Oil and Gas Enforcement Water and Natural Resources Committee

OMMISS

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Sunalei Stewart, Deputy Commissioner of Operations New Mexico State Land Office

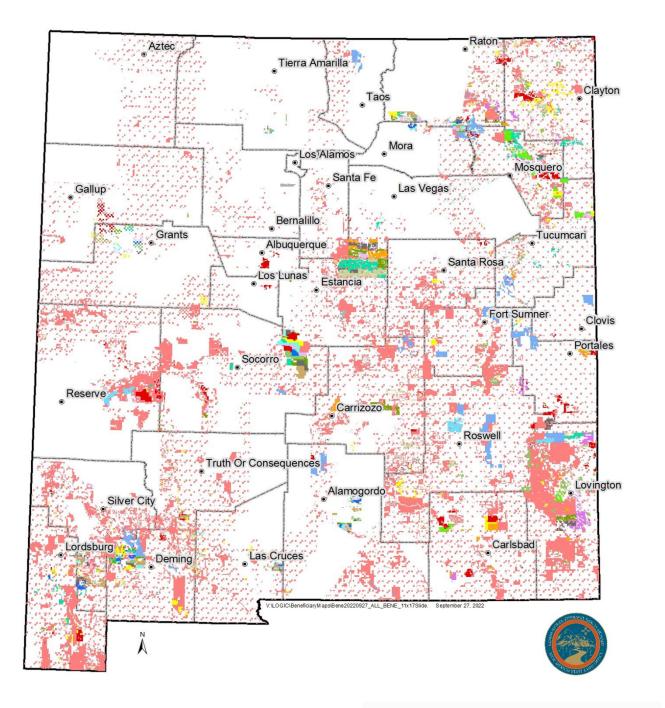
October 5, 2023

Agenda

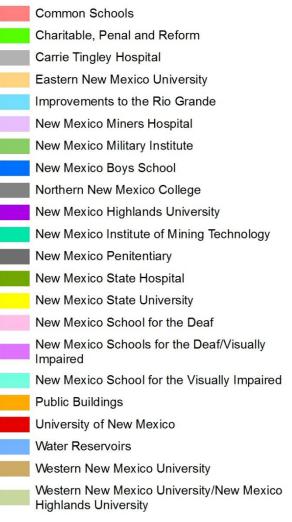
- Land Office 101
- Legal Framework
- Protecting State Lands
 - Environmental & Health Setbacks
 - School O&G Buffer Executive Order
 - Accountability & Enforcement Program
 - Reclamation & Remediation
 - Bonding
- Questions

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





New Mexico Land Trust Beneficiaries



Record Earnings: \$2.75 billion in FY23

Since 2019, YOUR State Land Office has earned over

\$8 BILLION for our schools!

New Mexico Commissioner of Public Lands Stephanie Garcia Richard

State Land Office Legal Framework

- Fiduciary responsibility to manage state trust lands in a manner that protects trust assets (e.g., land) and keeps them productive and healthy for current and future generations
- Commissioner maintains broad authority over state trust lands, subject to limitations prescribed in federal and state law
- Leases include terms and conditions entities must follow as a matter of contract in addition to general regulatory requirements (OCD, NMED, etc.) and NMSLO rules
- Enforcement tools achieve compliance via collaboration or litigation (no general authority to issue fines)



Protecting State Lands

- Accountability & Enforcement Lease Review & Assignment Program
- Satellite Trespass & Spill Detection
- New Environmental **Compliance Office**
- New Cultural Property **Protection Rule**
- Oil & Gas Fresh Water Policy

- **Compliance Checks**
- Bonding Compliance & Reform
- Chaco Oil & Gas Executive Order
- School Oil & Gas Executive Order
- **Enhanced Royalty Auditing**

"We have a duty to ensure that companies on state lands are responsible and that they clean up after themselves so New Mexicans aren't left on the hook for messes they didn't create. Another record year for revenue shows that we can hold companies accountable for their actions and still rake in billions for New Mexico's school kids and families." - Commissioner Garcia Richard



Environmental and Health Setbacks

- Unlike other types of leases, the terms of O&G leases are set by statute
- NMSLO lacks the authority to dictate where a well can (or can't) be drilled (OCD issues APDs) – i.e., no setback provision in lease
- NMSLO's decision point is whether to generally lease or not lease a parcel (40 to 640 acres)
- New Mexico lacks existing legislative or regulatory setback requirements to protect the environment and human health



