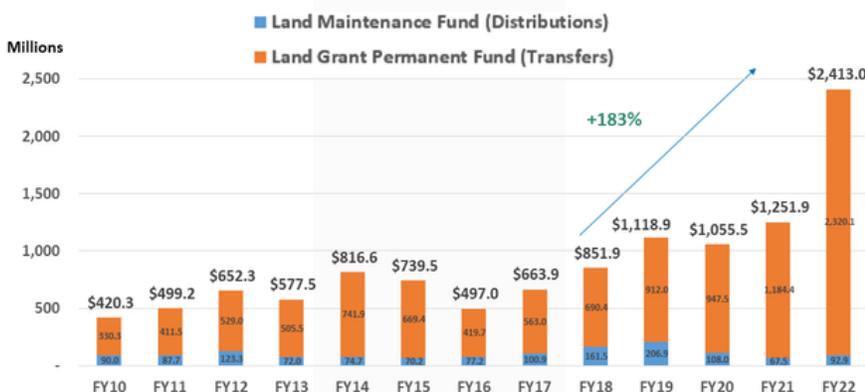
The Accounting Division is under the direction of Assistant Commissioner Margaret Sena and Division Director Antonio Medina. The Division provides support services, financial control, and financial reporting activities and is responsible for ensuring compliance with the rules and policies of the Department of Finance and Administration, the State Treasurer's Office, and State Auditor's Office. In FY 2022, the Division managed a \$19.9 million budget and distributed a record-breaking \$2.384 billion to beneficiaries.

All revenue generated from over 35,000 active leases on state trust land is received, classified, and recorded by the Accounting Division. 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 what are known as renewable sources, which includes 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.

Revenue reports are generated monthly and are posted on the State Land Office website.

### State Land Office Annual Earnings



### EARNING MORE

### REVENUE THAN EVER!

Annual revenue has increased significantly at the State Land Office over the past decade-plus, culminating in a record-breaking **\$2.4 billion** in fiscal year 2022.

# New Mexico State Land Office

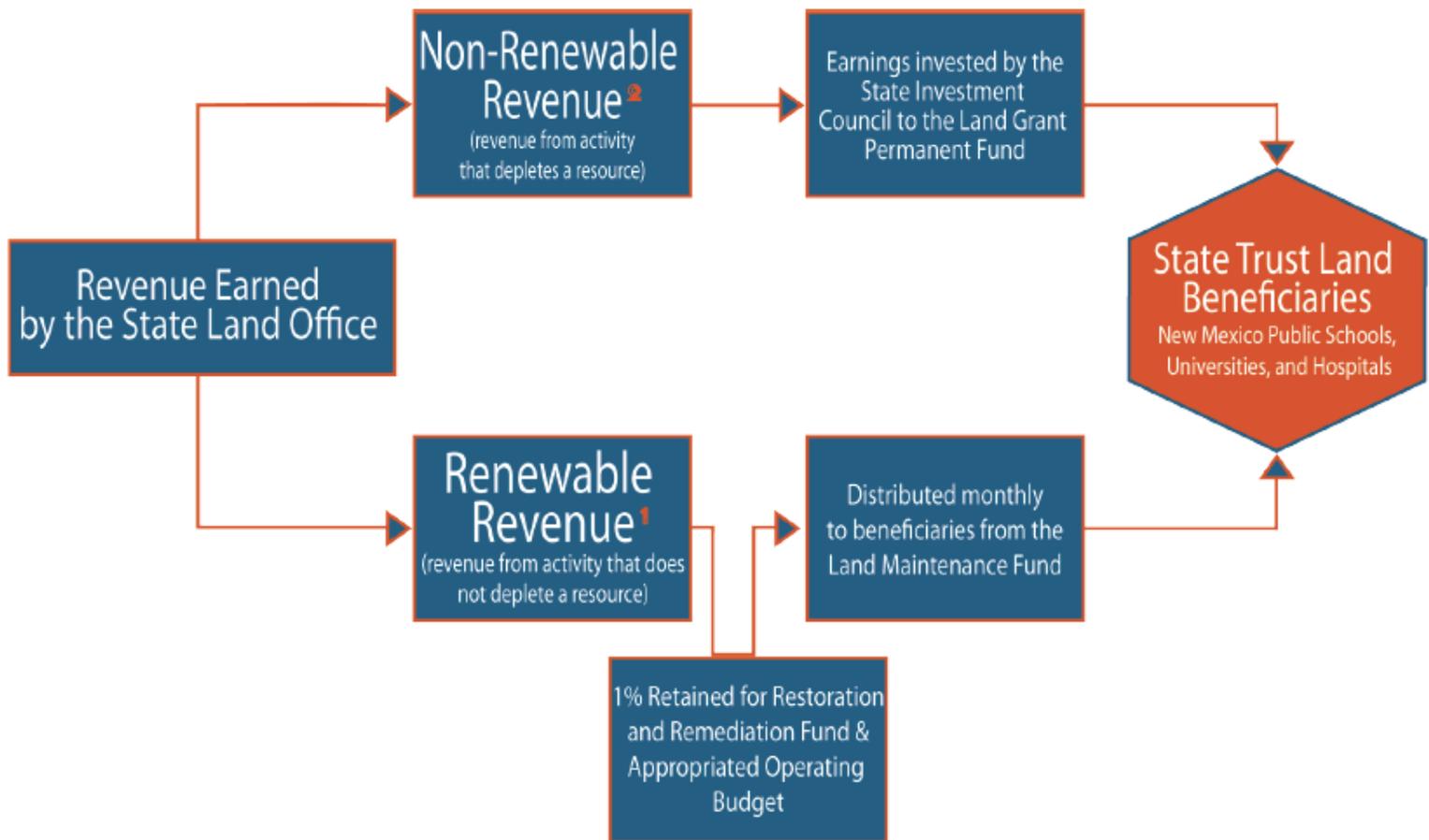
## Accounting Division



### ACCOUNTING SERVICES (CONTINUED)

These revenue reports provide monthly and year-to-date collection amounts by revenue source as well as distributions from the Land Maintenance Fund and contributions to the Land Grant Permanent Fund for each beneficiary.

The work that the Accounting Division does is crucial, not just to keep the agency running smoothly, but to ensure that the beneficiaries of our land receive what they are owed.



