

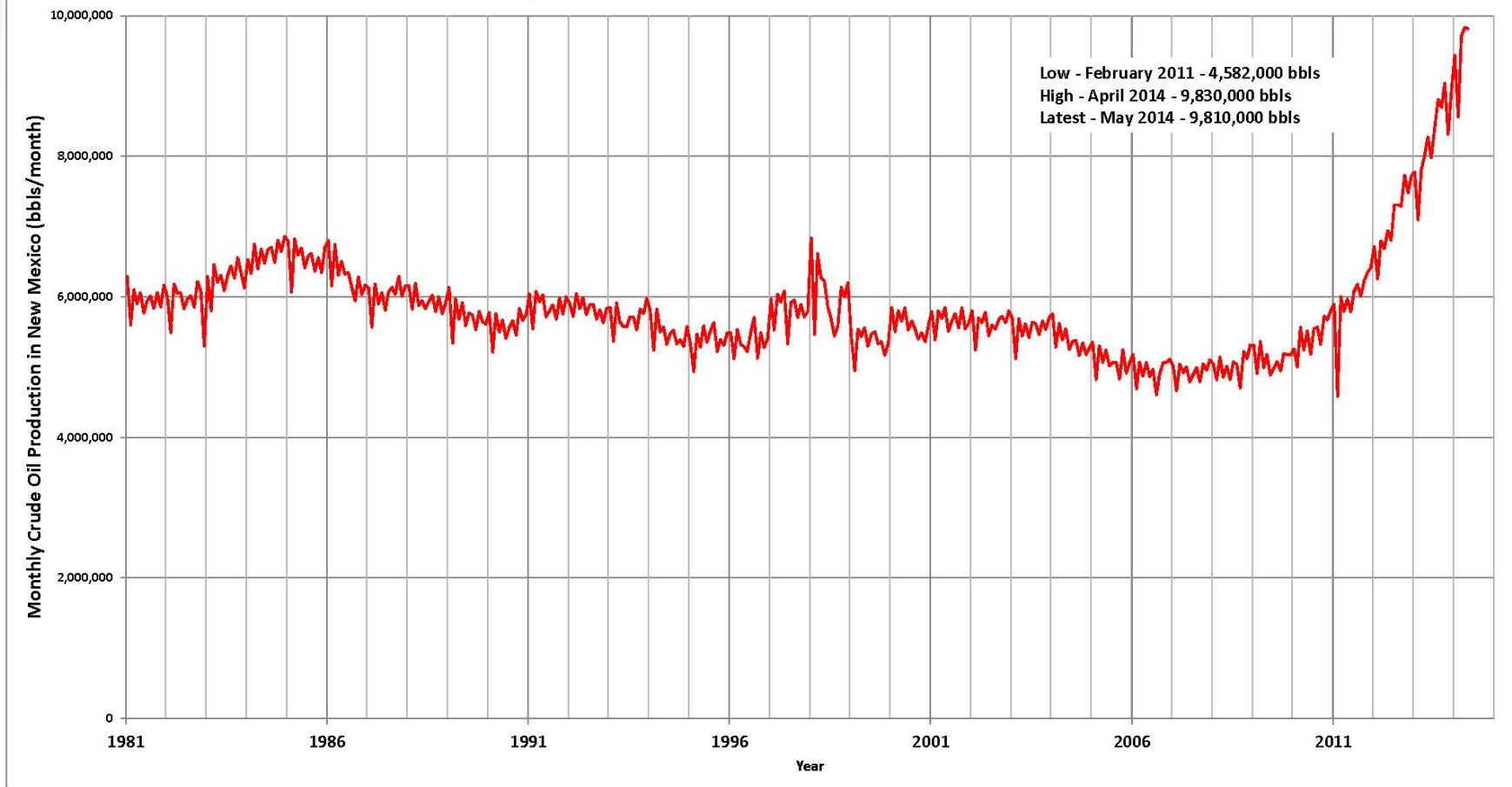
Role of State Government in Modification and Expansion of Oil and Gas Infrastructure

David Martin, Cabinet Secretary
NM Energy, Minerals, and Natural Resources Department
(EMNRD)

Quadrennial Energy Review
Panel 2: Oil and Natural Gas Infrastructure
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Monthly Crude Oil Production in New Mexico Since 1981