Oil and gas facility in Counselor, NM with Lybrook Elementary School in the background. Photo by Becca Grady.

albuquerque JOURNAL

Land commissioner bans new oil, gas leases near NM schools

By Dan McKay / Journal Staff Writer Jun 1, 2023



A Carlsbad Municipal Schools bus waits in traffic near flaring oil and gas wells along Laguna Road in Carlsbad in September 2019. Eddie Moore

Public Health Buffer by Schools

- Commissioner Garcia Richard issued an Executive Order on June 1, 2023 (only state trust lands)
- Moratorium on new O&G leasing within one mile of schools, daycares and other educational facilities
- Provides the Governor, Legislature and other interested stakeholders an opportunity to develop setback requirements, including for hospitals and residential areas
- Recognizes that despite the state's methane rule authorized and unauthorized venting, flaring and leakage at O&G sites raise serious air quality concerns
- Directed NMSLO staff to review existing sites to assess their compliance with applicable lease terms

State of New Mexico Commissioner of Public Lands

Executive Order No. 2023-001 Moratorium on New Oil and Gas Leas One Mile of Schools

WHEREAS, the Commissioner of Public Lands has broad cons and statutory jurisdiction over the direction, control, care and dispolands, in accordance with the acts of Congress relating thereto and such be provided by law (see NM Const., art. XIII, Scc. 2 and NMSA 1978,

WHEREAS, state trust lands were granted by the federal gove of New Mexico primarily for the purpose of generating revenue to sup and other educational institutions; and

WHEREAS, the Commissioner is authorized to withhold any lands from leasing for oil and gas or other purposes if in her opinion t the state land trust will be served by so doing (see NMSA 1978 §§ 19-19.2.100.31 NMAC); and

WHEREAS, it is the responsibility of the State Land Office charged with overseeing aspects of oil and gas operations to help ensur are free from pollution and harmful effects of such activities; and

WHEREAS, while New Mexico's methane rule (19.15.27 NM reduce natural gas releases, emissions from oil and gas operation authorized and unauthorized venting and flaring, still have an adverse in and

WHEREAS, New Mexico state law does not currently provide f buffer setbacks for the siting of oil and gas wells to protect the envir health, safety and general welfare; and

WHEREAS, a moratorium on new oil and gas leasing near educational institutions, including day care centers, pre-schools and sp by students, will provide an opportunity to engage the Governor and under her purview, State Legislature and other interested stakeholders legislative and administrative options, including oil and gas infrastn strengthen public health protections surrounding schools, hospitals and

NOW, THEREFORE, I, Stephanie Garcia Richard, Commissioner of Public Lands, do hereby order and direct that the state trust lands located within one mile of a school or other educational institution shall not be leased for new oil and gas purposes until further order, effective immediately; and

BE IT FURTHER ORDERED that the State Land Office Commercial Resources Division and Oil, Gas and Minerals Division shall identify all existing oil and gas mineral leases, business leases, and rights-of-way located within one mile of a school or other educational institution, and assess their compliance or non-compliance with applicable lease or easement terms, including the requirement to plug inactive wells, remediate spills, and adhere to relevant air quality standards, and

BE IT FURTHER ORDERED the State Land Office shall immediately initiate a review of other protective measures that may help ensure that operations on state trust lands are conducted consistent with public health and safety, and environmental protection, and shall engage the Department of Environment and the Department of Energy, Minerals and Natural Resources regarding air quality and environmental compliance protections as they relate to state trust lands; and