**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

## Administrative Services



Administrative Services 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, which is headed by Bobby Gallegos, 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 FY22, the Division completed several capital outlay and other funded projects:

- **Electrical Phase III Completed July 2021** – Replaced medium voltage equipment including removing 1959 oil filled transformer and installing new outdoor transformer and safety switches/disconnects. This allows the NMSLO to be able to independently shut power off to the building.
- **Parking Lot Completed August 2021** – Replaced deteriorated concrete sidewalks, replacing deteriorated asphalt, and re-sloped the entire parking lot for proper water drainage.
- **Car Charging Station Completed June 2022** – Installed an electric vehicle Smart DC Fast Charging station in the Santa Fe parking lot. The NMSLO also acquired two electric fleet vehicles.
- **Brick Sidewalk** – Repaired the brick sidewalk in front of NMSLO; this included removing and reinstalling brick pavers to sidewalk height to mitigate safety hazards.
- **New Tuff Shed June 2022** – A new tuff shed was purchased and installed at the Santa Fe parking lot.
- **Legal Office Remodel June 2022** – The remodel was necessary to change a nonfunctional space to an additional office.



# New Mexico State Land Office

## Administrative Services



### FACILITIES MANAGEMENT DIVISION (CONTINUED)

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 and four trailers). The Business Operations Center operates a full-service print shop including graphic design (approximately 136,172 copies were made in FY22), shipping and receiving, and the management of all inventory and distribution of supplies in the State Land Office supply room.



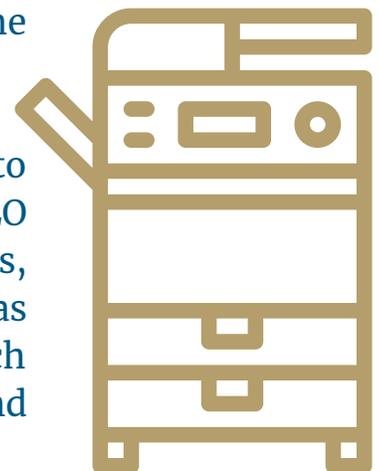
### RECORDS MANAGEMENT DIVISION

The Records Management Division is overseen by Lesley Schimoler. It plays a key role in identifying lands that may be available to generate new revenue sources while preserving historical records and ensuring the business continuity of the Land Office.

During FY22, as part of Commissioner Garcia Richard's renewable energy initiative and other potential leasing, sale or exchange opportunities, Records staff performed title search reports covering over 200,000 acres of state trust land.

These reports provide valuable title and encumbrance information to assist the Commissioner and prospective lessees in selecting the most appropriate land for their intended use.

Access to State Land Office records is critical for potential lessees to continue to make informed bids and/or proposals for new NMSLO oil & gas and renewable energy leases. Due to COVID restrictions, our agency's public room access has been limited, which has resulted in the Records staff stepping up to perform the research and provide the documents digitally to the abstractors and landmen.



# New Mexico State Land Office

## Administrative Services



### RECORDS MANAGEMENT DIVISION (CONTINUED)

In addition to supporting the agency's day-to-day activities the 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.

Each title document is recorded both manually in special ledgers or tract books, and electronically in the Agency's specialized Land Information and Management System (LIMS) program. In FY22 the Division recorded over 3,300 title activities covering almost 10,000 acres of state trust lands. All title documents, along with procedurally related documents, are also scanned and digitally preserved.

The Records Division also continues to audit and verify state trust land ownership in the LIMS program, which improves overall data integrity and availability; which, in turn, enables staff to verify the land and its current use for identifying and securing new revenue sources.



### INFORMATION TECHNOLOGY DIVISION

At the State Land Office, most of the information provided to the public relies on technology and applications developed and maintained by the Information Technology staff. In addition to managing the agency network, equipment, and software, the Division develops applications and oversees projects to automate agency records and record-keeping systems.

# New Mexico State Land Office

## Administrative Services



### INFORMATION TECHNOLOGY DIVISION (CONTINUED)

CIO Tony Hoffman manages the Land Office IT Division which is comprised of four bureaus: Project Management, IT Operations, Network & Infrastructure, Web & Net Development, and GIS. The following are the Division's accomplishment for FY22:

- Successfully managed upgrade of an accounting system known as RAPS/ONGARD, used by the oil & gas industry to accurately remit \$2.4 billion dollars in NMSLO FY22 revenue.
- Successfully designed and implemented new module to enable automatic calculation of Interest and Royalty payments for RAPS/ONGARD.
- Post conversion, completed 15 additional software releases of new RAPS/ONGARD code providing long awaited system enhancements.
- Completed three major and three minor software releases for the Land Information Management System (LIMS) completing requested system improvements.
- Expanded the use of satellite imagery to enhance GIS maps.
- Began satellite tasking activity that allows for the evaluation of surface changes, spills, unauthorized activity & trespass on trust lands used to support recovery of fees and legal challenges related to violations.
- Improved security of major IT systems & data through expanded backup/storage profiles in main computing center and disaster recovery site.
- Developed solution-specific GIS functionality for field work on surface estate of nine million acres such as the spill tracker and field survey tracking tools
- Increased protection from hacking and malware by implementing multi-factor authentication for login across all VPN access paths and in-office computing.
- Completed weekly system security scans and ongoing remediation to improve our cybersecurity efforts.
- Continued to use GIS technology to track and analyze planned land exchanges with various tribes and the U.S. Bureau of Land Management.



# New Mexico State Land Office

## Administrative Services



### INFORMATION TECHNOLOGY DIVISION (CONTINUED)

- Enabled agency to take electronic payments for agricultural leases, as well as increased payment acceptance automation across the NMSLO revenue streams.
- Continued to build partner relationship with Planet Labs (satellite imagery supplier), collaborating to develop change-detection capabilities for imagery to assist in oversight for trust lands.
- Developed and deployed first version of GIS Spill Tracker to support the Oil, Gas & Minerals Division as spills are detected and investigated.

### HUMAN RESOURCES DIVISION

The State Land Office has 179.5 positions, with most employees based in our Santa Fe office. The dedicated, talented, and hardworking staff reflect the diversity of New Mexico.



The Human Resources Division is comprised of four staff: Director Shannell Townsend, two Recruitment and Training Specialists, and a student intern. 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.

# New Mexico State Land Office

## Administrative Services



### HUMAN RESOURCES DIVISION (CONTINUED)

Since Commissioner Garcia Richard began her term, the NMSLO vacancy rate has been reduced substantially from nearly 25% in FY19 to an annual average of 9.6% for FY22. This is considerably lower than the State's FY22 average of 22.8%. In addition, the Commissioner has created four new positions for the State Land Office to support the various growing departments as well the creation of the Cultural Resources Office.

