Stephanie Garcia Richard
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

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September 1, 2026

Wayne Propst, Secretary
Department of Finance and Administration
180 Bataan Memorial Building
Santa Fe, NM 87501

and

Charles Sallee, Director
Legislative Finance Committee
325 Don Gaspar
Suite 101
Santa Fe, NM 87501

Re: Transmittal of the Commissioner of Public Lands (53900) FY 2028 Appropriation Request

Secretary Propst and Director Sallee:

As required by Section 6-3-19 NMSA 1978, and in accordance with DFA FY 2028 Appropriation Request Instructions, the required information for the Commissioner of Public Lands' (State Land Office) appropriation request has been uploaded in the Budget Formulation and Management System.

REVENUE

New Mexico State Land Office (NMSLO) earnings continue at record-breaking levels. Overall FY26 earnings are estimated at a record $3.1 billion for New Mexico's schools, universities and hospitals. FY26 also shattered all-time records for non-royalty revenue (about $719 million), earning more in FY26 than in the past five fiscal years combined. These funds reduce the tax burden of working families by decreasing the State's reliance on General Funds to support public institutions. With royalties being transferred to the Land Grant Permanent Fund (LGPF), these earnings also play a key role in stabilizing the State's oil and gas-related revenue through investment and distribution by the State Investment Council.

Over the next fiscal year, royalty contributions to the LGPF will likely remain at a high level due to the Permian Basin's desirability, lower operating costs and technological advancements. Oil and gas projections are subject to a large degree of uncertainty due to variability in national and global market conditions, and in particular erratic federal policies and uncertain Middle East military operations; however, strong production and pricing are likely to continue to drive robust earnings. Land Maintenance Fund (LMF) earnings are expected to align more closely to historical levels as opposed FY26's record of $719 million that was driven in large part by extraordinary oil and gas lease sales. While earnings will continue to be positively impacted by the growth in renewable energy leases, which as they continue to become operational will generate millions in additional inflows, as well as continued growth in other commercial leasing (FY26 commercial leasing hit a record $67 million), overall LMF earnings will likely be reduced by a decline in oil and gas bonus income. The agency remains focused on developing new and more diverse revenue streams to ensure a strong fiscal position regardless of oil and gas sector cycles, including geothermal projects under the NMSLO's new leasing rule.

FY28 estimated revenue remains highly unpredictable due to uncertainties in the world oil market and overarching economic factors. Total FY28 revenue is projected at about $2.5 billion. This projection assumes a little under $2.4 billion in oil and gas royalties with monthly oil production averaging 16.6 million bbls (at $72.60 WTI) and gas production of 75 million mcf (at $1.04 mcf). As a reference baseline, over the last fiscal year (FY26), monthly oil production ranged between 15.6 million bbls to 17.5 million bbls, with prices fluctuating from a low of $58 to $102. With respect to gas, monthly production ranged from 69.4 million mcf to 79.2 million mcf, with prices between $0.44 and $1.96. (This reflects monthly production between July 2025 and May 2026, as production reporting to the State Land Office lags.) FY28 total LMF earnings are conservatively estimated at $177 million.

BASE REQUEST

State Land Office operations are funded by utilizing a very small portion of agency-generated revenue and do not rely on General Funds. To fund current service needs, $34,201,900 is requested from the Land Maintenance Fund (Other State Funds). The request represents an overall increase of 5% ($1,628,700) compared to the FY27 Operating Budget (less than 1% of current revenue). The additional funds are primarily focused on needs within Salaries and Benefits ($1,286,200) The request also includes modest increases of 3.9% ($122,200) in Contracts and 6.5% ($220,300) in the Other category that reflect standard annual contractual/subscription adjustments and higher administrative costs. The Contracts and Other categories received small increases in FY27, but modest adjustments are necessary to maintain existing service levels.

