



State of New Mexico  
House of Representatives  
State Capitol  
Santa Fe

March 11, 2024

The Honorable Stephanie Garcia Richard  
Commissioner of Public Lands  
State Land Office  
310 Old Santa Fe Trail  
Santa Fe, New Mexico 87501

Dear Commissioner Garcia Richard:

It is our understanding your office has announced a decision to withhold lease sales indefinitely of the state's "best tracts" of trust land for oil and natural gas development due to the failure to enact legislation (HB 48) during the recent legislative session that would have increased the state's royalty rate. Such a lease moratorium, in our opinion, is unacceptable as it is clear you are placing your personal public policy goals over and above the proper decisions made by the Legislature in deciding whether the state royalty rate should be increased or not.

Further, it is unheard of, if not a dereliction of your fiduciary responsibilities, for the State Land Office to unilaterally cease undertaking its mission of utilizing state trust land to raise needed revenue for New Mexico's schools, hospitals, colleges, and other public institutions. These beneficiaries depend upon the revenue raised when the State Land Office fulfills its authority to generate lease revenues. Yet, your decision to place a lease moratorium on the "best tracts" will adversely impact these public entities. According to a preliminary staff estimate, the royalty revenue loss from this unprecedented lease moratorium could be more than \$10 million by Fiscal Year 2026 and more than \$30 million by Fiscal Year 2028 if the moratorium continues for an extended period.

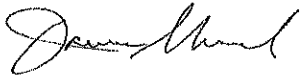
It also appears you are making a judgment today based on something that is not guaranteed to occur in the future. Just because your office believes that increasing the royalty rate is the preferred approach, there is no guarantee a similar bill to HB 48 will pass in the 2025 session or beyond. Therefore, you are intentionally reducing current state revenues based upon your hope that a royalty increase bill which has failed several times before will suddenly be viewed differently in a future legislative session.

Equally important, the decision to indefinitely withhold leases from the most promising tracts of public lands could have numerous unintended consequences on future lease decisions. For instance, this arbitrary decision to withhold leasing opportunities will undoubtedly cause oil and natural gas producers to question whether the State Land Office is committed to maximizing leasing opportunities which, in turn, could result in these producers moving their operations to other states. Therefore, this lease moratorium could result in unforeseen job losses, reduced economic activity, and lower state and local government revenues. This moratorium could also pose serious threats to many New Mexico communities who depend upon continued oil and natural gas exploration for their community's financial well-being.

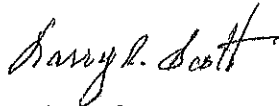
Therefore, we urge you to reverse this ill-advised decision so that no oil and natural gas development area is punished because of your failure to convince the Legislature that increasing the state royalty rate is appropriate. We also need to remind you that it is not the role of the State Land Commissioner to determine the statutory royalty rate as that responsibility rests solely with the legislative branch of government.

It is our hope the State Land Office will return to its traditional duties of utilizing all state trust land to raise needed revenue for many worthy and essential public institutions and end this attempt to manipulate state trust land leases to achieve your longstanding political agenda of punishing New Mexico's oil and natural gas industry by increasing royalty rates.

Sincerely,



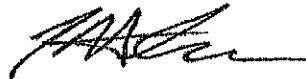
Jim Townsend  
State Representative (HD 54)



Larry Scott  
State Representative (HD 62)



Rod Montoya  
State Representative (HD 1)



Jared Hembree  
State Representative (HD 59)