**NMSLO FY22 vacancy rate: 9.6%; state vacancy rate: 22.8%**

Recently, the Human Resources Division purchased a Learning Management System (LMS) that utilizes advanced technology that allows our HR team to customize, manage, and track employee training in a centralized location. This system will facilitate collaborative learning and allow employees to view their training records and access completed trainings. Being able to track the progress, successes and weaknesses of these trainings is vital to HR functions. This system will allow the Land Office to customize trainings and continue to provide online and in-person trainings.



**Congratulations to Assistant Commissioner of Administrative Services, Selena Romero, who was awarded the Outstanding HR Leader Award from the New Mexico Society of Human Resources this year! Thanks for all your hard work, Selena!**

# New Mexico State Land Office

## Administrative Services



### HUMAN RESOURCES DIVISION (CONTINUED)

The State Land Office employees have returned to the office on a non-emergency telework agreement which allows them to telework up to three days each week and be onsite two days a week. One of the biggest benefits to returning to the office has been the in-person communication between colleagues and teams which drives productivity and growth.

The newsletter has continued to be a great source of camaraderie amongst employees. Many employees returning to the office have expressed that they have enjoyed viewing pictures of employees' home projects, pictures of their pets, and the monthly recipes. Commissioner Garcia Richard has continued to maintain employee morale via the monthly agency-wide meetings which are now available in person as well as virtually. The Commissioner acknowledges staff work anniversaries, birthdays, and milestones that are noted in the newsletter.

## FISCAL YEAR 2022 SERVICE AWARDS

### 5 Years

Jimmy Neece  
Megan Boatright  
Chris Meyer  
Gerald Garner  
Samantha Romero  
Darin Villareal  
Christian Smith  
Ryan Mann  
Patrick Aranda-Trujillo

### 10 Years

David Gallegos  
Jason Lithgow  
Chris Gonzales

### 15 Years

Tammy Honea  
Patricia Esquibel  
Mark Meyers  
Roberta Chambers

### 20 Years

Anthony Vigil

### 25 Years

Diego Villalba



# New Mexico State Land Office

## Commercial Resources Division (CRD)



The Commercial Resources Division (CRD) is under the direction of Assistant Commissioner Steve Vierck, with assistance from Jim Bordegaray, Director of Commercial Resources, and Jeremy Lewis, Director of the Office of Renewable Energy, and oversees commercial leasing, renewable energy, land exchanges, economic development, and rights-of-way.

Among other things, commercial leasing covers economic development, business leases, billboard leases, telecommunication site leases, affordable housing developments, battery energy storage, renewable energy leases, and surface activities associated with commercial development.



CRD often functions as a problem solver for New Mexico's communities. For example, the State Land Office partnered with the Greater Albuquerque Housing Partnership and the City of Albuquerque to open a new, affordable housing community called Luminaria for the city's senior citizens near Eubank and Central. The goal is to provide seniors with more affordable housing options while helping to revitalize the East Central corridor. The facility consists of 92 one- and two-bedroom units.

*Photos of Luminaria during construction and at a ribbon-cutting ceremony in March:*



# New Mexico State Land Office

## Commercial Resources Division (CRD)



### RIGHTS-OF-WAY

Rights-of-way on state lands are extensive throughout the entire state with over 23,000 in place. Rights-of-way are a critical infrastructure provision for roads, pipelines, electric lines, telecommunications and other purposes.

A total of 1053 rights-of-way and rights-of-entry were executed in FY22, generating a total of \$12.8 million in revenue for beneficiaries. Nearly 50% of rights-of-way revenues were for pipeline easements. Significant progress was made in reducing the average process time to about two months.

### BUSINESS LEASING

Business leases are used for a diverse range of purposes such as well pads, storage yards, and electrical substations. There are now almost 1,100 active business leases. Most are short-term leases of five years or less. However, an increasing number are long-term leases which address a similarly wide range of needs such as retail stores, truck stops and affordable housing projects.

The Commercial Resources Division performed analyses for 80 newly executed business leases in FY22.



Business lease revenue exceeded \$12 million for the first time in the Agency's history. Similar to the progress achieved with processing rights-of-way, the average business lease turnaround time was reduced to less than 90 days.

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

# New Mexico State Land Office

## Commercial Resources Division (CRD)



Communities and beneficiaries both benefit economically from the leasing of state trust lands for enterprises, business parks and City and County infrastructure including water, roads, parks, electricity, and telecommunications facilities. Examples of economic development lease uses include Spaceport America, Sandia Science & Technology Park and Netflix.

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.

During FY22, a tribal exchange was finalized with Santa Ana Pueblo which received culturally significant lands while the State Land Office gained more commercially valuable lands within Los Alamos County.

### OFFICE OF RENEWABLE ENERGY

The Office of Renewable Energy is a relatively new addition to the State Land Office, yet it has already achieved impressive success. Revenues exceeded \$12 million in FY22. Renewable energy leased on state trust land in New Mexico has tripled since 2019, bringing renewable energy production to approximately 1,200 total megawatts on state trust lands, up from approximately 400 megawatts when Commissioner Garcia Richard took office.





## Renewable Energy Growth Since January 2019



**208% INCREASE IN ACTIVE LEASES**



**249% INCREASE IN LEASED MEGAWATTS**



**1,400% INCREASE IN ANNUAL REVENUE**

# New Mexico State Land Office Commercial Resources Division (CRD)



## OFFICE OF RENEWABLE ENERGY (CONTINUED)

In FY22, the State Land Office awarded eleven wind leases totaling 147,684 acres of state trust land to Pattern SC Holdings LLC. The Pattern leases constitute the largest renewable lease sale in New Mexico history. Altogether this project is expected to be three times larger than the current largest wind farm in New Mexico, and will be the largest wind energy project in the Western hemisphere. The winning bids for these eleven wind energy leases totaled \$9,295,000. The lifetime revenue from these eleven leases is expected to be over \$200 million.



State trust lands in New Mexico now host 440 megawatts of wind and solar power generation. An additional 1,027 megawatts of wind and solar power are in development or under contract. Among other significant renewable energy generation leases executed this fiscal year is a 326-acre 25 MW lease with Hayhurst Solar Project to power Chevron's natural gas compressors in Eddy County.

