



New Mexico State Senate
State Capitol
Santa Fe

SENATOR CARRIE HAMBLÉN

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June 8, 2021

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

Cc: Secretary Debra Haaland, Department of the Interior

Dear President Biden:

We write to convey our strong support for your pause and review of federal fossil fuel programs in relation to our country's climate goals. We--the undersigned members of the New Mexico State Legislature--are committed to a deliberate and planned transition from our overdependence on fossil fuels to fund our state's budget priorities. Planning for economic diversification and reducing the volatility of boom-and-bust cycles on our budget making is in the best interest of our state's priorities such as education and health care.

While we recognize the significant contributions the oil and gas industry has made to New Mexico, we believe that our state's long-term fiscal health can benefit from this federal pause and review. Your vision and policy review provide the opportunity to examine and modernize our federal royalty and rent systems that have gone mostly unchanged for a century. Indeed, such a modernization could result in revenue-positive outcomes for New Mexico and provide us more resources in the short-term to prepare for the inevitable, long-term decline and important workforce retraining of a traditional fossil energy economy. We must ensure that as we transition, that our hard-working oil and gas workers do not get left behind. Together, we must incentivize new opportunities for good paying union jobs in clean energy and other emerging industries.

According to a study from Taxpayers for Common Sense, if federal onshore royalty rates were increased to the same level as offshore royalties (18.75%), New Mexico could have received \$2.5 billion more over the last decade while still having a rate lower than that charged by Texas for extraction on state lands (20-25%). As the state's appropriators, we have a fiduciary responsibility to ensure that we are appropriately charging for the benefit of extracting resources from our public lands so that New Mexicans receive a fair and true market value for

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 - Water & Natural Resources-Advisory

these resources. We cannot afford to continue to miss out on hundreds of millions of dollars that could benefit our state's spending priorities, such as our schoolchildren.

The review underway by your Administration also allows us as state leaders to plan for the cleanup of abandoned or orphaned oil and gas wells. This happens when companies declare bankruptcy and abandon a well, leaving an expensive and toxic cleanup for the taxpayers.

New Mexico currently has about 700 identified orphaned wells, with thousands more likely unaccounted for. Last year, our state remediated and plugged 42 wells at a taxpayer cost of \$1.6 million. In total, the cost to clean up New Mexico's estimated 73,000 wells could one day soar well in to the billions. Moving forward, regulatory agencies at the state and federal level must ensure that oil and gas companies financially guarantee they will cover the cost of future cleanup so that taxpayers aren't liable to clean up after the industry's mess.

We are heartened to see your American Jobs Plan includes \$16 billion for plugging abandoned wells and mines nationally. Further, we commend Senator Ben Ray Lujan and Congresswoman Teresa Leger Fernandez for their abandoned well legislation. Making these investments into plugging wells is another way we can create shovel-ready jobs in these communities while addressing pollution that threaten the air, water, and health of nearby communities.

In New Mexico, like many places around our nation, BIPOC (Black, Indigenous, and People of Color) communities have disproportionately suffered the impacts of climate change and pollution. Many of the BIPOC communities are physically located near toxic facilities, experience chronic illness because of placement near coal-fired power plants, food insecurity due to unsustainable and drought intolerant farming. We recognize that there have been centuries of systemic racism through laws, policies, and practices have placed these Americans in an especially vulnerable position.

There is a lot of work ahead of us as state policymakers to achieve a deliberative and planned transition from overreliance of fossil fuel extraction, but to be successful we need an all of government approach. We have worked closely with Governor Michelle Lujan Grisham to adopt forward-looking policies at the state level, including the Energy Transition Act (ETA), which will help to move our state towards more sustainable energy development. As New Mexico continues to show leadership in the fight against climate change, we welcome your efforts at the national level to further support these efforts.

Finally, we must note how proud and excited we are to have New Mexico's Deb Haaland serve as Secretary of the Interior. We look forward to working with her and your Administration on these related issues. As a desert state experiencing the front-line impacts of drought and climate change, we commend your leadership and the urgency your Administration has taken in addressing climate change. We must act now and we stand ready to help.

Sincerely,

Carrie Hamblen
New Mexico Senator, District 38

Angelica Rubio
New Mexico Representative, District 35

Doña Ana County

Antoinette Sedillo Lopez
New Mexico Senator, District 16
Bernalillo County

William Tallman
New Mexico Senator, District 18
Bernalillo County

Jerry Ortiz Y Pino
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Bernalillo County

Linda Lopez
New Mexico Senator, District 11
Bernalillo County

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Joanne Ferrary
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Brittney Barreras
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Christine Chandler
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Harold Pope
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Bernalillo County

Andrea Romero
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Santa Fe County