

New Mexico Economic Development & Policy Committee

September 16, 2022

Allen Davis – Eddy County Manager



NM EDPC – Welcome to Eddy County

WELCOME to EDDY COUNTY

- ▶ A significant contributor to the State's economic engine
- ▶ Eddy County and the State benefit by contributions from diverse industries - Oil & Gas, Mining, Nuclear and Agriculture
- ▶ Eddy County population (2020 census) - 62,314, 2.94% of State total
 - ▶ Largest % population growth in NM - 15.8%,
 - ▶ 6th largest growth by population - 8,485
- ▶ Eddy County area is about 4,200 square miles - 2.7 million acres
 - ▶ 60.80% is Federal, 21.58% is State, and 17.62% is private
- ▶ Using the NMEDD barometer of MTGR, Eddy County is the 3rd largest contributor in the State for the past three quarters
 - ▶ \$1.85 billion (9.51%) Q1; \$2.04 billion (9.9%) Q2; and \$2.38 billion (11.6%) Q3 _ *NMEDD November, March and June reports*

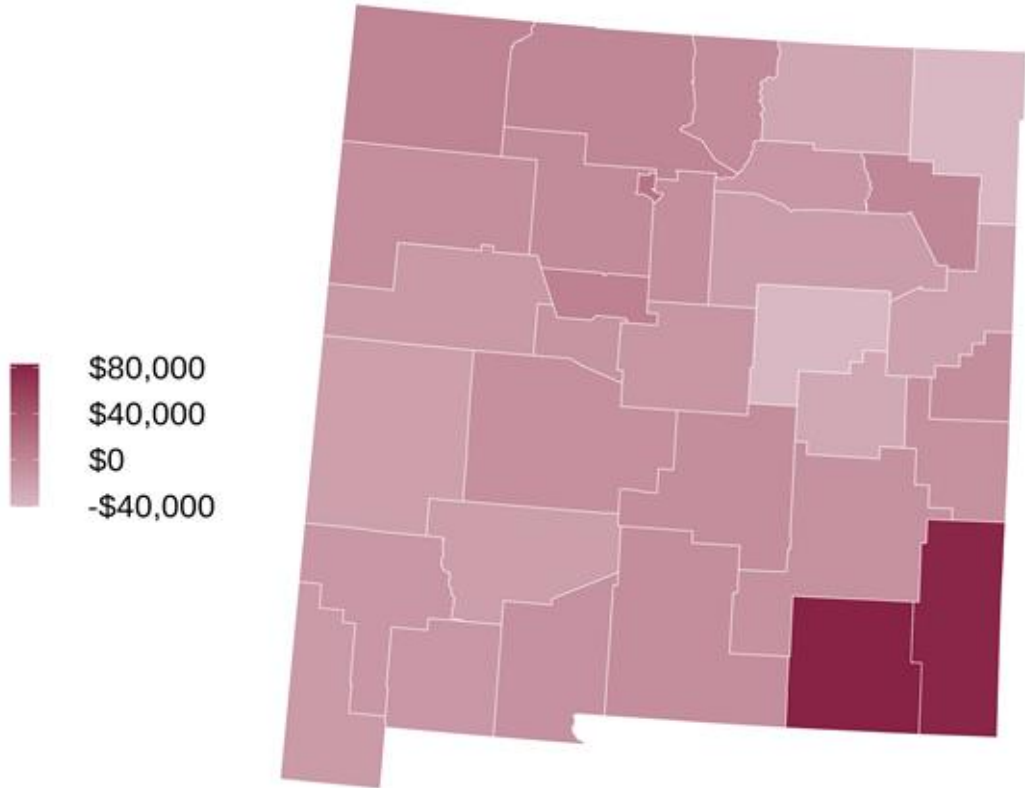


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- ▶ The extractive industries have a significant dependence on County roads in southeast New Mexico as the access points to the development areas
 - ▶ During 2021 - 59 Operators drilled 1,496 wells in New Mexico
 - ▶ 96% (1,436) drilled by 50 Operators in Eddy and Lea counties
 - ▶ 40% (586) drilled in Eddy County
- ▶ New Mexico is the 2nd highest producer in the US, behind Texas
- ▶ Eddy and Lea counties produce 97% of the State's oil and gas
 - ▶ NM ~ 40 million BOPM; Eddy - 16 million and Lea - 22.5 million
 - ▶ NM ~ 200 BCFPM; Eddy - 80 billion and Lea - 70 billion
- ▶ Revenue from oil and gas is a significant economic engine for New Mexico - representing more than 35% of State revenues.

