



**Oil and Gas Enforcement  
Water and Natural Resources Committee**

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

**October 5, 2023**

# Agenda

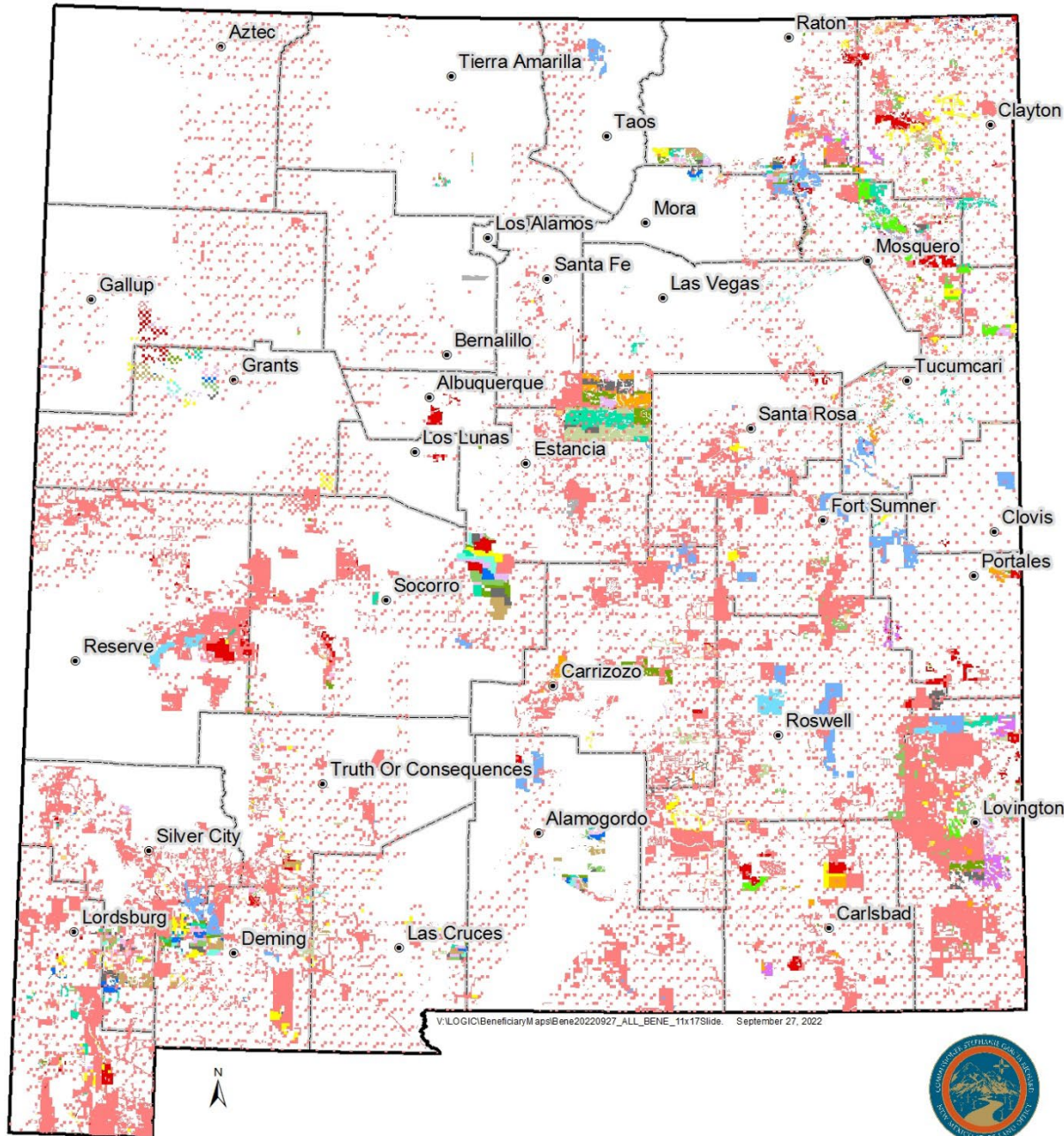
- **Land Office 101**
- **Legal Framework**
- **Protecting State Lands**
  - Environmental & Health Setbacks
  - School O&G Buffer Executive Order
  - Accountability & Enforcement Program
  - Reclamation & Remediation
  - Bonding
- **Questions**



