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SENATE MEMORIAL 78

53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018

INTRODUCED BY

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A MEMORIAL

RECOGNIZING NEW MEXICO'S OIL AND NATURAL GAS INDUSTRY FOR
REDUCING METHANE EMISSIONS WHILE INCREASING PRODUCTION AND
REVENUE TO THE STATE.

WHEREAS, New Mexico is one of America's leading energy
producers; it is ranked third in oil production and ninth in
natural gas production and is at the center of an energy
resurgence that is attracting interest from around the world;
and

WHEREAS, ten of New Mexico's counties currently produce
oil, natural gas or both; and

WHEREAS, the revenues collected from the oil and natural
gas industry in New Mexico help fund the state's schools, roads
and public facilities; and

WHEREAS, the oil and gas industry in New Mexico is the

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1 state's leading educational supporter and provides over ninety
2 percent of all school capital investment through the land grant
3 permanent fund, also known as the permanent school fund; and

4 WHEREAS, labor statistics indicate that approximately one
5 hundred thousand New Mexicans are either directly or indirectly
6 employed by the oil and natural gas industry and earn an
7 average salary of approximately seventy thousand dollars
8 (\$70,000), compared to the average salary in New Mexico of
9 forty-five thousand dollars (\$45,000); and

10 WHEREAS, the New Mexico tax research institute, having
11 analyzed data from the legislative finance committee and the
12 department of finance and administration, estimates that the
13 oil and natural gas industry in New Mexico contributed
14 approximately one billion seven hundred forty-one million eight
15 hundred thousand dollars (\$1,741,800,000) to state revenue,
16 which comprised roughly twenty-nine and six-tenths percent of
17 the general fund, during fiscal year 2017; and

18 WHEREAS, the oil and natural gas industry in New Mexico
19 also contributed approximately seven hundred fifty-seven
20 million seven hundred thousand dollars (\$757,700,000) to the
21 corpora of the land grant permanent fund and the severance tax
22 permanent fund in fiscal year 2017; and

23 WHEREAS, as of fiscal year 2017, ninety-six and eight-
24 tenths percent of the land grant permanent fund and eighty-
25 seven percent of the severance tax permanent fund are composed

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1 of contributions made by the oil and natural gas industry in
2 New Mexico through the payment of royalties and severance
3 taxes; and

4 WHEREAS, the New Mexico tax research institute estimates
5 that in fiscal year 2017, the oil and natural gas industry
6 generated approximately seven hundred eleven million dollars
7 (\$711,000,000) in funding for public schools in New Mexico and
8 nearly two hundred twenty-three million dollars (\$223,000,000)
9 for colleges and universities in the state; and

10 WHEREAS, according to the United States department of the
11 interior, New Mexico earned four hundred fifty-five million
12 dollars (\$455,000,000) from energy and mineral production on
13 federal and tribal lands during fiscal year 2017, an increase
14 of eighty-six million five hundred thousand dollars
15 (\$86,500,000) from the previous year; and

16 WHEREAS, approximately seventy percent of year-over-year
17 growth in estimated revenue collection in fiscal year 2018,
18 according to legislative finance committee economists, is
19 attributed to increased oil and natural gas production, higher
20 severance tax collections, improved oil and natural gas
21 industry-related rents and royalties and additional gross
22 receipts tax revenue from the Permian basin in Eddy and Lea
23 counties; and

24 WHEREAS, natural gas, which primarily consists of methane
25 with smaller quantities of other hydrocarbons, is the second-

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1 largest source of electricity generation in New Mexico and
2 provides heating for two-thirds of the state's households,
3 according to the United States energy information
4 administration; and

5 WHEREAS, New Mexico's oil and natural gas producers are
6 reducing emissions of methane by innovating and investing in
7 cutting-edge technologies to further minimize the industry's
8 environmental footprint while safely and responsibly growing
9 energy production; and

10 WHEREAS, despite significant increases in oil and natural
11 gas production in New Mexico, recent data from the United
12 States environmental protection agency's greenhouse gas
13 reporting program indicates that between 2011 and 2016,
14 emissions of methane from large oil and natural gas facilities
15 fell by forty-seven percent in the San Juan basin in northwest
16 New Mexico and by six percent in the Permian basin in southeast
17 New Mexico; and

18 WHEREAS, during the same period of time, 2011 to 2016, oil
19 production more than doubled in the state, based primarily on
20 gains in the Permian basin, and despite delays in permitting
21 and constructing additional pipelines and treatment facilities
22 used to process natural gas associated with increased oil
23 production, methane emissions declined; and

24 WHEREAS, on December 5, 2017, many of New Mexico's oil and
25 natural gas producers helped to form a new national coalition

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1 called the environmental partnership, which seeks to accelerate
2 further voluntary reductions of methane emissions in operations
3 across the United States through the use of leak detection and
4 repair; replacement, removal or retrofit of high-bleed
5 pneumatic controllers with low- or zero-emitting devices; and
6 implementation of best practices to minimize emissions during
7 manual liquids unloading for natural gas production sources;

8 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE STATE
9 OF NEW MEXICO that the leadership and accomplishments of New
10 Mexico's oil and natural gas industry in reducing methane
11 emissions while increasing production and revenue to the state
12 be recognized; and

13 BE IT FURTHER RESOLVED that copies of this memorial be
14 transmitted to the governor, the chair and vice chair of the
15 legislative finance committee, the director of the legislative
16 finance committee, the secretary of energy, minerals and
17 natural resources, the secretary of finance and administration,
18 the secretary of environment, the commissioner of public lands
19 and the members of the New Mexico congressional delegation.