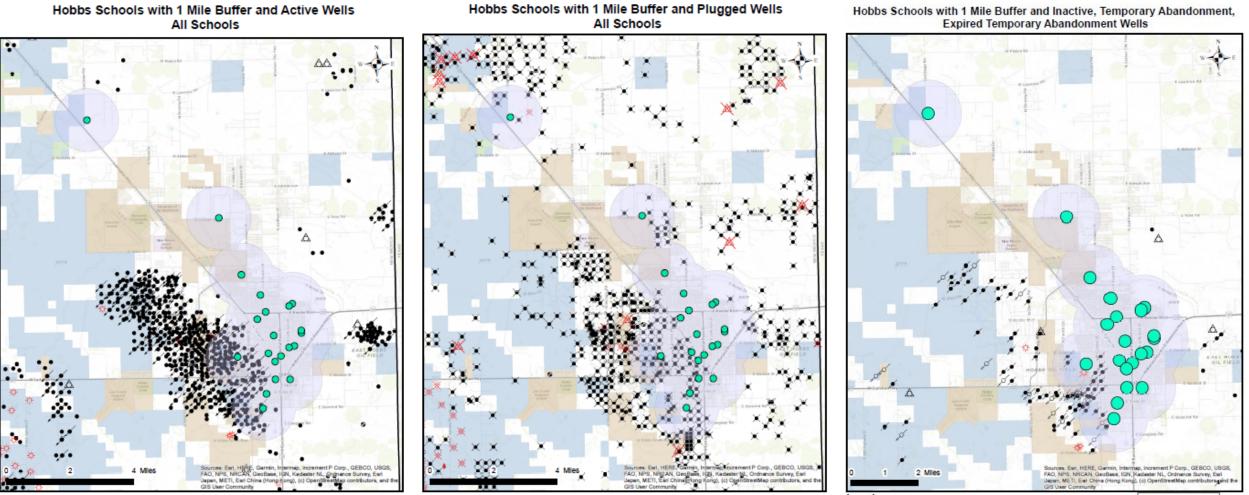
BE IT FURTHER ORDERED that nothing herein shall restrict the State Land Office from authorizing the placement of infrastructure or permitted uses for the purpose of ensuring that appropriate public health, safety or environmental standards are met.

SIGNED AT THE STATE LAND OFFICE THIS _ DAY OF _ JUNE 2023.





Hobbs: Wells Within One Mile of Schools



Jefferson Elementary School



Accountability & Enforcement

Focus

- Lease and regulatory compliance
- Plug abandoned and inactive wells
- Soil and groundwater contamination
- Debris removal and surface reclamation

Approach

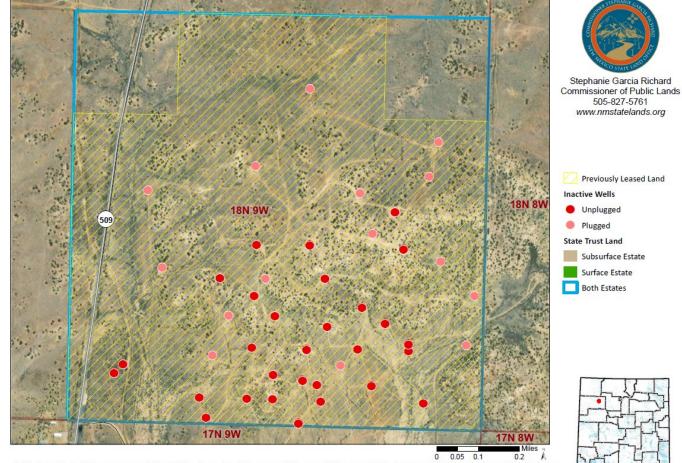
- Outreach and education
- Communication
- Settlement
- Litigation



Hospah Oil Field



Garcia Richard v. BC&D and Dominion - Location of Expired Leases and Inactive Wells



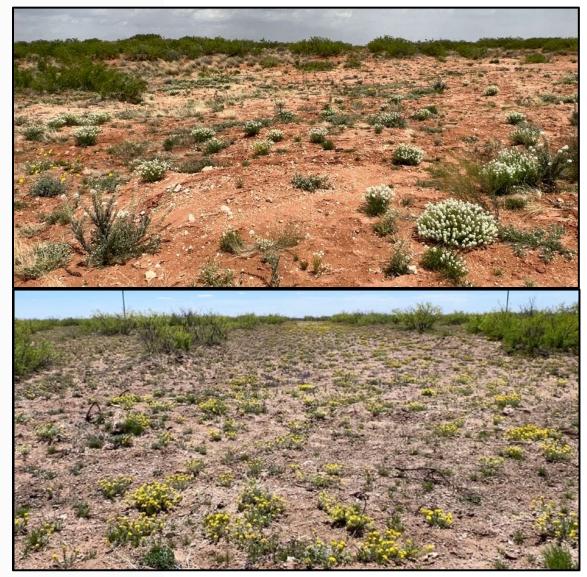
The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the acouracy, reliability or use of the information provided herein, with respect to State Land Office data or data from other sources. Data pertaining to New Mexico State Trust Lands are provisional and subject to revision, and do not constitute an official record of title. Official records may be reviewed at the New Mexico State Land Office n Santa Fe, New Mexico. Complete, delider and printed by the Land Office degraphic Information Center. VillegraphilemontMNDRReg3713 (2005) Ernal L3, Save Date: April 21, 2021. Certaded by Christian Smith csmittingies state nums: S055-273-584

