

**Written Testimony of New Mexico State Senator Carrie Hamblen
Before the Subcommittee on Energy and Mineral Resources
of the House Natural Resources Committee
U.S. House of Representatives**

December 2nd, 2021

Chairperson Lowenthal, Ranking Member Stauber, and members of the sub-committee, thank you for inviting me to testify today about oil and gas leasing on public lands and how it impacts New Mexico. I am pleased to bring my perspective to the committee today on this incredibly important issue to my state and our country.

My name is Carrie Hamblen and I am a New Mexico State Senator, representing the 38th district, which includes Las Cruces in Doña County.

I am also the President and CEO of the Las Cruces Green Chamber of Commerce, an organization that creates awareness of sustainable business practices to build a thriving community for today and for generations to come. We focus on creating sustainable communities, supporting our local businesses, and protecting our air, land, and water.

In June, myself and 23 colleagues in the New Mexico legislature sent a letter to President Joe Biden, expressing strong support for the administration's review of our country's fossil fuel programs at the federal level. That letter is at the end of this testimony.

I was proud to lead this effort and show that there is community-based public support for this review, and we are grateful the Interior Department released its much-anticipated report last Friday.

As the Biden Administration moves forward with oil and gas leasing as a result of the court order from earlier this year, it is essential that the Administration and Congress recognize that not only is the current federal oil and gas program broken, but the entire system of fossil fuel dependency is broken. The impacts of high oil and gas prices show us the danger of this dependence.

Today, in my written testimony, I will share, in more detail, five reasons why I believe New Mexico and our nation are long overdue for changes to how our public lands are used for oil and gas development.

1) First and foremost, we need a serious conversation about economic diversity.

As you likely know, New Mexico is among the states most dependent on oil and gas. Since the early days of our statehood, revenues from oil and gas leasing have provided billions of dollars for our public schools, hospitals and other important priorities, and for that, we are grateful.

But those benefits have come with a hefty price: the price of uncertainty and known damage to our open spaces

Throughout our history, and especially during the last two decades, New Mexico has experienced the harsh realities of the boom-and-bust cycles that come with dependency on fossil fuels.

When the busts come, they come swiftly, and they can last for years. I can tell you as a New Mexico legislator, it turns our entire state budget process upside down, as we recently learned during the COVID-19 pandemic.

This is the roller coaster we must get off of, because the success of New Mexico's schoolchildren should not be based on the price of a commodity.

My colleagues and I who wrote the letter to the president are deeply committed to a deliberate and planned transition from our overdependence on fossil fuels to fund our state's budget priorities. Simply put, we believe that planning for economic diversification is in the best interest of our state. We have the opportunity to harness solar and wind power, create an industry for workers in extractive industries where they

can earn a salary either equal to or more than what they are making in oil and gas, and diversify our revenue streams to weather any economic uncertainty or disruption.

2) Second, the dangers posed by climate change necessitate a new approach.

As we say in our letter, we recognize the significant contributions the oil and gas industry has made to New Mexico. But those contributions are based on a system that has not changed in more than a century, and the reality is we cannot afford another 100 years of the status quo.

Because of the challenges we face, we can no longer ignore the negative effects this industry has on our state and our future. In addition to our economy - it touches every aspect of our air, land, water, wildlife, and the health of our communities. To further quantify, I will share a few statistics:

- Today, New Mexico produces twice the national average of greenhouse gas emissions per capita.
- And more than half of New Mexico's greenhouse gas emissions comes from oil and gas production.
- The largest methane concentration in the U.S. can be traced to natural gas extraction activity in the San Juan Basin in Northwest New Mexico – a 2,500 square mile cloud that is visible from space.
- Lea County ranks 2nd in the entire country among counties by risk of asthma attack.

These are statistics we are not proud of, nor statistics the industry wants to talk about.

But *we* must.

Climate change is here and now, and New Mexico is in the bullseye.

Extreme weather events, from flooding to out-of-control wildfires, threaten entire communities in New Mexico each year.

Historic drought and water shortages continue to threaten the livelihoods of our farming, ranching and agricultural communities.

Oil and gas pollution is a social and environmental justice issue, and communities across the country are being treated as disposable so that money can be made by the few off the backs of the many. But, it is important that we identify these communities so they don't get folded in to an umbrella term. The populations that live below the poverty line are traditionally black, brown, or indigenous people and are the last to receive the resources desperately needed to rectify the damages that are done by ignoring the environmental problems that have been talked about for decades.

Native American, Hispanic, African-American and low-income people in New Mexico are disproportionately suffering the impacts of climate change and pollution. Many of these communities are physically located near toxic facilities, and today they remain extremely vulnerable to chronic illness, disease, and death.

If left unchecked, things will only get worse. In New Mexico, and around the country.

These realities are at the heart of why we need to completely rethink how we manage our public lands for oil and gas development.

3) The third reason is that federal rules and regulations governing development on public lands has not always provided the full benefits to New Mexico taxpayers.

The current royalty rate charged for oil and gas drilling on federal public lands is a low 12.5 percent.