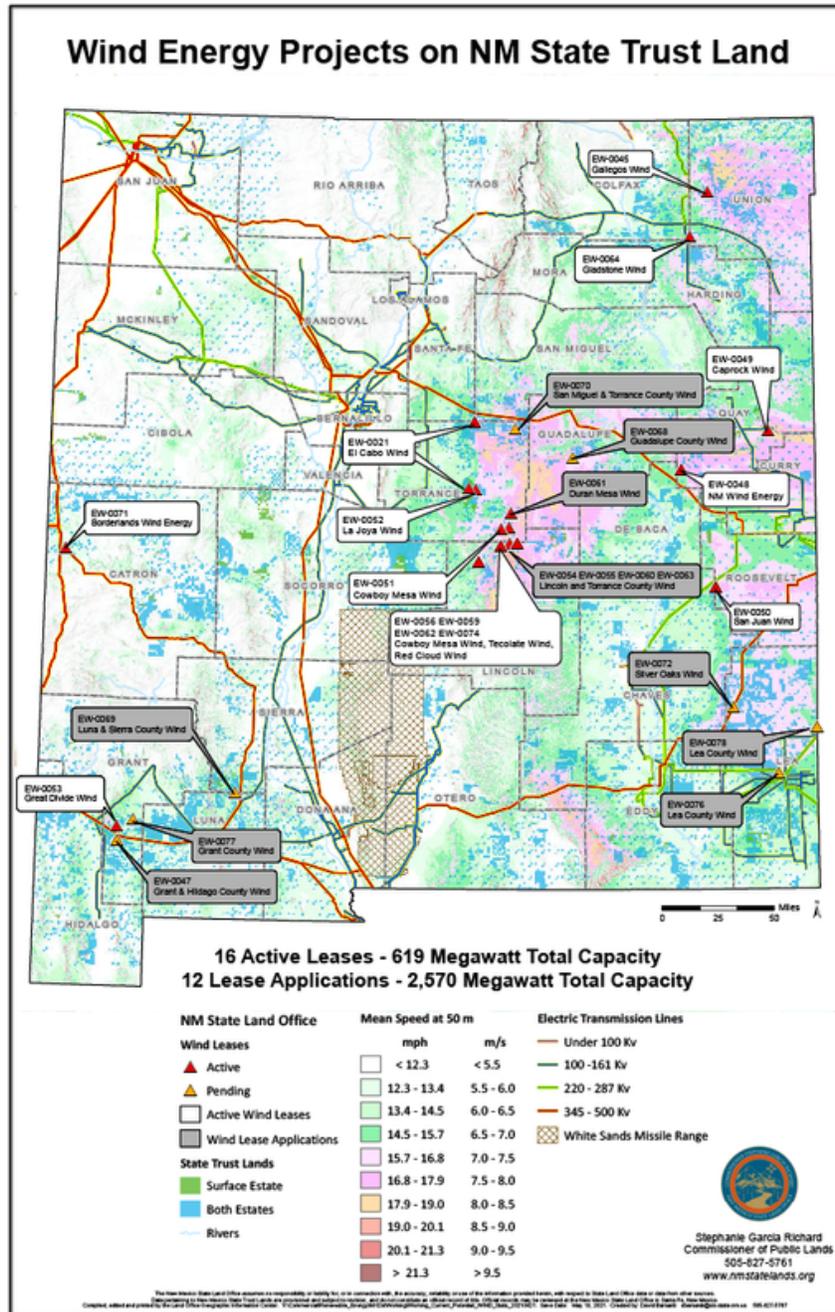


The Office of Renewable Energy lease application pool is stronger than ever with over 70 applicants seeking wind or solar leases on trust land.

# New Mexico State Land Office Commercial Resources Division (CRD)



## Wind Energy on State Trust Lands

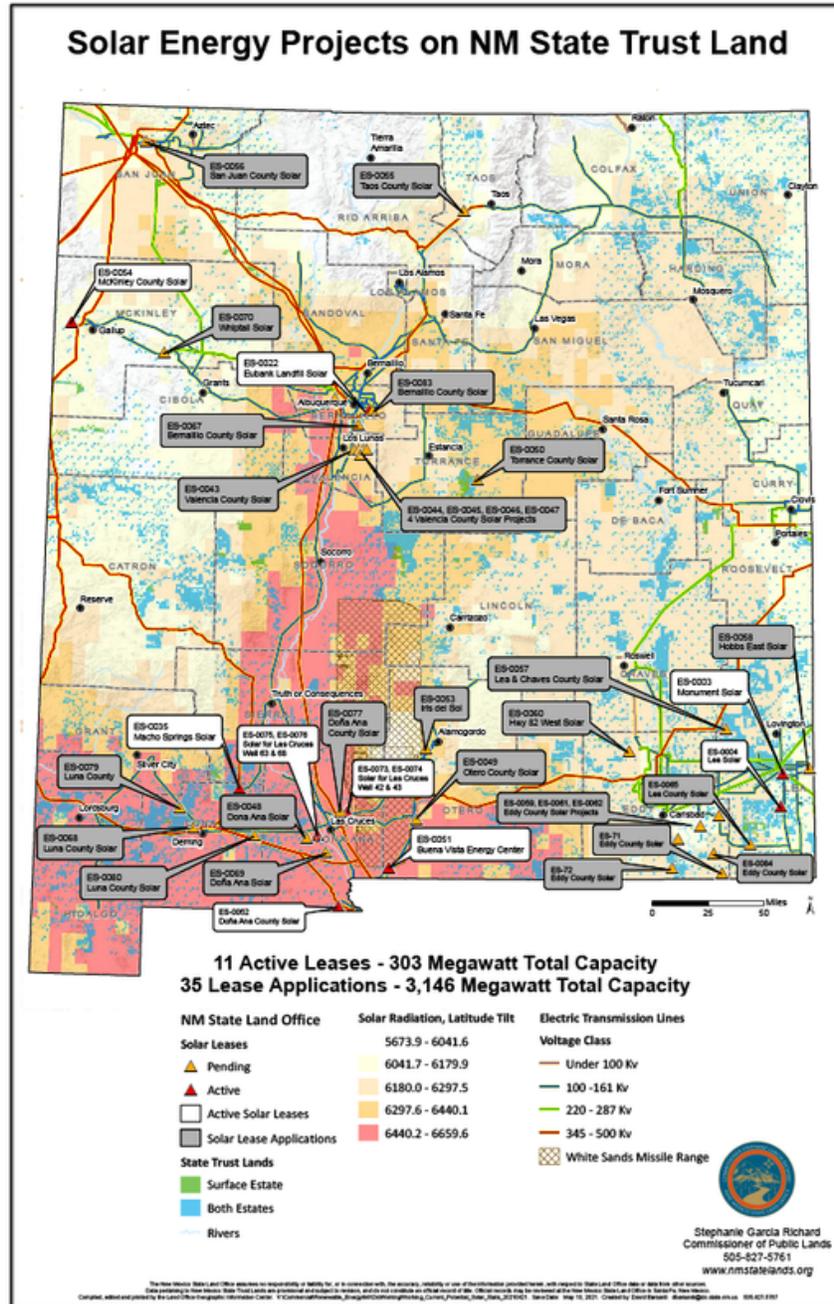


Note: Map produced April 2022.

