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FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/2020

SPONSOR SCONC LAST UPDATED _____ HB _____

SHORT TITLE Importance of Pecos Canyon & Watershed SM 60/SCONCS

ANALYST Hawker

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total			See Fiscal Impact			

(Parenthesis () Indicate Expenditure Decreases)

Relates to House Memorial 54

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD), responding to HM54
State Land Office (SLO)

SUMMARY

Synopsis of Bill

Senate Conservation Committee Substitute to Senate Memorial 60 resolves the Pecos canyon and the upper Pecos watershed are inappropriate places to conduct exploratory drilling operations and for activities associated with exploratory drilling.

Copies of this memorial are to be transmitted to the forest supervisor for the Santa Fe national forest, the chair of the Acequia Commission, the Secretary of the Environment, the State Engineer, the Secretary of Indian Affairs, the New Mexico Congressional delegation, the United States Department of the Interior's Assistant Secretary for Indians Affairs, the Governor and the Secretary of Energy, Minerals and Natural Resources.

FISCAL IMPLICATIONS

This memorial finds Pecos canyon and the upper Pecos watershed is an inappropriate place to conduct exploratory drilling operations. Neither EMNRD nor SLO noted any fiscal impact.

SIGNIFICANT ISSUES

In June 2019 the New Mexico Mining and Minerals Division of the Energy, Minerals and Natural Resources Department (EMNRD) received an application from Comexico LLC for an exploration operation. The application proposed to drill up to 30, 3 to 5.5 inch diameter borings up to 4 thousand feet below ground surface to explore for copper, gold, zinc, lead and silver in Santa Fe county. The proposed project is on federal land, managed by the U.S. Forest Service.

This memorial recognizes the Pecos canyon is the ancestral homeland of the Pecos Pueblo; the sovereign communities of the Pueblo of Tesuque, the Pueblo of Cochiti, the Pueblo of Jemez, Kewa Pueblo, the Pueblo of Pojoaque and the Pueblo of San Felipe; the tens of thousands of recreational visitors each year in Pecos canyon and the reliance the village of Pecos and the surrounding communities have on these visitors; local outdoor recreation businesses rely upon the pristine waters of the Pecos river and the solitude offered by Pecos canyon and its surrounding wildlands; the headwaters of the Pecos, Gallinas and Mora rivers and their tributaries are key water sources for acequias, farmers, the village of Pecos, the city of Las Vegas and other surrounding communities; climate change has adversely affected New Mexico; the city of Santa Fe is within the same watershed; the canyon and its creeks are home to a wide variety of fish, plants, mammals, including many federally endangered or threatened species; the impact of the 1991 spring snowmelt event that carried contaminants from a previous mining operation; Senator Martin Heinrich and Assistant Speaker of the House Ben R. Lujan oppose the exploratory drilling.

The Terrero Mine and its accompanying mill were located near the Pecos river. During its period of operation, the mine processed 1,293 million tons of ore from which its mill produced 440 million pounds of zinc, 138 million pounds of lead, 19 million pounds of copper, 5 million ounces of silver and 178 thousand ounces of gold. Upon the closing of the mine, a mining waste pile remained. In 1991 the spring snow melt accompanied by a thunderstorm carried contaminants from the mining operation into the Pecos river, killing over 90 thousand fish, including fish in the Lisboa Springs hatchery which is 11 miles downstream. Upon testing fish and small wildlife, elevated levels of lead were found. This led to a negative economic impact due to a decrease in the number of recreational visitors to the Pecos area. The cleanup cost was over \$28 million. The mining company signed a consent order with New Mexico in 1992 and have paid 80 percent of the cleanup costs.

The location of the proposed project is on federal land which is managed by the U.S. Forest Service (USFS). Per EMNRD, USFS has obligations under the national Environmental Policy Act to analyze the environmental impacts of the proposed project. In September 2019 Governor Lujan Grisham sent a letter to USFS urging a full Environmental Impact Statement to evaluate the potential impacts of the proposed project, including impacts on the environment, economy, culture and history of the area. Additionally, EMNRD believes the actual disturbance caused by the exploration will be more than the proposed 2.1 acres. The 2.1 acres does not include the access roads which will need to be constructed or improved to support the drilling activity.

RELATIONSHIP

HM54 also expresses Pecos canyon and the upper Pecos watershed are inappropriate locations for exploratory drilling.

OTHER SUBSTANTIVE ISSUES

From the State Land Office:

There are no state trust lands located in the immediate vicinity of New World Cobalt's/Comexico's proposed exploratory mining operation. The Commissioner of Public Lands supports the memorial's expression of concern for the people, wildlife, and water that may be harmed by the resumption of commercial mining near the Pecos Wilderness, as well as for the negative impact mining may have on the local outdoor recreation economy.

VKH/rl