# OPEN FOR BUSINESS



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



## New Mexico Land Trust Beneficiaries

- Common Schools
- Charitable, Penal and Reform
- Carrie Tingley Hospital
- Eastern New Mexico University
- Improvements to the Rio Grande
- New Mexico Miners Hospital
- New Mexico Military Institute
- New Mexico Boys School
- Northern New Mexico College
- New Mexico Highlands University
- New Mexico Institute of Mining Technology
- 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
- Public Buildings
- University of New Mexico
- Water Reservoirs
- Western New Mexico University
- Western New Mexico University/New Mexico Highlands University



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



## 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

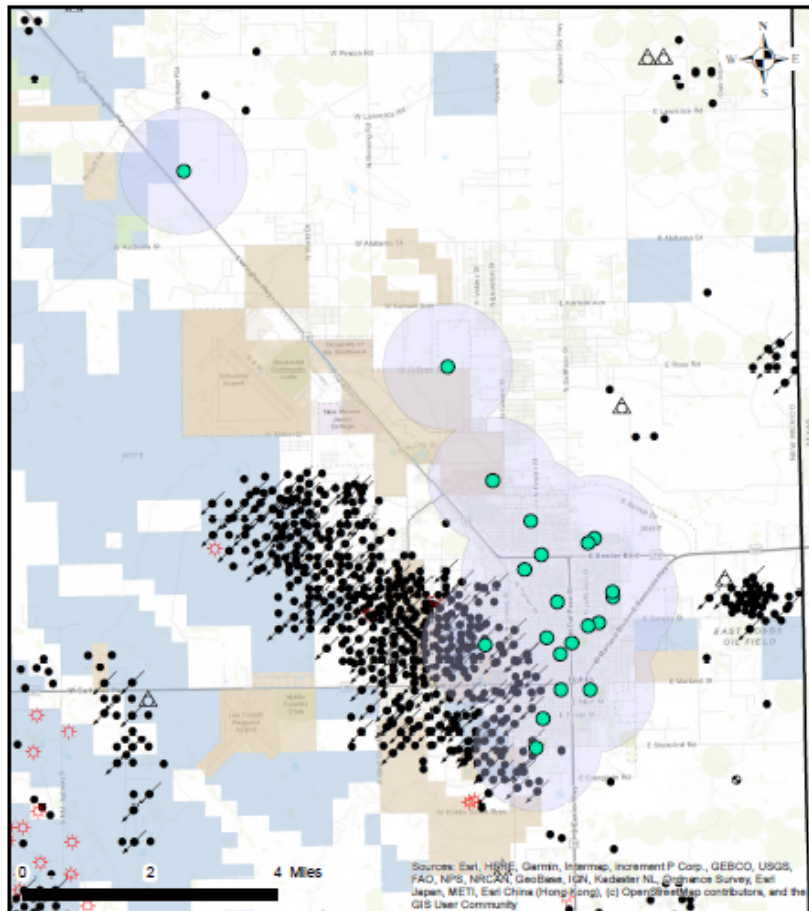
# Public Health Buffer by Schools

- 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

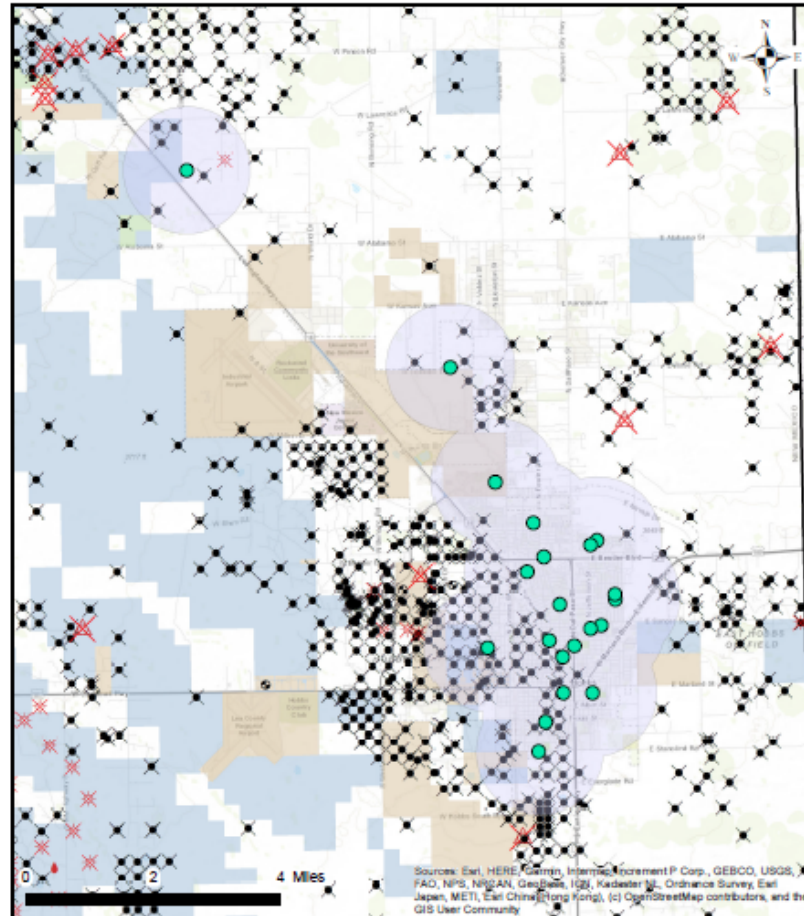


# Hobbs: Wells Within One Mile of Schools

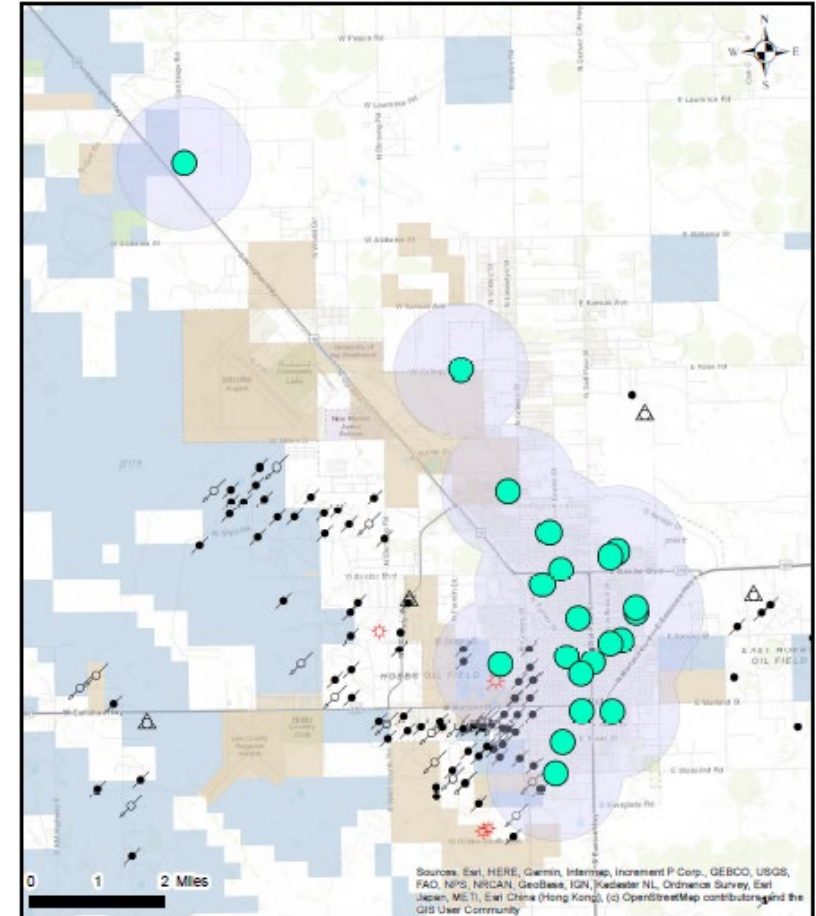
Hobbs Schools with 1 Mile Buffer and Active Wells  
All Schools



