

ACTION PLAN

Submitted by agency?	Yes
Timeline assigned?	Yes
Responsibility assigned?	Yes

Energy, Minerals and Natural Resources Department

The Energy, Minerals and Natural Resources Department (EMNRD) was on the frontlines of an unprecedented fire season in 2022 that burned over 899 thousand acres of forest and resulted in losses throughout the state. EMNRD's Forestry Division was central to firefighting, response, and recovery efforts. In addition, the fires impacted or temporarily closed several state parks, with many serving as staging areas for firefighting or evacuations. Despite this, New Mexico's 35 state parks saw 5.2 million visitors in FY22, a record the division is on track to meet again in FY23.

EMNRD received record levels of federal funding as it increased activity across several divisions. In addition to the nonrecurring funds appropriated in the special and regular sessions in 2021 and 2022, the federal Infrastructure Investment and Jobs Act delivered another \$25 million for orphaned well cleanup, \$960 thousand for the energy efficiency revolving loan program, and \$2.4 million for abandoned mine remediation, and \$5 million for wildfire prevention, readiness, and firefighting equipment. The agency will need to efficiently deploy these resources and leverage state funding to qualify for additional federal grants.

Tax Credit Programs (FY22)

Tax Credit Name	Credit Cap (thousands)	Expenditure at Q2 close (thousands)
Solar Market Development Tax Credit	\$12,000.0	\$5,420.0
Sustainable Building Tax Credit	\$5,000.0	\$612.0
Renewable Energy Production Tax Credit	Varies *	\$19,166.0
Agricultural Biomass Income Tax Credit	\$5,000.0	\$0

* \$0.01 per kilowatt-hour (kWh) up to 400,000 megawatt-hours (MWh) annually per taxpayer for wind- or biomass-derived electricity. The aggregate cap for all wind projects is set at 2 million MWh.

* \$0.015 cents to \$0.04 cents per kWh up to 200,000 MWh annually per taxpayer for solar-light-derived or solar-heat-derived electricity, depending on the consecutive taxable year for which the credit is being claimed. The aggregate cap for all solar projects is set at 500,000 MWh.

Source: EMNRD & TRD

Energy Conservation and Management

In the second quarter of FY23, the Energy Conservation and Management Division (ECMD) received and reviewed 891 tax credit applications. Of these, 826 were deemed complete and approved, with 736 approved within 30 days of receipt. ECMD is working to create training videos for industry and applicants on program and application requirements to assist with the volume of applications that require more than one submission and review. The division is also working to make improvements to its online application portal.

Although not reflected in the division's performance measures, in October 2022, ECMD applied for grid modernization grant funding through the U.S. Department of Energy (DOE). If awarded, this new program will bring \$36 million to New Mexico over five years, starting in 2023, to help reinforce vulnerable electric systems and modernize the grid as utilities transition to renewable energy resources.

Budget: \$3,810.1	FTE: 21	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Percent of completed applications for clean energy tax credits reviewed within thirty days of receipt		88%	92%	90%	99%	89%	Y
Program Rating		Y	G	G	G	G	Y

Healthy Forests

In response to a wildfire season that broke every record for wildfire size, intensity, and cost, the Healthy Forests program, also known as the State Forestry Division (SFD), is leading statewide recovery efforts. The division increased its training capacity to prepare for the next wildfire season. It offered courses earlier in the fall than ever before and will continue course offerings to early spring of 2023. SFD is also working with local government and federal cooperators to establish a Wildland Fire Training Academy to

create a centralized delivery point and additional training opportunities for new and current firefighters.

SFD and the New Mexico Department of Agriculture are working to develop strategies to reduce greenhouse gas emissions from wildfires and increase the sequestration capacity of New Mexico's forests, rangelands, and cultivated agricultural lands through sustainable management practices. The division treated 1,303 acres in 2022 using Forest and Watershed Restoration Act funding and recommended seven projects for landscape-scale thinning and habitat restoration in 2023. SFD is also working with the U.S. Department of Agriculture (USDA) Farm Service Agency to enroll private lands burned by the Hermits Peak and Calf Canyon fires in the federal emergency forest restoration program. Once completed, this activity will boost the number of acres treated for FY23. The scale of forestry work completed, compared to the amount of forest and watershed acres remaining untreated, will continue to present a challenge to fire prevention efforts.