These resources are needed to adequately manage 13 million acres in a sustainable and thoughtful manner and to prevent revenue generating economic opportunities from being left on the table due to a lack of capacity. The drastic growth in agency revenue over the last seven years corresponds with significantly increased workload across the agency, including financial accounting, royalty processing, auditing, commercial leasing, site reviews and environmental clearances, remediation and reclamation, legal services and public engagement. Investing in the capacity of the State Land Office is also an exceptional return on investment, with more than $16 billion earned on state trust lands since January 2019. Furthermore, the agency has a sustained record of utilizing the funds it is allocated efficiently, effectively and appropriately – demonstrated by its record of clean financial audits, performance metrics and low vacancy and budget reversion rates.

Specifically, the request seeks a funding level to: recruit and retain a specialized and professional workforce; advance renewable energy and economic development diversification efforts; manage a significantly increased oil and gas workload; institutionalize accountability and enforcement efforts; better protect the health of lands; and provide for the efficient delivery of services, including the timely processing of revenue generating applications.

Salaries & Benefits (S&B)

Total S&B is requested at $27,361,100, a 4.9% increase ($1,286,200) over FY27. The additional funds reflect an increase of $750,300 to maintain a 5% vacancy rate with appropriate compensation and classification for existing employees and to add five new positions ($535,900) as indicated below.

NMSLO's budget request continues to prioritize investments in hiring and retaining employees with the key skill sets to advance the agency's core objectives. About 80% of the agency's budget falls within the S&B category, with very little overhead in the Contractual and Other categories. This focus has allowed the agency to maintain one of the lowest vacancy rates among mid- to large size agencies. The agency also maintains a significantly lower turnover rate (about 1% monthly average) than the state average.

Maintaining qualified and professional staff is key to fostering job-creating economic development and earning revenue for trust beneficiaries. Based on employee surveys, the *Albuquerque Journal* and *USA Today* have consistently recognized NMSLO as a top employer, with over 90% of employees recommending the agency as a great place to work. Nonetheless, if the agency is unable to hire staff to meet its expanding workload, it will result in burnout and lost opportunities through project delays.

Additionally, the request funds five new positions:

- **Oil, Gas and Minerals, Project Manager:** The Oil, Gas and Minerals Division (OGM) requires an additional position to coordinate the growing volume and complexity of compliance-related work resulting from bonding reviews, trespass, unit reviews, environmental reviews, assignments, operator changes, royalty refund requests, and coordination with the Legal Division on litigation and the Environmental Compliance Office on cleanup efforts. The position would manage and track compliance referrals, analyze supporting documentation, coordinate among the respective divisions and senior management, identify and resolve outstanding compliance issues, prepare communications with companies, and lead process improvements to reduce administrative burdens on existing staff. The Project Manager would also support efforts to maximize financial and environmental recoveries, which generated approximately $35 million in OGM settlements in FY26 alone, excluding additional value from increased royalty rates, lease sales, and in-kind environmental cleanup. Establishing this position would improve the timeliness and quality of compliance work while allowing managers to focus on higher-level priorities and reducing excessive workloads, overtime, stress, and employee burnout.

- **Royalty Management Division, Compliance Auditors:** The Royalty Management Division (RMD) requires two (2) Royalty Compliance Auditor positions to expand its audit capacity beyond simply oil and gas (e.g., potash and other minerals, water, etc.). Recent coal and potash mineral audits have identified significant potential recoveries and opportunities for increased royalty revenue, including missed contract provisions, improper deductions, unrecognized state minerals, and incorrect royalty rates. However, conducting these audits has required delaying scheduled oil and gas audits and developing new audit procedures because no established mineral audit program currently exists. Adding staff would allow RMD to establish routine mineral audits while maintaining its core oil and gas audit responsibilities, identify deficiencies earlier, and maximize royalty revenues. Expanding this capacity within RMD would avoid duplicating audit functions across divisions while leveraging RMD's decades of expertise, experienced leadership, trained auditors, and ongoing professional development in industry audit practices.

- **Commercial Resources Division, Senior Program Coordinator (Business Leasing):** The Project Coordinator position is needed to support the effective and timely operation of the Business Leasing Bureau by assisting with workload management, quality control, staff training, and consistent implementation of processes and procedures. The position will help ensure applications, payments, fees, and project files are processed accurately and efficiently while maintaining complete electronic and paper records. In addition to providing operational support to the Bureau Manager and analysts, the Project Coordinator will directly process Business Lease applications, reissues, and relinquishments, increasing the Bureau's capacity to manage its workload, maintain timely service and generate earnings.