N E W M E X I C O



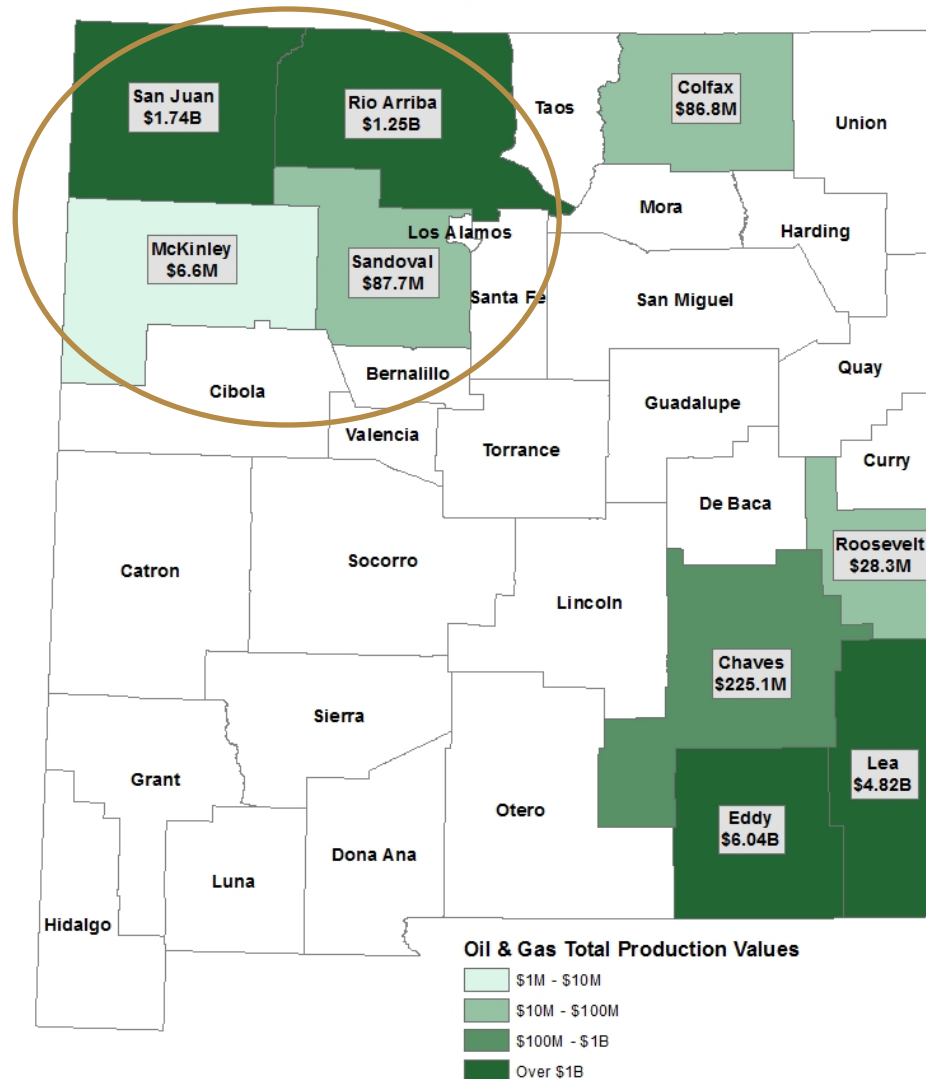
Energy, Minerals and Natural Resources Department

O&G Infrastructure Issues in NM

NW NM

- Lack of rail
- Oil trucking; transloading
- Pipeline capacity
 - Oil
 - To support natural gas vehicle fueling stations

NM Oil & Gas Production Value by County (2013)