# New Mexico State Land Office Commercial Resources Division (CRD)



## Solar Energy on State Trust Lands



Note: Map produced April 2022.

# New Mexico State Land Office

## Cultural Resources Office (CRO)



Commissioner of Public Lands Stephanie Garcia Richard established the Cultural Resources Office (CRO) to ensure appropriate attention is paid to the rich cultural legacy of New Mexico's lands. In fiscal year 2022, Assistant Commissioner of Cultural Resources and tribal liaison, Rachael Lorenzo (Mescalero, Laguna) continued to develop CRO and define its objectives. To date, over 600,000 acres (6.71%) of state trust surface ownership have been surveyed and over 11,190 cultural properties have been identified and documented.



Rachael Lorenzo

In August 2021, the Commissioner proposed the Cultural Properties Protection Rule, and a public comment period was opened to accept input from New Mexicans and other stakeholders. In all, approximately 35 individual written comments were submitted, overwhelmingly in favor of the proposed rule. The CRO staff worked with NMSLO General Counsel to incorporate public comments into the final draft of the rule, which was published in September of 2022 and goes into effect on December 1, 2022.



In September 2021, the Commissioner created a new full-time employee position to establish a Director of the Cultural Resources Office and manage the operations of the recently developed division. CRO's new Director, archaeologist Ethan Ortega, brings almost a decade of cultural resource management, community engagement, and project development experience to the division.

In November 2021, the New Mexico State Land Office held its first Tribal Historic Preservation Officer Summit. Tribes, Nations, and Pueblos participated in the event which proactively discussed steps to protect not only archaeological resources, but also landscapes, viewsheds, and material culture that hold significance to tribal nations.

# New Mexico State Land Office

## Cultural Resources Office (CRO)



During FY22 the CRO completed reviews of 1,075 lease and improvement applications to ensure protection for cultural resources. The CRO oversaw 9 contract cultural resource projects which surveyed over 2,666 acres for proposed trust land maintenance projects. In May and June 2022, CRO staff archaeologists mobilized to conduct in-house field work and survey of 506 acres to assess cultural resources present on the proposed Fort Sill Apache Tribe land exchange project area.

## OUTSTANDING IN THEIR FIELD

*CRO Archaeologists, clockwise from top left: Anne Curry, Ethan Ortega, David Eck, Evangelia Tsesmeli*



# New Mexico State Land Office

## Legal Division



The Legal Division, under the direction of General Counsel Ari Biernoff, provides legal advice to the Commissioner and State Land Office leadership on all aspects of the agency's work to generate revenue for the trust and protect state lands for future generations.

Historically, the State Land Office prioritized revenue generation over land stewardship, and took little to no action to ensure that state trust lands were properly protected. Recognizing a major unrealized opportunity to achieve both goals – revenue generation and stewardship – Commissioner Garcia Richard directed the Legal Division to develop a proactive approach to conservation. Since 2020, the Division has implemented and managed an Accountability and Enforcement program, with a focus on reclaiming and remediating state trust lands damaged in the course of oil and gas operations or other development.



The Division annually receives and fulfills hundreds of requests from throughout the State Land Office for legal review, transactional assistance, troubleshooting, and representation. Legal Division attorneys 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 on a variety of matters; negotiate complex business ventures, including renewable energy leases; analyze proposed legislation; and help manage the processing of numerous public records requests.

In addition, State Land Office attorneys appear in court and in administrative proceedings on behalf of the Commissioner and the State Land Office, in both affirmative and defensive roles. The Legal Division is presently representing the Commissioner and the agency in around two dozen active matters in New Mexico state district courts, the New Mexico Court of Appeals, and the New Mexico Supreme Court.

# New Mexico State Land Office

## Legal Division



Through the end of fiscal year 2022, the Division obtained the plugging of more than 100 inactive oil and gas wells on state land and the full reclamation of more than a dozen former lease sites – with those costs borne entirely by responsible parties, such as former lessees or well operators, instead of by state taxpayers.

## Other Legal Division Accomplishments in FY22

-  Worked with Commercial Resources to manage a successful land exchange with Santa Ana Pueblo, repatriating historically significant acreage to the Pueblo while acquiring lands with higher commercial potential including the State Land Office's first-ever property in Los Alamos County.
-  Completed the rulemaking process for the State Land Office's Cultural Properties Protection Rule, the agency's first-ever rule to ensure the protection of archaeological and other cultural resources. The new rule takes effect December 1, 2022.
-  Provided essential legal and project support to Office of Renewable Energy in negotiating and issuing record-breaking batch of wind energy leases that will be part of the largest wind energy project in North America, and contributing to State Land Office's successful push to triple renewable energy leasing on state trust land.



# New Mexico State Land Office

## Mineral Resources



Assistant Commissioner for Mineral Resources Greg Bloom oversees two divisions at the State Land Office: the Oil, Gas, and Minerals Division (OGMD) and the Royalty Management Division (RMD). Collectively in FY22, these two divisions brought in over \$2 BILLION in revenue.

### OIL, GAS, & MINERALS DIVISION

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



In FY22, OGMD oversaw 6,800 oil and gas leases, approximately 255 mineral leases, and 556 fresh-water and saltwater disposal easements together involving nearly 2.3 million acres of state trust mineral estate. OGMD staff prepared 30 mineral evaluations for land exchanges and renewable energy projects in FY22.