Hobbs Schools with 1 Mile Buffer and Plugged Wells  
All Schools



Hobbs Schools with 1 Mile Buffer and Inactive, Temporary Abandonment, Expired Temporary Abandonment Wells



# 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

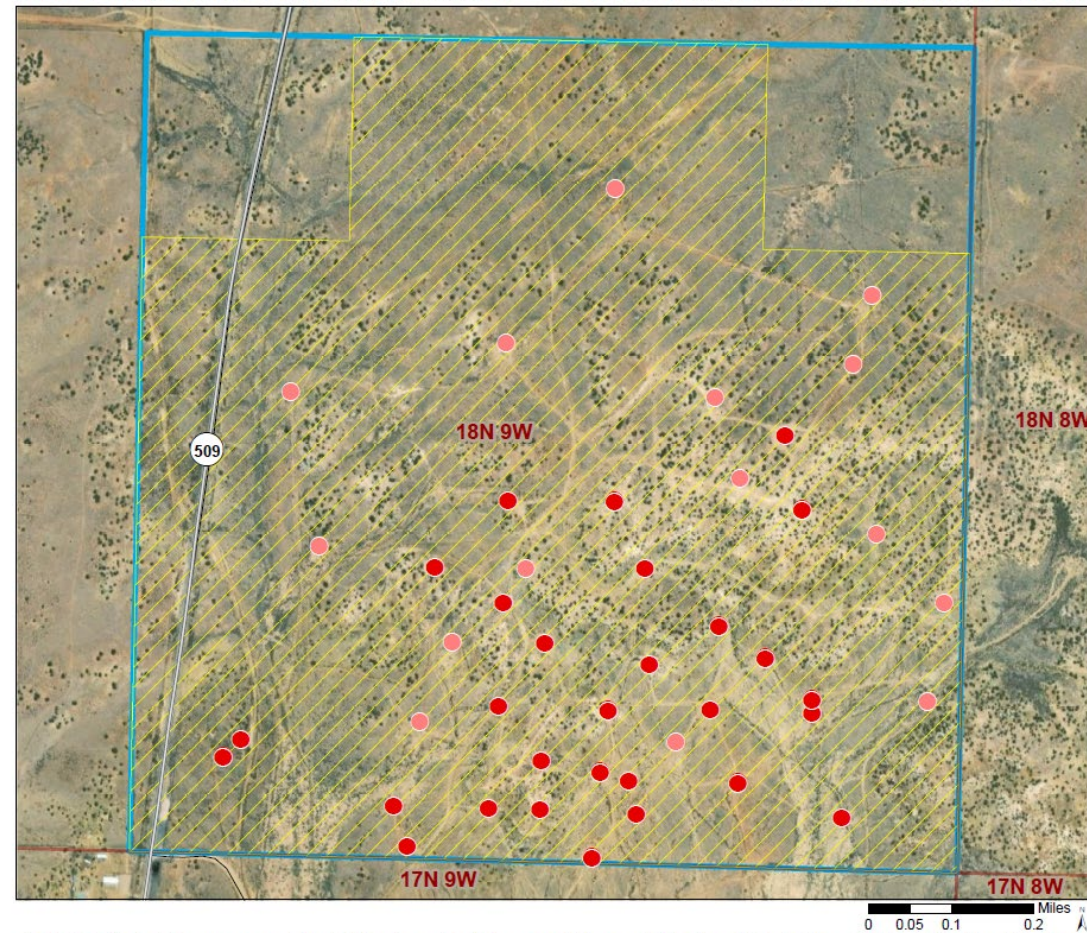
- Outreach and education
- Communication
- Settlement
- Litigation