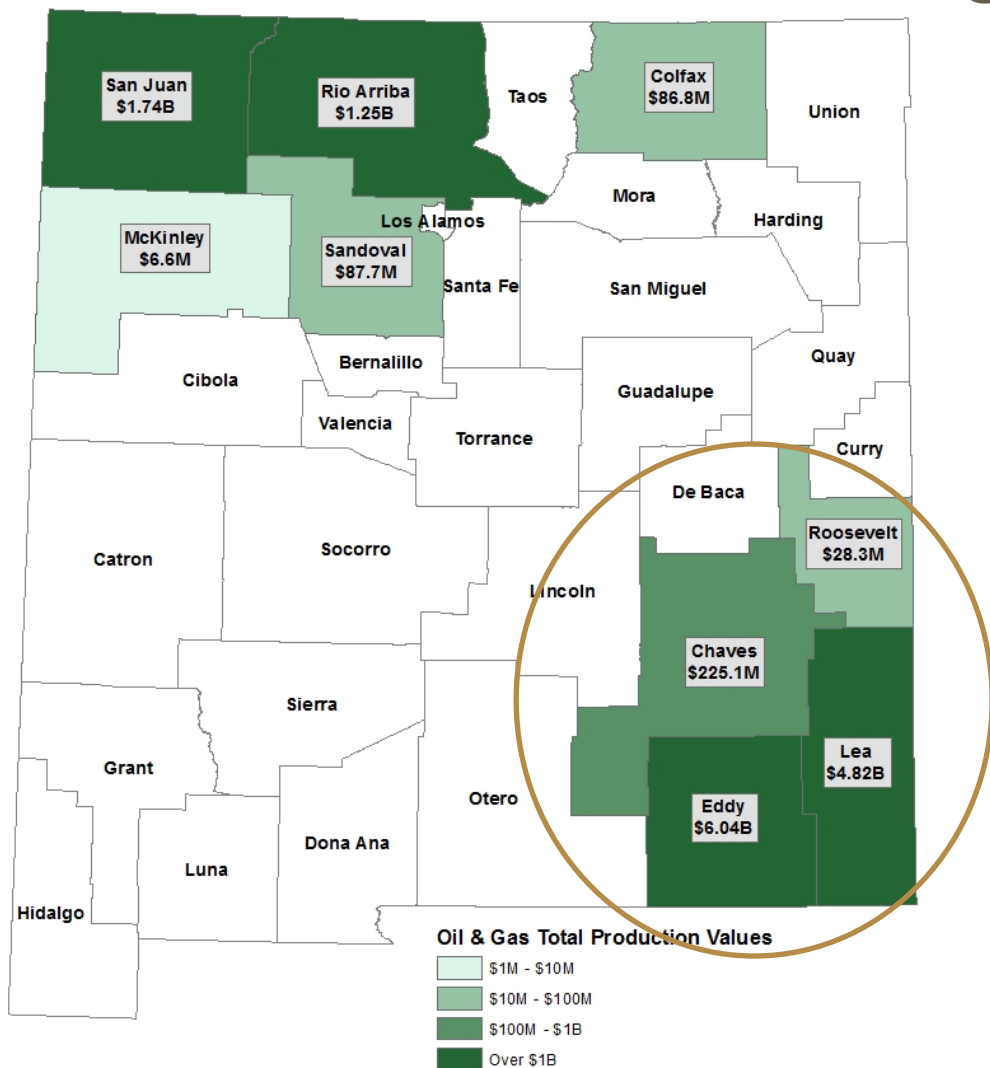


Note: Based on average 2013 West Texas Intermediate oil and Henry Hub natural gas prices.
Sources: New Mexico Oil Conservation Division and U.S. Energy Information Administration



Date: 7/7/2014

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O&G Infrastructure Issues in NM

SE NM

- Roads
- Pipeline capacity
 - Reduced oil revenue
 - Natural gas flaring
 - Water
- Refining capacity
- Electric power generation and transmission for oilfield

NM State Energy Policy – Core Objectives

Establish cooperative relations between state and federal agencies to provide a new framework of inter-governmental harmonization and asset deployment

Establish the energy foundation of new and improved infrastructure in rail, roads, pipelines, petroleum refining and processing, and electricity transmission

State Efforts to Address Infrastructure and Other Bottlenecks

- FIMO/BIA Agreement
 - Model that could be applied to other activities
- BLM MOUs
 - Industry-funded university/college consortium
 - Collective initiative to bolster staffing at OCD and BLM
 - Concurrent jurisdiction

What Federal Policies and Regulations Will Support O&G Infrastructure Improvements?

- Adequately fund and staff BLM Field Offices in O&G producing areas
- If new federal rules are implemented (e.g., for flaring), take steps to ensure the regulatory system can handle them (e.g., staffing; systems that allow for reasonable approval times for pipelines needed to capture the gas, etc.)