The Minerals Bureau manages approximately 255 leases comprised of coal, salt, industrial minerals, potash, general mining, geothermal resources, and special-use reclamation agreements covering more than 110,039 acres. Approximately \$9.2 million in rent and royalty income was generated from these resources in FY22. The Minerals Bureau also processes special-use agreements, lease renewals, expirations, relinquishments, rejections, cancelations, reconciliations, and bonding and does regular site inspections.

**Over 7,000 leases managed by OGMD in FY22!**

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 trust lands. In FY22, over 98 acres of previously mined state trust land were reclaimed by industry for a total of some 230 acres over the past three years, which has saved the Land Office over \$1.5 million in reclamation expenses. Further, the Bureau also conducted 191 audits of mineral leases during FY22.

# New Mexico State Land Office

## Mineral Resources



### OIL, GAS, & MINERALS DIVISION (CONTINUED)

The Oil and Gas Bureau administers all oil and gas leases, lease sales, assignments, compliance, the Reduced Royalty Rate Program, and the unit and communitization agreements program. Oil and gas lease sales are required monthly by statute and in FY22 were conducted online through EnergyNet, earning a total bonus income of nearly \$20.7 million for 115 leases encompassing 19,425.65 acres.

The Bureau also reviewed 821 oil and gas lease assignments in FY22. As part of this review, environmental compliance efforts resulted in lessees resolving environmental issues on 17 leases. Eight royalty payment issues were also identified during the assignment review process.

Also, in FY22, 116 communitizations terminated under the terms of their agreements, and 64 of them were deemed to have been produced in trespass. As a result of these terminations the Land Office was able to reacquire 17 leases for future lease sales.

The Bureau began a comprehensive audit of all leases to ensure bonding compliance and identified 452 leases with no bond. The Bureau has been working to get the leases bonded, terminated, or assigned to a bonded lessee. To date the vast majority of unbonded leases have been brought into compliance once lessees were notified of issues.

### OGMD identified and addressed 452 leases with no bond!

FY22 saw the end of the emergency shut-in rule promulgated in July 2020 which allowed lessees to shut-in oil wells for a year in response to the temporary oil market crash during COVID. In FY22, three oil wells were shut in under the temporary rule, 35 gas wells were shut in, and 24 leases were shut in due to either reworking a well or a nearby well completion. In addition, 12 communitized wells were shut in for reworking.



The Water Bureau pursued six salt water injection-well trespasses, three water easement trespasses and three salt water disposal, pore space settlement agreements. The bureau also successfully closed out over nine injection well sites. In FY22, the Water Bureau processed nine new water monitoring easements, and over 54 renewals of both freshwater and salt water easements. Revenue for beneficiaries increased to \$17.7 million from this work.

# New Mexico State Land Office

## Mineral Resources



### OIL, GAS, & MINERALS DIVISION (CONTINUED)



In December 2020, Commissioner Garcia Richard announced the NMSLO would be halting the commercial sales of fresh water for oil and gas development. This represented a major shift in the state land office 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. An early estimate of water saved to date is 93 million gallons—enough water to fill 140 Olympic swimming pools.

The Water Bureau's compliance efforts increased revenues due to audits of annual salt water volume payments. Other compliance work resulted in eight additional salt water well site remediations for prior spills. A major remediation of 13 pre-existing salt water spills is nearing completion, and should be done by September 2022.

### ROYALTY MANAGEMENT DIVISION

The Royalty Management Division is comprised of three bureaus, Revenue, Compliance, and Audit, which are responsible for receiving, processing, and auditing royalties from oil and gas leases. The division brought in and distributed to beneficiaries over \$2.3 billion in FY22, including successive record-breaking royalty revenue distributions of \$256.1 million in May 2022 and \$263.1 million in June 2022.

The Division revamped processes related to its production unit numbers, used to report royalties due to the State Land Office, to maximize the amount of royalties received and distributed every month to our beneficiaries. To ensure that the State Land Office is receiving all the money which it is due from its oil and gas lessees, account reviews and audits continued to occur despite pandemic-related disruptions to travel.

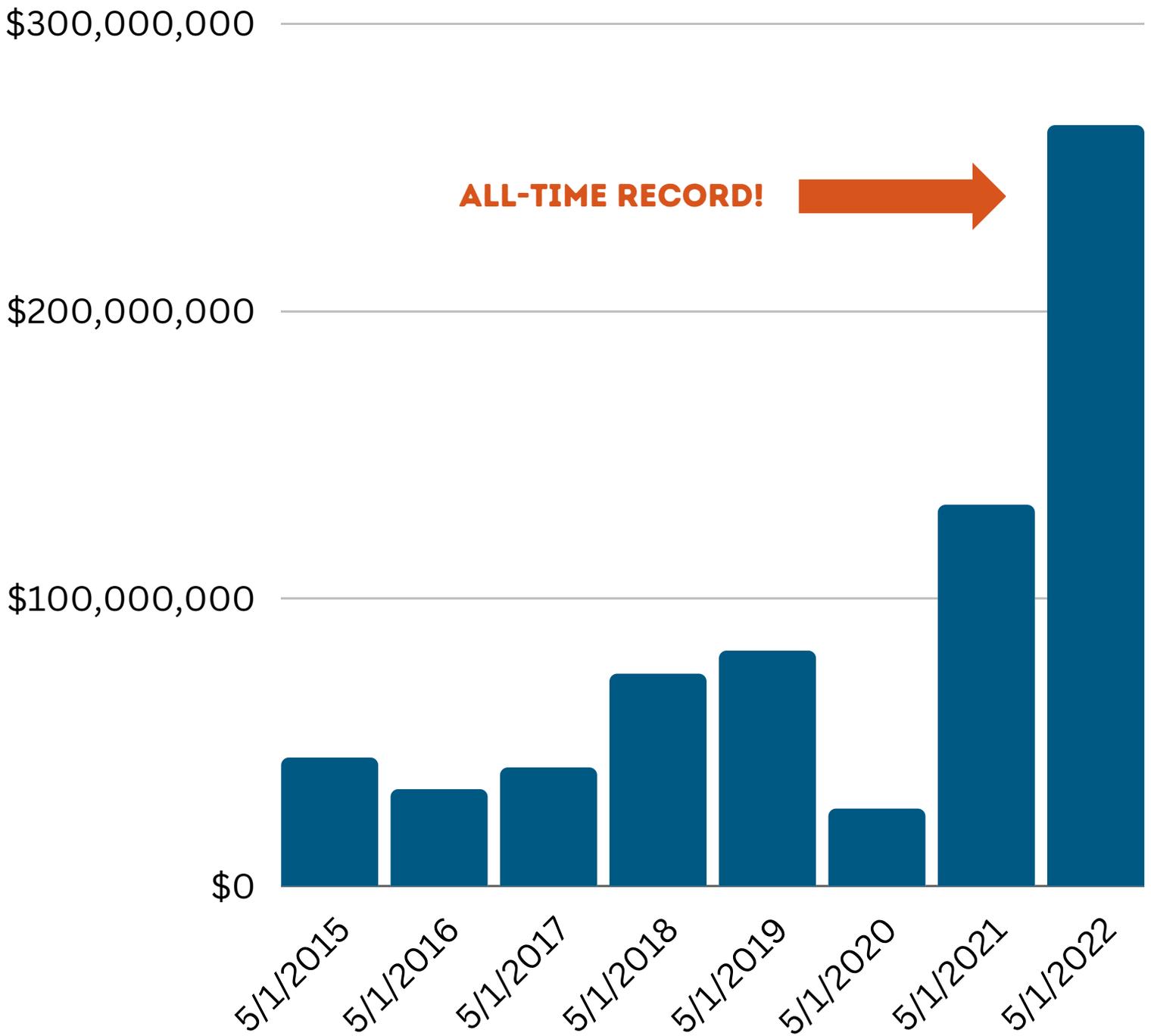
The Division successfully held its first-ever virtual industry trainings covering each of the three RMD bureaus in individual sessions. The trainings covered the functions performed under each bureau and provided key updates to royalty reporting and RMD efforts which affect royalty remitters. The presentations were recorded and are available online.

