Rigged – Why Oil & Gas Development is Already the Dominant Use of New Mexico's Public Lands

New Mexico's public lands are supposed to be managed for multiple uses, including outdoor recreation, which generates $9.9 billion in consumer spending annually and supports 99,000 jobs. Yet, the oil and gas industry has the system rigged in its favor, and under the Trump Administration, development is being prioritized above every other use of our public lands, including outdoor recreation. This Administration's efforts to eliminate common-sense protections for hiking trails, big game herds, and drinking water – in the misguided pursuit of "energy dominance" – is a grave threat to New Mexico's public lands, economy, and our natural heritage.

Nearly All of New Mexico's Public Lands are Open to Oil and Gas Leasing

- 88% of New Mexico's public lands are open to leasing, including lands bordering treasured national parks like Chaco Canyon and Carlsbad Caverns.
- Since January 2017, oil and gas companies have tried to lease several places with important competing values, including in backcountry hunting areas near Carlsbad Caverns National Park and on lands above unique cave and karst features that act as conduits to underground water systems and freshwater aquifers.

Oil & Gas Companies are Not Using Thousands of Drilling Permits and Leases in New Mexico

- On New Mexico's public lands, oil and gas companies are sitting-on over 700,000 acres of non-producing leases.
- Oil and gas companies hold in excess of 1,500 unused federal drilling permits in New Mexico – a two-year supply, based on historic drilling rates.

Oil & Gas Companies and CEOs are Making Billions from Public Lands Drilling

- ConocoPhillips, EOG Resources and Exxon Mobil are among the largest federal leaseholders in New Mexico, together controlling 5,500 leases covering 800,000 acres of public lands.
- Between 2007 and 2016, these companies made over $350 billion in profits and, in 2016 alone, paid their CEOs in excess of $50 million.
- Meanwhile, in May, New Mexico suspended public works projects and borrowed more than $70 million to address a deficit caused by the downturn in oil and gas prices.

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Energy Prices – Not Common-Sense Protections for Our Public Lands – Drive Oil & Gas Activity

- From 2008 to 2015, oil and gas prices declined significantly, with oil prices decreasing by 51% and gas prices by 70%.
- Over the same period and in response to prices, oil and gas activity in New Mexico declined. On state lands, leasing fell from roughly 215,000 acres in 2008 to 72,000 acres in 2015, a decrease of 67%. The number of active drill rigs in the state also fell by 68%. •
- Industry itself has cited prices as the primary factor behind the recent declines. EOG Resources, one of the top federal leaseholders in New Mexico, said that "substantial declines in crude oil, natural gas and NGL prices that began in 2014 and continued in 2015 and 2016 materially and adversely affected the amount of cash flows we had available for our capital expenditures," which are typically used to bankroll new leases and drilling projects.

Taxpayers are Missing Out on Billions in Revenue Because of Unnecessary Industry Subsidies

- Taxpayers heavily subsidize the oil and gas industry with fiscal terms – royalty and rental rates, minimum lease bids and reclamation bonds – that are woefully outdated. Royalty rates were established in the 1920s, reclamation bonds in the 1950s and 60s and rental rates and minimum bids in the 1980s.
- Most western states have taken steps to modernize their oil and gas fiscal terms. In established areas, New Mexico charges a state lands royalty rate of 20% (compared to 12.5% on federal lands), and sets bonds at $50,000/state-wide (compared to $25,000/state-wide on federal lands).
- According to the Congressional Budget Office and GAO, modernizing the fiscal structure for public lands oil and gas development could generate upwards of $1 billion in new revenue for federal and state taxpayers over the next decade, with "negligible" impacts on production.

Oil & Gas Companies are Abusing Loopholes to Skip-Out on Payments to Taxpayers

- Since 2007, BLM has "suspended" more than 160 oil and gas leases on New Mexico's public lands, encompassing about 118,000 acres. Lease suspensions allow oil and gas companies to avoid making royalty and rental payments, which are split evenly between the U.S. Treasury and states.

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