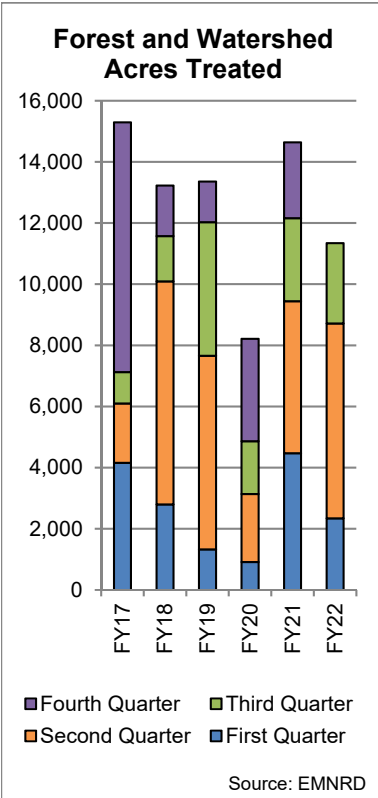


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ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	No
Responsibility assigned?	No



In the Energy, Minerals and Natural Resources Department (EMNRD), the forest and watershed treatment done by the State Forestry Division is winding down for the fiscal year as the program shifts attention to an early and severe wildfire season. The importance of this work was evident during a recent fire that died down when it entered a treated forest area. State park visitation was slightly lower than last quarter and may stay at a reduced level next quarter due to recent wildfires, declining reservoir levels, and high gas prices. The Oil Conservation Division has been prioritizing high-risk well inspections and severely degraded orphan well sites, both of which require above-average time and resources, resulting in lower numbers of completed inspections and plugged wells.

The Legislature made large investments in forestry work and state parks infrastructure with federal Covid relief funding and other nonrecurring revenue. Expenditures will be closely monitored in the coming years to ensure the agency is meeting expectations to implement high-impact infrastructure investments, particularly state park repairs and upgrades, and natural resource remediation, such as orphan well plugging and forest treatment.

Healthy Forests

The Healthy Forests program, also known as the State Forestry Division (SFD), holds wildland firefighter trainings throughout the state primarily between October and April. The division established new contract agreements with trainers last quarter and was able to train 648 firefighters in the third quarter. Traditional classroom trainings are offered at locations throughout the state and virtual trainings are also available.

SFD plans and implements restoration treatments within the top 500 at-risk watersheds identified in the New Mexico Forest Action Plan. SFD is on course to meet its FY22 performance target, but work will likely continue to slow next quarter due to the limitations of treating forests during wildfire season. Due to extremely dry and windy conditions, the acres treated in the third quarter were mostly related to forest thinning rather than prescribed burns.

An agreement between EMNRD, New Mexico Highlands University, New Mexico State University, and the University of New Mexico establishes a reforestation center to recover areas burned by severe wildfires. More than 300 million seedlings are needed to fill the current backlog of burned areas, and the agreement sets a goal of producing 5 million seedlings per year. The partners will expand the seed collection program, prepare seed storage facilities, and conduct a feasibility study of sites to locate the new nursery, research, and training center. The collaboration will result in production and planting of trees resilient to a warmer and drier climate.

	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Budget: \$16,278.7 FTE: 77							
Nonfederal wildland firefighters provided training	1,229	1,229	1,500	23	127	648	G
Acres treated in New Mexico's forests and watersheds	8,213	14,637	14,500	2,343	6,370	2,629	G
Program Rating	Y	Y					G

State Parks

In the third quarter of FY22, state park visitation was even lower than it was in the second quarter, typically the least popular time of year for parks. Although current wildfires around the state have resulted in park closures and can be expected to limit visitation through the end of this fiscal year, they did not begin until after the end of the third quarter and therefore cannot explain this quarter's low numbers. Revenue per visitor is higher than previous quarters due to reservation system transactions occurring in advance of the upcoming peak season. The State Parks Division's plan for increasing visitation is to continue normal marketing and outreach programming with a focus on rural markets and leveraging the national reach of the reservation system marketing

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platform. The division's vacancy rate is 38 percent, though EMNRD recently reported a highly successful rapid hire event that filled 10 out of 11 vacant park positions in the southeast region.

Nonrecurring Funds Appropriated in Special and Regular Sessions 2021-2022

Purpose	Amount
Forest and watershed treatment, restoration; wildfire readiness	\$35 million
State park improvements	\$20.5 million
Community energy efficiency development block grant program	\$10 million
Orphan well reclamation	\$3.5 million
State park expansion	\$350 thousand
Vehicle and radio replacements	\$250 thousand

During the 2021 second special session, the Legislature appropriated a total of \$23.5 million to EMNRD from the federal American Rescue Plan Act funding that was transferred to the state general fund. \$20 million was appropriated to plan, design, construct, improve, renovate, furnish, and equip state parks. \$3.5 million was appropriated for orphan and inactive well planning, identification, and program implementation. The agency will have until the end of FY25 to expend the appropriations.