A & E Results

- 324 oil & gas wells plugged
- 27 enforcement lawsuits filed
- 14 lease sites fully reclaimed
- \$30 million in cleanup savings
- 14 bonds collected



CLEANUP AT INDUSTRY'S EXPENSE



Since Nov. 2020

Remediation and Reclamation Efforts



New Environmental Compliance Office

- Secured three new Environmental Specialists in 2022 Legislative Session
- Enhanced expertise & capacity
- Industry outreach & trainings
- Lots to cover 9 million surface acres, 13 million acres of mineral estate

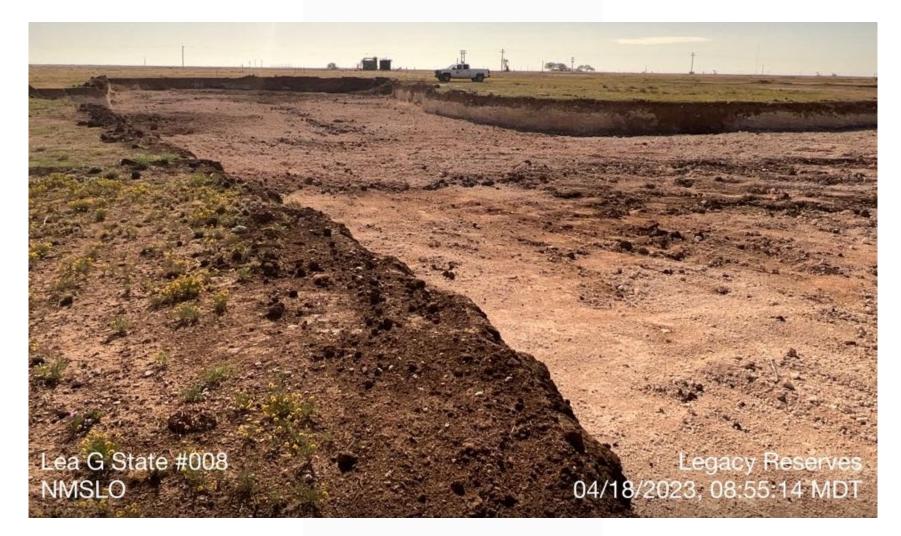
Site Assessments



Caliche Pit Reclamation



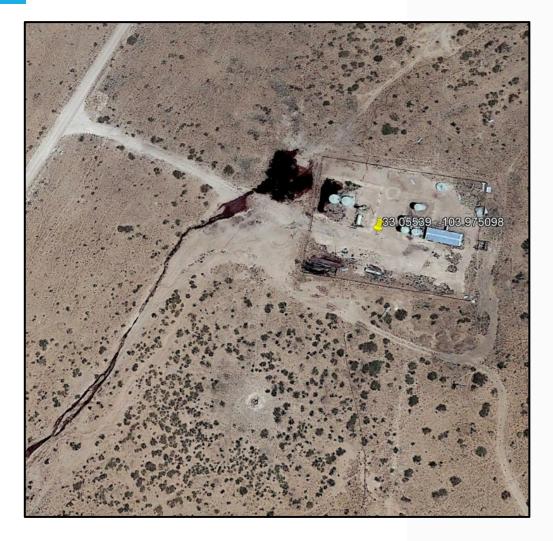
Well Pad Removal



Produced Water Spill



Oil Spill and Remediation





Salt Water Disposal Well Remediation



Revegetation



Satellite Detection Efforts

Pre-Spill



Post-Spill



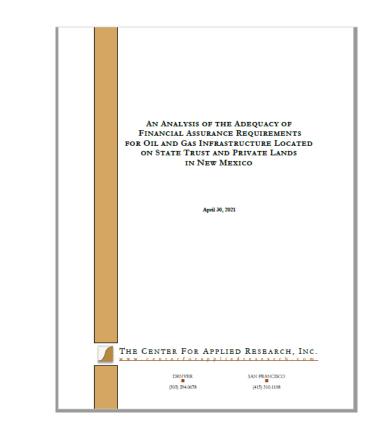
Lea County

Bonding

- Billions in potential cleanup costs
- Financial risk & burden should not rest on taxpayers
- Adequate bonding levels
- Bond compliance efforts
 - Over 800 non-bonded leases identified and corrected

New Mexico could be on the hook for \$8.1 billion in oil and gas clean up costs





QUESTIONS?

