



State of New Mexico

Michelle Lujan Grisham
Governor

March 15, 2021

Joseph R. Biden
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, D.C. 20500

Dear President Biden:

Thank you for recognizing the urgency of the climate crisis and for rising to the challenge of global climate change with a whole-of-government approach that will once again make the United States a leader on climate policy. In the absence of federal leadership over the past four years, some states have worked to fill the void, creating the U.S. Climate Alliance and setting ambitious climate goals that have spurred continued growth and innovation in the energy sector. New Mexico has been a leader in that effort, and I write to request that the federal government acknowledge and account for New Mexico's progress in addressing climate pollution economy-wide, and in the oil and gas sector in particular, as options for federal oil and gas leasing and permitting are evaluated. We respectfully request to participate in the Secretary of the Interior's comprehensive review of federal oil and gas leasing and permitting processes called for in your *Executive Order on Tackling Climate Change at Home and Abroad*.

Despite our investments in economic diversification and renewable energy in particular, oil and gas production remains a significant economic force in New Mexico. We currently rank third in onshore oil production, and an average of 32 percent of our General Fund tax revenue is generated from oil and natural gas activity. These revenues fund public schools, infrastructure projects, and a range of other priorities, including environmental initiatives. An analysis conducted by our state Department of Finance and Administration shows that New Mexico stands to lose approximately \$709 million between fiscal years 2021-2025 if there's a relatively modest 10 percent decline in production. Financial losses of that magnitude could have real impacts on our ability to achieve major goals like universal access to early childhood education.

Additionally, 55 percent of all oil and gas wells and 63 percent of the state's production occurs on federal land. Due to our state's land distribution, New Mexico will be disproportionately impacted by changes to leasing and permitting on federal land as producers look to shift operations to states, like Texas, with more private land available for development. Those shifts would not only cause economic harm to New Mexico, but would actually lead to

increased emissions by shifting production to areas that have not adopted our strict environmental standards. This runs counter to our shared climate goals.

Since the start of my administration, New Mexico has made climate change mitigation a priority to protect the future of our state, our country, and our planet. One of the first executive orders I issued, within my first weeks in office, was E.O. 2019-003 *Addressing Climate Change and Energy Waste Prevention*. The order set statewide greenhouse gas reduction targets consistent with the Paris Accords and committed New Mexico to joining the U.S. Climate Alliance. The order also directed state agencies to develop a statewide climate strategy and incorporate climate mitigation practices into agency programs and operations. To accomplish this, the order created an interagency Climate Change Task Force (“Task Force”) which released its [second annual report](#) in October 2020, detailing the state’s significant progress toward reducing greenhouse gas emissions, as well as steps toward adapting to the effects of climate change already being felt in New Mexico.

In the last two years, New Mexico enacted important clean energy legislation, including the landmark 2019 Energy Transition Act establishing a path toward a zero-carbon electric sector by 2050 powered by at least 80% renewable energy, and creating innovative funds that provide millions of dollars for community, worker, and tribal transition assistance. We also passed a Grid Modernization Roadmap Act, bills to promote electrification of the state’s transportation sector and boost energy efficiency, and tax credits to make solar panels more affordable for all New Mexicans. In addition, we reinstated the Energy, Minerals and Natural Resources Department’s ability to hold oil and gas operators accountable by assessing administrative penalties under the state’s Oil and Gas Act. I also signed into law the Produced Water Act to preserve freshwater resources while developing nation-leading, science-based rules for treatment of produced water to ensure protection of public health and the environment. In our current legislative session, we are working to pass the Clean Fuel Standard Act to decarbonize the transportation sector of 6.8 million metric tons of carbon dioxide equivalents upon full implementation.

To reduce the state’s greenhouse gas footprint from the oil and gas industry, Executive Order 2019-003 charged the Energy, Minerals and Natural Resources Department (EMNRD) and New Mexico Environment Department (NMED) to “jointly develop a statewide, enforceable regulatory framework to secure reductions in oil and gas sector methane emissions and to prevent waste from new and existing sources and enact such rules as soon as practicable.” Despite the global pandemic in 2020, our state lost no time working collaboratively with environmental groups, the oil and gas industry, the public, and many other stakeholders to draft nation-leading greenhouse gas waste and pollution mitigation rules for the oil and gas sector. The effort included public and virtual meetings across the state, establishment of a Methane Advisory Panel of experts from industry and non-governmental organizations to evaluate options for reducing emissions, and countless hours of collaborative meetings with interested parties. Upon finalization this month, these rules will be a model for other states and the federal government.

Over the past several decades New Mexico and the Bureau of Land Management (BLM) technical staff have worked together on a range of issues, from partnerships in plugging orphaned wells on federal land to coordinated permit reviews. For each permit to drill that is approved on federal land, both the BLM and EMNRD review the drilling plans to ensure that

they prevent waste and protect the environment. EMNRD's methane waste rule will further align our work by requiring operators to meet an increasing gas capture target year over year. If operators do not meet these standards, the EMNRD rule contemplates that a new permit can be denied. EMNRD's strong methane waste rule can be leveraged immediately on federal lands in New Mexico to ensure responsible oil and gas development. The EMNRD waste rule closely aligns with your administration's goals to tackle climate change on federal lands by providing measurable, near-term results.

New Mexico has accomplished a great deal on climate change in a short amount of time, with more progress on the way. Our experience shows that collaboration drives durable policy and environmental outcomes, providing for both medium- and long-term environmental protection and nearer-term financial stability. We ask that our state-level efforts to combat climate change and ensure more responsible oil and gas development be considered and that New Mexico be granted energy transition credit as you chart a path forward on climate change and oil and gas leasing in particular. We look forward to sharing our experience as part of a constructive state-federal partnership as your administration works to craft balanced and inclusive national energy policy. Together we can form a stronger tomorrow and protect our climate.

Sincerely,



Michelle Lujan Grisham
Governor of New Mexico