- **Commercial Resources Division, Senior Program Coordinator (Rights-of-Way):** The Senior Project Coordinator position is needed to provide higher-level operational support and oversight within the Rights-of-Way Bureau, assisting the Bureau Manager with workload management, quality control, staff training, and consistent implementation of processes and procedures. The position will help ensure the timely and accurate processing of applications, payments, fees, and project files while supporting staff development and completing special projects. In addition, the Senior Project Coordinator will directly process complex Right of Way, Right of Entry, assignment, and relinquishment applications, increasing the Bureau's capacity, efficiency, accuracy, and earning potential.

Contractual Services

Contractual Services is requested at $3,227,400, an increase of 3.9% ($122,200) over FY27. The additional funds primarily reflect inflationary increases for land maintenance projects, appraisals, the agency's security staffing contract and annual IT-related contractual increases.

Other

The Other category is requested at $3,613,400, an increase of 6.5% ($220,300) over FY27. The request primarily reflects the cost of integration of Microsoft 365, replacement of outdated computers, additional space for the Albuquerque office and inflationary costs related to subscriptions, higher in-state travel reimbursement rates and other administrative costs (rent, utilities, DoIT fees, property insurance, etc.) that have continued to rise.

PERFORMANCE MEASURES

While the State Land Office has requested, and received, additional funds since 2019, the agency has also consistently met or exceeded most of its annual performance measures and has substantially increased annual Targets/Actuals over the last eight years. Compared to FY19 Targets, or the relevant Target year the measure was established, the agency's key performance metrics (FY26 Actuals) have increased as follows:

- *Total trust revenue generated*: +515%
- *Bonus income per acre leased for oil and natural gas activities*: + 4,431%
- *Revenue generated through oil and gas audit activities*: +264%
- *Average income per acre from oil, natural gas and mining activities*: +724%
- *Income from renewable energy*: +659%
- *Income from commercial leasing*: +247%
- *Number of wells plugged and sites reclaimed through compliance and enforcement efforts*: +800%
- *Number of acres treated to achieve desired conditions for future sustainability*: +90%

CONCLUSION

The State Land Office's base budget request of $34,201,900, representing an overall increase of $1,628,700 from FY27, is modest in light of the billions of dollars in revenue it generates each year and the vast responsibilities it has in managing millions of acres throughout the state. These resources are necessary for the agency to continue its successful efforts to generate revenue for public institutions in a sustainable manner, while also reducing the tax burden on New Mexicans and creating jobs throughout the state.

Please forward any questions about State Land Office's request to Selena Romero, Assistant Commissioner of Administrative Services (sromero@nmslo.gov; 827-5790) or Deputy Commissioner Sunalei Stewart (sstewart@nmslo.gov; 827-5755). I am available to discuss any part of the budget or agency policy and can be reached by phone at 827-5760 or by email at sgarciarichard@nmslo.gov.

Sincerely,

Stephanie Garcia Richard
Commissioner of Public Lands

cc: Sunalei Stewart, Deputy Commissioner
Selena Romero, Assistant Commissioner for Administrative Services/Co-CFO
Antonio Medina, Director, Accounting Division/CFO
Andrew Miner, State Budget Director, DFA
Monica Tapia, Senior Budget Analyst, DFA
Austin Davidson, Environmental Fiscal Analyst, LFC

Appropriation Request
Certification
Form S-1

Agency Name: State Land Office Business Unit: 53900

I hereby certify that the accompanying summary and detailed statements are true and correct to the best of my knowledge and belief and that the arithmetic accuracy of all numeric information has been verified.