NM EDPC – Economic Diversity or Disparity

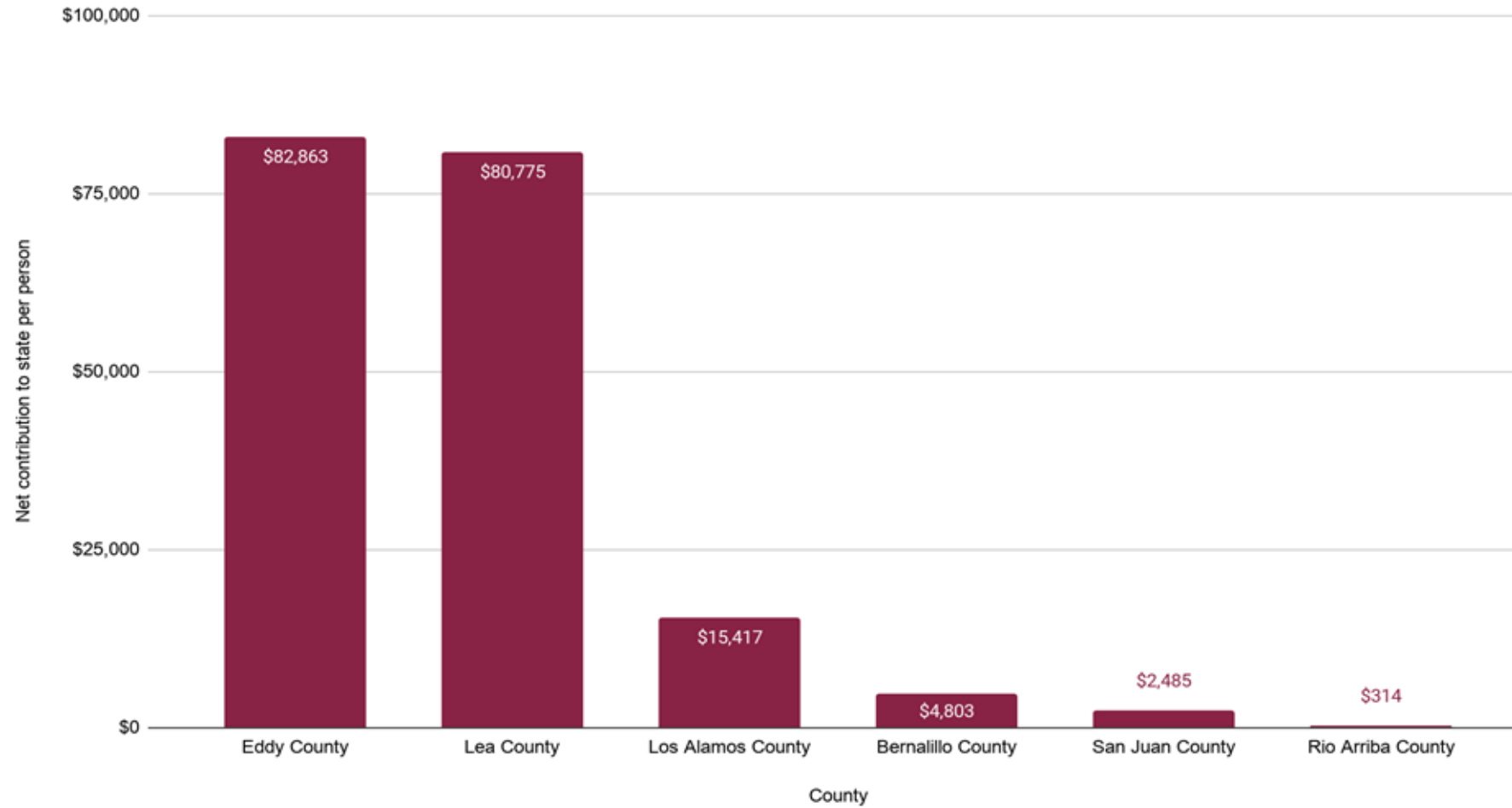


Net contribution = estimated revenue generated less estimated expenditures by the State in each County, normalized per capita

- ▶ Eddy County commissioned NMSU’s Arrowhead Center to conduct an economic study of revenue and expenditures which was published January 2021
- ▶ The analysis included estimated revenue contributed; and an estimate of State expenditures in each county for 2015 - 2019
 - ▶ The data was compiled and normalized per capita by County
 - ▶ Eddy County was the #1 net contributor per person to the State, by County with \$82,863 per person