# New Mexico State Land Office

## Mineral Resources



### Monthly Royalties Reported on May 1 Every Year Since 2015



# New Mexico State Land Office

## Surface Resources Division (SRD)



Commissioner Stephanie Garcia Richard has increased the capacity of the Surface Resources Division (SRD), resulting in a significant expansion of the Division's capacity across a wide variety of programs and initiatives. Assistant Commissioner Dana Vackar Strang leads the SRD, managing 37 personnel in field operations, agricultural leasing, outdoor recreation, and administration who daily deal with watershed and soil health, site remediation, illegal dumping, forest health, wildlife management, and more.

The Surface Resources Division conducts 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. The division employs 15 District Resource Managers spread across New Mexico; specialist staff that conduct biological, forestry, and rangeland assessments; agricultural leasing analysts; and other support staff who collectively manage approximately nine million surface acres and thirteen million subsurface acres of state trust land throughout New Mexico.

Stewardship is an important function of the SRD and one that is vital to the success of the agency. As our climate shifts and we experience more extreme weather around the state, it is crucial that we work with partners to achieve our stewardship goals to combat negative impacts to our lands.

Fiscal year 2022 brought an intense amount of devastation in the form of forest fires, followed quickly by flooding of burn-scarred landscapes, emphasizing the need to pool resources and expertise across communities and agencies to improve how we protect our resources. Together, we can build more resilient landscapes and communities.



# New Mexico State Land Office

## Surface Resources Division (SRD)



### STEWARDSHIP PROJECTS

Throughout the year SRD staff, along with our partners, conduct a variety of projects to protect wildlife habitat, clean up legacy pollution and public safety issues, identify cultural properties, and help effectively manage the land.

Each of these projects allows us to continue to develop trust resources responsibly. Partnering with local fire departments, municipal and county officials, soil and water conservation districts, ranchers and other lessees we connect our stewardship with the larger landscape.

FY22 Stewardship Projects	Acres Impacted	SRD Expenditures
Forestry, Habitat Enhancement, Erosion Control	1,187 acres	\$504,845
Noxious and Invasive Weed Treatments	12,737 acres	\$415,532
Biological Services and Monitoring	1,917 acres	\$80,788
Remediation and Restoration	27 acres	\$345,185
Archaeological Services	2,323 acres	\$153,672
Ecosystems and Restoration Consulting	200 acres	\$47,884

As we look to the future of New Mexico, it is important for NMSLO to address legacy issues that have impacted our landscapes. One large-scale project we have begun is the Railrock Remediation. This project involves the reclamation of an abandoned railroad ballast mining operation and will be conducted in several phases. Some pits at the many railrock mining sites are large enough to fit several football fields.

# New Mexico State Land Office

## Surface Resources Division (SRD)



### STEWARDSHIP PROJECTS (CONTINUED)

SRD Forester Mark Meyers has been leading forest thinning and brush control projects for many years. These projects are vital to the health of our forests, ecosystems, communities, and wildlife. The work is labor intensive and time sensitive, and requires significant resources. When done properly, you may not even notice the forest health management work that is happening, but it is absolutely essential to the protection of our beautiful lands.



## Mac Tank Restoration: A Stewardship Example



The Mac Tank restoration plan is an ongoing initiative for which a mastication project was conducted in FY22 on the Monte Prieto Ranch and encompassed approximately 693 acres. Some of the overall restoration project objectives include:

- Reduce density and fuel connectivity of pinon-juniper and other woody species.
- Restore meadow integrity, forage production, and habitat diversity by reducing woody species expansion.
- Restore the resiliency of the forest and watershed to fire and drought and increase the resistance of the forest and watershed to uncharacteristic, high-intensity fire and drought.
- Increase resiliency to pathogens, disease, and insects.
- Restore watershed and grassland structure for improved ecosystem function.

# New Mexico State Land Office

## Surface Resources Division (SRD)



### OFFICE OF OUTDOOR RECREATION

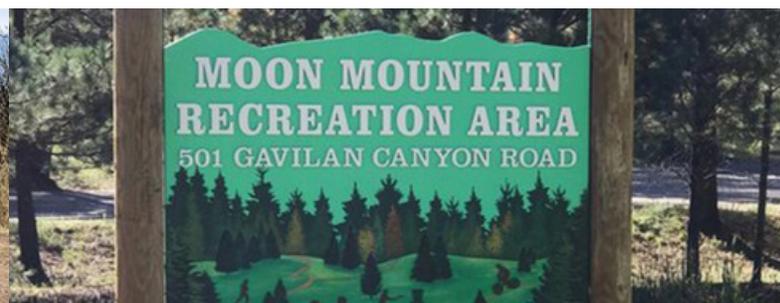


The Office of Outdoor Recreation expanded its programming to create exciting new initiatives as well as continuing the growth of the recreational access permit program by 28.42% over FY21.