During the 2022 regular session, \$20 million was appropriated to the forest land protection revolving fund, of which \$7 million was appropriated to EMNRD for use in FY22-23. Forestry received an additional \$10 million in capital outlay funding for watershed restoration and \$5 million for wildfire prevention and readiness.

Budget: \$24,173.5	FTE: 234.7	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Number of visitors to state parks, in millions*		3.9	4.4	N/A	2.1	0.6	0.6	Y
Self-generated revenue per visitor, in dollars		1.04	\$0.65	\$0.94	\$0.76	\$1.16	\$1.29	G
Program Rating		Y	Y					Y

*Measure is classified as explanatory and does not have a target.

Mine Reclamation

The Mining Act and the Surface Mining Act require that mines obtain a permit including an approved reclamation plan and financial assurance that would allow the state to complete reclamation if the company owning the mine fails to do so. In the third quarter of FY22, 65 of the 66 mines managed by the program were in compliance with this requirement.

Budget: \$8,120.0	FTE: 32	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation		100%	99%	97.5%	100%	99%	99%	G
Program Rating		G	G					G

Oil and Gas Conservation

The Oil Conservation Division (OCD) will likely not meet the annual target for oil and gas wells inspected and in compliance, but did increase the number between the second and third quarter. OCD's recently implemented tiered method of scheduling inspections is the primary reason inspections have lagged this year: staff focus on scheduling high-priority inspections first, which are typically more complex and time-consuming than the average inspection. OCD staff approved 95.9 percent of drilling permits within 10 business days in the third quarter of FY22, allowing most operators to conduct business without unnecessary delays. Only 24 applications to drill took longer than 10 days out of the 584 the division approved.

OCD has recently been focusing its well-plugging efforts on a large oil field containing old, poorly maintained orphan well sites that require additional time and resources to remediate. Furthermore, program staff report low availability of equipment and crews has also contributed to the slow pace of well-plugging. Wells such as these with defective casing and casing collapses are more expensive and take longer to complete, but pose the greatest risk to groundwater. OCD has spent just over \$1 million on plugging costs for 16 wells so far in FY22.

The OCD has the additional responsibility of overseeing the Carlsbad brine well remediation project, which is not captured in the division's performance measures. Sand backfilling was completed in mid-February, and remaining tasks include: cavity

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depressurization, demobilization, surface restoration, monitoring plan development, and implementation and receipt of a final report from the contractor confirming, among other things, that risk to surface and groundwater have been addressed. OCD anticipates reporting, demobilization, depressurization, and surface restoration to be completed in summer 2022.

Budget: \$11,221.5 FTE: 72	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Inspections of oil and gas wells and associated facilities showing compliance with permits and regulations	36,852	35,757	31,000	5,971	7,399	8,522	G
Application to drill permits approved within 10 business days	94.6%	87.6%	95%	85.5%	95.6%	95.9%	G
Abandoned oil and gas wells properly plugged	36	49	50	4	7	7	R
Violations issued*	2,176	3,174	N/A	1,182	830	591	
Program Rating	G	Y					Y

*Measure is classified as explanatory and does not have a target.

Renewable Energy and Energy Efficiency

The purpose of the Renewable Energy and Energy Efficiency program, also called the Energy Conservation and Management Division (ECMD), is to develop and implement effective clean energy programs, renewable energy, energy efficiency and conservation, alternative transportation and fuels, and safe transportation of radioactive waste. ECMD also provides technical assistance and information to the renewable energy industry for ongoing, potential, and proposed projects.

ECMD administers five clean energy tax credit programs for renewable energy production, solar market development, sustainable buildings, agriculture biomass, and biodiesel facilities. In the third quarter, ECMD received and reviewed 1,247 tax credit applications and processed 99 percent within 30 days of receipt. An additional challenge this quarter was a massive influx of calls from residents who applied for but did not receive the solar market development tax credit because it reached its annual cap of \$8 million by mid-March.

Budget: \$3,248.8 FTE: 19	FY20 Actual	FY21 Actual	FY22 Target	FY22 Q1	FY22 Q2	FY22 Q3	Rating
Applications for clean energy tax credits reviewed within 30 days	90%	88%	90%	84%	87%	99%	G
Number of clean energy projects to which the division provided information and technical assistance*	143	226	N/A	79	200	29	
Program Rating	G	Y					G

*Measure is classified as explanatory and does not have a target.