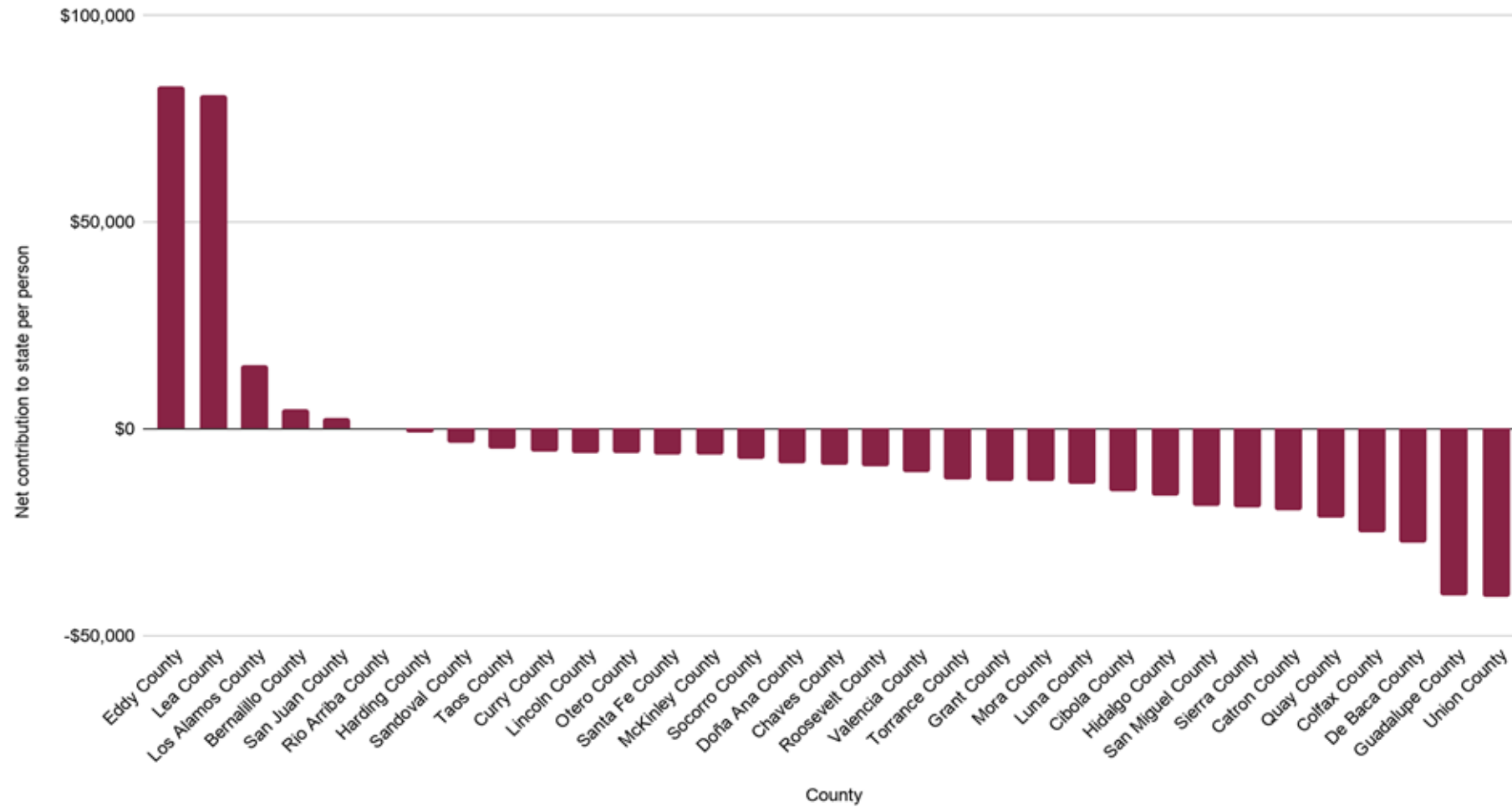
NM EDPC – Economic Diversity or Disparity

Net contribution per person by county, 2015-2019



NM EDPC – Economic Diversity or Disparity

Net contribution per person by county, 2015-2019



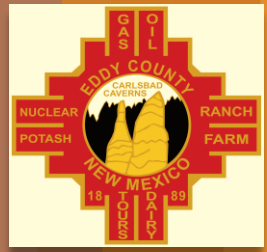
New Mexico EDPC – Invest and Support the Economic Engine



- ▶ Even though the Arrowhead study was completed at the end of 2020, the current data and economic outcome remain consistent with the study’s conclusions:
Eddy and Lea County industries drive New Mexico’s success as demonstrated by NMEDD published data quarter over quarter; however, reciprocation of the net contributions is unbalanced
- ▶ Quoting NMEDD Cabinet Secretary Alicia J. Keyes:
“...Eddy and Lea Counties accounted for nearly 24% of the state’s total MTGR for Q3 FY22...”
- ▶ The diverse range of industries that are active in Eddy and Lea Counties in southeast New Mexico represent a strong economic engine for the region and the State

New Mexico EDPC – Invest and Support the Economic Engine

- ▶ Strong companies bolster their success by reinvesting in the powerful economic drivers of their businesses - they *spend money to make money*
- ▶ Southeast New Mexico has several robust industries that produce significant GRT for the State - they are a strong economic engine
- ▶ Investing to support one of the State's powerful economic engines would seem prudent for the future success of New Mexico
- ▶ Eddy County is primed and ready for both current business retainment and economic diversification
 - ▶ Oil and gas is our baseline, but we're more than that, too
- ▶ As you prepare for and contemplate legislation, your consideration and support for our diverse industries in southeast New Mexico is appreciated - thank you



Questions?