Newly created camping programs for hunters continued to thrive. For the White Peak area, the requirement that hunters apply for a separate permit to camp in the dispersed areas was eliminated and the number of backpacking permits available to hunters in the Luera Mountains was doubled to 30.

The NMSLO executed a lease with Western New Mexico University to develop a disc golf course on previously unleased land at Maude's Canyon in Silver City. This partnership with a beneficiary institution increases revenues but also establishes a recreational amenity that the entire community can enjoy. WNMU students participated in the design of the course. We also partnered with WNMU on a Youth Conservation Corps grant request for the installation of the tee boxes and baskets.

Meanwhile, a partnership with the Central New Mexico Audubon Society continues to enhance Melrose Woods, a preeminent bird watching site located in eastern New Mexico. The work included rehabilitating a water well, installing a pump house, water tank, and irrigation system to support new habitat for migrating birds.



# New Mexico State Land Office

## Surface Resources Division (SRD)



### OFFICE OF OUTDOOR RECREATION (CONTINUED)

Our program continued to work with the BLM and the Continental Divide Trail Coalition on a long-term easement for the current alignment of the Continental Divide Trail. The trail easement is expected to be complete in FY23.



Collaboration with NM True and Miles Partnership resulted in the creation of virtual tours for six of our most prominent recreational venues.

Upcoming projects in the works for FY23 include:

- Working with Sandoval County to establish a lease partnership at Golden Open Space
- Planning with Capulin Volcano National Monument to expand trails
- Partnering with the City of Socorro to establish an open space lease near the Socorro Box
- Expanding the lease with the City of Farmington to create more recreational opportunities at Farmington Lake

**Total Outdoor Recreation Permits Processed in FY22: 872!**

### AGRICULTURAL LEASING

The Agricultural Leasing Bureau (ALB) processes lease applications for grazing, farming, and other agricultural uses. The bureau staff provides new and renewing lessees with excellent customer service as they navigate applications, requests for improvement and other associated activities.

# New Mexico State Land Office

## Surface Resources Division (SRD)



### Agricultural Leasing Bureau FY22 Statistics



**526 LEASES RENEWED**



**660 RENEWAL PACKETS MAILED**



**354 LEASE ASSIGNMENTS**



**115 IMPROVEMENT APPLICATIONS PROCESSED**



**57 SUBLEASE APPLICATIONS PROCESSED**



**14 APPLICATIONS TO LEASE OPEN ACREAGE**

# New Mexico State Land Office

## Surface Resources Division (SRD)



### AGRICULTURAL LEASING

Leases for agricultural uses are issued for a term of not more than five years and these leases are divided into different series for processing purposes. Each year, one series comes up for renewal. Commissioner Garcia Richard was happy to return to in-person town hall meetings in 2022 to provide lessees support as they renewed their leases.



### LAND GRANT PARTNERSHIPS AND TRADITIONAL USE PERMITS



The Commissioner remains committed to supporting traditional uses on state trust land that benefit the surrounding communities. The State Land Office continues to engage in discussions and projects with the Land Grant Council. NMSLO conducted land grant fuelwood projects at Bearcat and Villanueva. Fuelwood collection also took place in Black Lake, Cebolla, and Cook's Peak areas as part of other land maintenance projects. The goal is to ensure traditional communities have the resources they need while simultaneously improving the fire resiliency of our forested lands.

# New Mexico State Land Office

## Public Engagement



The State Land Office is charged with making as much money as possible for our beneficiaries. Additionally, one of our biggest priorities is to engage with our lessees and other members of the public in a proactive way to ensure we are providing the best service possible.

Commissioner Garcia Richard immediately set about to make the State Land Office more transparent. In the 2019 legislative session, she developed the framework for legislation to require the land office to host public meetings regarding land sales and other transactions of importance to the public. The bill passed the Legislature and became law, setting an unprecedented standard for transparency and accountability at the agency.

### PUBLIC MEETINGS

Public meetings provide the Commissioner and State Land Office staff with an opportunity to speak with New Mexico residents directly. This one-on-one engagement is crucial, as it helps inform our staff about the needs and concerns of the public. Gathering this information firsthand allows us to improve our processes and increase our revenue-generating capabilities.



The COVID-19 pandemic made in-person meeting more challenging for everyone. When the virus was at the height of its spread, Commissioner Garcia Richard temporarily moved all public meetings to an online format. While in-person public meetings have since resumed, the State Land Office still provides an online option at all public meetings so everyone – even those unable to attend in-person – can have a say in how their state lands are used.



# New Mexico State Land Office

## Public Engagement



### VOLUNTEER SERVICE

State Land Office staff take public service very seriously beyond what is required of their day jobs. When wildfires ravaged New Mexico's landscape in the spring of 2022, our staff sprang into action.



In May, Commissioner Garcia Richard and about a dozen NMSLO staff visited the Glorieta Conference Center to volunteer, setting up tables and passing out food and supplies to those impacted by the Hermit's Peak/Calf Canyon and Cook's Peak wildfires. Back at the Santa Fe office, staff donated three car loads worth of supplies to those in need, including socks, diapers, batteries, groceries and much more.

The State Land Office is proud to have such a caring, selfless staff!

### MEDIA OUTREACH AND MORE

The State Land Office is also committed to providing the general public with as much information as possible. To that end, the State Land Office proactively contacts local media outlets about our numerous projects to keep New Mexico's residents up-to-date with the status of their state lands.

To stay informed on everything happening at the State Land Office, visit [nmstatelands.org](http://nmstatelands.org). You may also send us any questions you may have about our work to: [slo-info@slo.state.nm.us](mailto:slo-info@slo.state.nm.us).



# 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. 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 TRUSTS ADVISORY BOARD MEMBERS:**

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

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

Colonel David West served in the United States Army from 1985-1991 as a combat medic, and now serves as Chief of Staff to the President of the New Mexico Military Institute, a NMSLO beneficiary.

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

Joanna Prukop has served both as a former Secretary of the New Mexico Energy, Minerals, and Natural Resources Department and a former Chair of the New Mexico Game Commission.

Paula Garcia has fought for clean water and water and agricultural rights in her nearly two decades as Executive Director of the New Mexico Acequia Association.

Since 2019, YOUR State Land Office has earned over

**\$5.4 BILLION for our schools!**

New Mexico Commissioner of Public Lands Stephanie Garcia Richard