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Budget: \$17,388.3 FTE: 79						
Number of nonfederal wildland firefighters provided professional and technical incident command system training	1,229	883	1,500	60	86	R
Acres treated in New Mexico's forests and watersheds	14,637	14,020	14,500	888	1,586	Y
Program Rating	Y	Y				Y

State Parks

State Parks Division (SPD) visitation and revenue remained high during the second quarter. Nearly 600,000 visitors spent time in state parks during fall and early winter. SPD revenue during this quarter exceeded \$716.0, which is on pace with FY22. Winter conditions and cold temperatures established safe and predictable ice fishing, which is a major draw to multiple SPD lakes and their rural communities in northern areas of the state. SPD remains on track to exceed attendance and revenue targets again for FY23.

SPD continued to plan for and invest ARPA funds across the system focused on repair, renovation, and replacement of aging infrastructure. In FY23 Q2, after eight months of availability, SPD spent or encumbered \$5.6 million of ARPA funds and remains on track to expend these funds within the federal allocation period. During this quarter, SPD successfully hired senior staff across six bureaus and five regional offices. The division also continued to reduce its vacancy rate and successfully worked with the State Personnel Office to reclassify 82 state park law enforcement positions.

	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
Budget: \$24,173.5 FTE: 234.7						
Number of visitors to state parks	4,409,704	5,211,898	4,750,00	1,654,156	597,140	G
Amount of self-generated revenue per visitor, in dollars	\$.64	\$1.01	\$1.00	\$.75	\$1.20	G
Program Rating	Y	G		Y		G

State Park Improvements

Project Location	Cost
Bluewater Lakes State Park	\$780.4
Bottomless Lakes State Park	\$1,613.8
Clayton Lake State Park	\$58.4
Living Desert Zoo and Gardens	\$141.5
Hyde Memorial State Park	\$435.90
Navajo Lake State Park	\$173.9
Oliver Lee Memorial State Park	\$121.4
Pecos Canyon State Park	\$620.0
Pecos Canyon State Park	\$65.8
Rio Grande Nature Center	\$164.4
Storrie Lake State Park	\$153.4
State Parks Office Remodel	\$168.5
Total	\$4,497.4

Mining and Minerals

The Mining and Minerals Division (MMD), which houses the Abandoned Mine Lands Program, Coal Mine Reclamation Program, and Mining Act Reclamation Program, continues to work to ensure the responsible utilization, reclamation, and safeguarding of New Mexico’s lands affected by mining. Over the past several years, coal production has significantly decreased, while non-coal mineral production remains stable. The division will also be responsible for data collection, management, and documentation duties under the Water Data Act as it works to support the implementation of the state’s *50-year Water Plan*.

Budget:	FTE:	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
\$8,873.6	28						
Permitted mines with approved reclamation plans and adequate financial assurance posted to cover the cost of reclamation		99%	99%	99%	99%	99%	G
Program Rating		G	G		G		G

Oil Conservation

The Oil Conservation Division (OCD) reduced its vacancy rate from 25 percent in FY22 to 14.5 percent in FY23 and continues filling positions as its workload increases. As a result, the number of inspections and enforcement actions has risen in line with increases in oil and gas industry activity.

Additionally, OCD received a \$25 million initial federal grant to fund plugging and remediation at 200 well sites over a 24-month period under the federal Infrastructure Investment and Jobs Act’s Orphan Well Program. The division expects to receive an additional \$75 million over the next four years for expenditure through 2030. As required by the grant, the division successfully obligated 90% of the initial grant to 145 plugging projects. However, the “wells properly plugged” metric counts only completed plugging projects.

Eight wells plugged in the second quarter of FY23 used money from the oil reclamation fund, while the remaining three were plugged using federal funding. The division currently has 3 contract plugging crews working concurrently and anticipates a significant increase in wells plugged in future quarters, well above the 50 for the year. OCD has set an internal target of plugging approximately 200 wells by October 2023, well above its target of 50 for the year; however, crew availability remains a challenge.

Budget:	FTE:	FY21 Actual	FY22 Actual	FY23 Target	FY23 Q1	FY23 Q2	Rating
\$12,443.2	65						
Number of inspections of oil and gas wells and associated facilities.		35,757	35,757	31,000	7,598	7,019	G
Number of abandoned wells properly plugged.		49	49	50	3	11	R
Number of violations issued with associated administrative penalties. *		3,174	3,213	N/A	523	675	
Program Rating		Y	Y		Y		Y

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