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

Modernizing this system could result in revenue-positive outcomes for New Mexico and provide us more resources in the short-term to prepare for an inevitable, long-term decline of the industry. This revenue can and should be put directly to use in our ongoing efforts to diversify New Mexico's energy portfolio and overall economy.

4) The fourth reason we need to be thoughtful and practical about the development on public lands is to acknowledge the economic benefits untouched or protected public lands has on tourism and local business.

We know protected public lands have a positive effect on local economies. In Las Cruces, visitor-ship to the Organ Mountains Desert Peaks (OMDP) National Monument, designated in 2014, jumped by 100% in the first three years of the designation. Local businesses created OMDP products, started incorporating the monument in their publicity materials, and encouraged their customers to enjoy the monument. The City of Las Cruces created the Monuments to Main Street month, a celebration in September of our public spaces and our community celebrations.

Despite the challenges of COVID-19, the [outdoor recreation economy](#) generated \$689 billion in consumer spending and 4.3 million jobs in 2020. According to the Outdoor Industry Association, the [Outdoor Recreation economy in New Mexico](#) has contributed \$1.8 Billion dollars to our economy, created almost 26,000 direct jobs, and added \$1.1 billion dollars in wages and salaries.

And, with stay at home orders or communities social distancing, we know people were going outside more than ever.

5) The fifth and final reason we need to rethink development on public lands is to tackle the looming crisis of abandoned or orphaned wells.

New Mexico currently has about 700 identified orphaned wells, with many more likely unaccounted for. These wells can leave behind a toxic legacy, polluting airways and groundwater systems alike.

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 soar into the billions.

Today, companies only have bonds to cover 3% of the clean-up costs. We applaud the efforts by our state regulatory agencies, and the leadership of Land Commissioner Stephanie Garcia Richard, for tackling this problem head-on in New Mexico. Moving forward, we must ensure both state and federal regulators ensure that oil and gas companies do more to 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 were extremely pleased to see the Bipartisan Infrastructure Bill include billions of dollars for plugging abandoned wells and mines nationally, and we commend New Mexico Senator Ben Ray Lujan and Congresswoman Teresa Leger Fernandez for their leadership on this issue. While the responsibility should fall on the energy companies themselves, making new investments into plugging abandoned and orphaned wells is

another way we can create shovel-ready jobs in New Mexico while addressing pollution that threaten the air, water, and health of nearby communities.

Mr. Chairman, members of the committee, it is no secret that New Mexico is in a unique position when it comes to oil and gas leasing. More than any other state, we know we must do everything possible to attract more investments that diversify our economy and energy portfolio, so we are not left dependent on a declining industry.

In order to provide a healthy and prosperous economy *and* environment for our citizens, we need an all-of-government approach.

Fortunately, local leaders in New Mexico have long recognized that climate change can and must drive economic changes, and that is why we continue to support policies that shift our investments from fossil fuels to renewable energy.

Working closely with Governor Michelle Lujan Grisham, the legislature in 2019 passed the Energy Transition Act (ACT), a bold piece of legislation that continues to move our state towards more sustainable energy development.

Today, our solar and wind industries continue to grow at record paces, and this year we passed important legislation that will allow more New Mexicans to opt-in to solar energy for their homes.

We continue to invest in grid modernization and transmission lines that will ensure New Mexico is better positioned to deliver sustainable energy to our citizens while becoming a nationwide exporter of renewable energy.

We also continue to have major discussions about reducing the impact the transportation sector has on our CO2 emissions.

These are just a few examples of what we are doing at the local level. Make no mistake, New Mexico will continue to enact policies that enhance our economy and our environment, but we cannot be fully successful without further support from the federal government.

I am encouraged by the actions taken to date, and look forward to working with the administration, members of Congress, and my colleagues in the state legislature to ensure additional reforms are carried out in the best interest of New Mexico and our nation. Again, thank you for the opportunity to testify, and I look forward to your questions.

Respectfully Yours,

Carrie Hamblen

NM State Senator

CEO/President, Las Cruces Green Chamber of Commerce

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 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
Doña Ana County

Angelica Rubio
New Mexico Representative, District 35
Doña Ana County

Antoinette Sedillo Lopez
New Mexico Senator, District 16
Bernalillo County

Elisabeth "Liz" Thomson
New Mexico Representative, District 24
Bernalillo County

William Tallman
New Mexico Senator, District 18
Bernalillo County

Patricia Roybal Caballero
New Mexico Representative, District 13
Bernalillo County

Jerry Ortiz Y Pino
New Mexico Senator, District 12
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Martin Hickey
New Mexico State Senator, District 20
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Christine Trujillo
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Linda Serrato
New Mexico Representative, District 45
Santa Fe County

New Mexico Representative, District 37
Doña Ana County

Brittney Barreras
New Mexico Representative, District 12
Bernalillo County

Christine Chandler
New Mexico Representative, District 43
Los Alamos, Rio Arriba, Sandoval & Santa

Gail Chasey
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