# Hospah Oil Field



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



Stephanie Garcia Richard  
 Commissioner of Public Lands  
 505-827-5761  
[www.nmstatelands.org](http://www.nmstatelands.org)

- Previously Leased Land
- Inactive Wells**
- Unplugged
- Plugged
- State Trust Land**
- Subsurface Estate
- Surface Estate
- Both Estates



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# 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

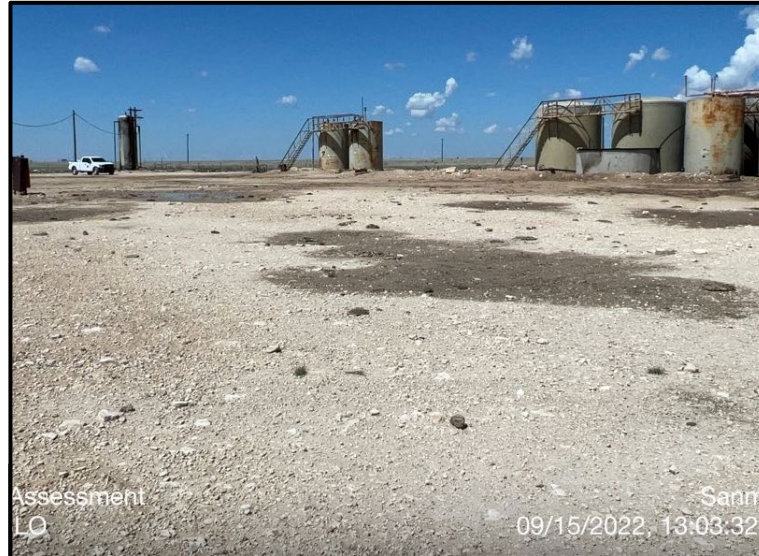


## New Environmental Compliance Office

- 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



Lea G State #008  
NMSLO

Legacy Reserves  
04/18/2023, 08:55:14 MDT

# Produced Water Spill



Cimarex Energy Co.

Red Hills Unit 32-5 CTB  
10 Dec 2022, 15:13:12

# Oil Spill and Remediation



# Salt Water Disposal Well Remediation



# Revegetation



# Satellite Detection Efforts

Pre-Spill



Post-Spill





# 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

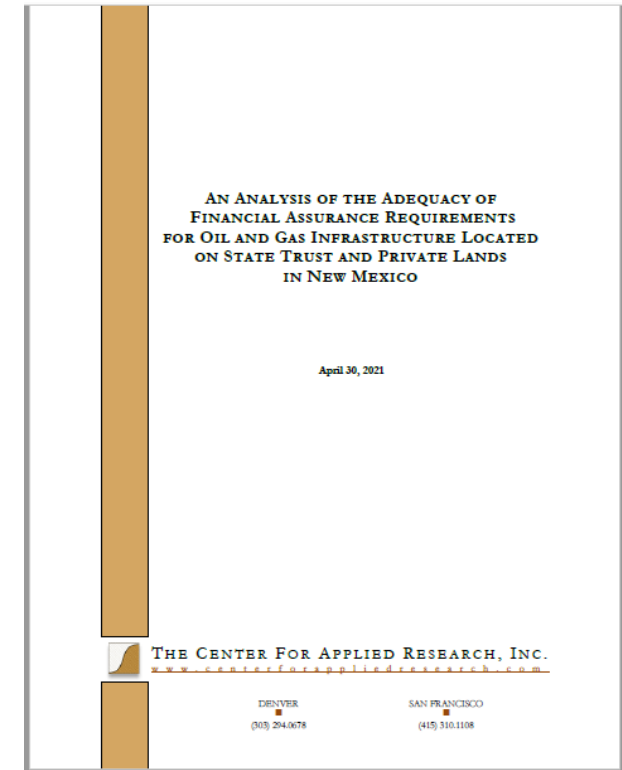
## New Mexico could be on the hook for \$8.1 billion in oil and gas clean up costs



**Adrian Hedden**

Carlsbad Current-Argus

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QUESTIONS?



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 nmstatelands.org