Stephanie Garcia Richard, Commissioner of Public Lands

Antonio Medina, Chief Financial Officer

310 Old Santa Fe Trail
Santa Fe, NM 87501

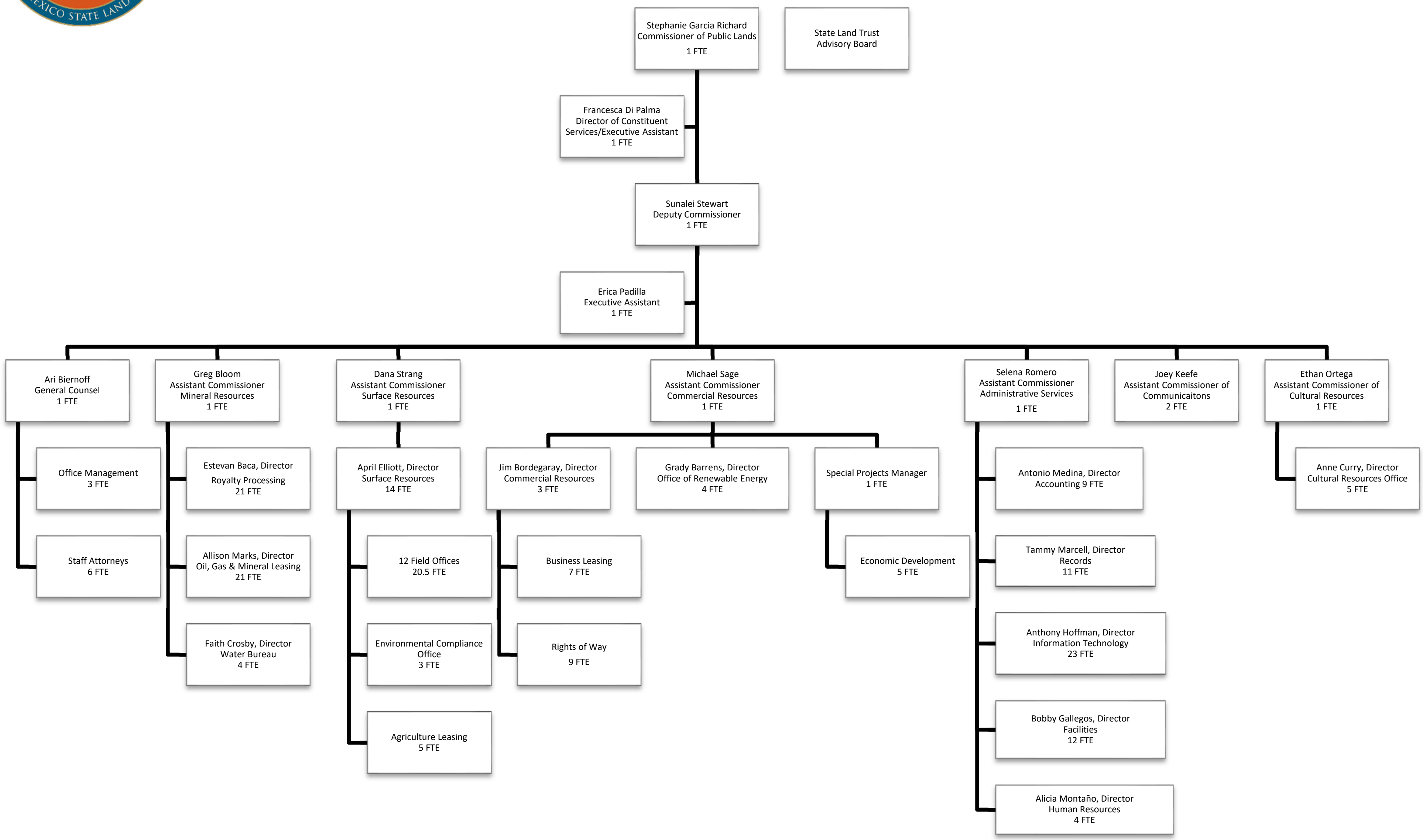
505-827-5785

amedina@nmslo.gov

Note: Appropriation Requests for agencies headed by a board or commission must be approved by the board or commission by official action and signed by the chairperson. Operating Budgets of other agencies must be signed by the director or secretary. Appropriation Requests not properly signed will be returned.

New Mexico State Land Office

FY27



Total FTE 199.5

S-8 Financial Summary

(Dollars in Thousands)

BU	PCode	Department
53900	P615	000000

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
REVENUE								
112	Other Transfers	0.0	818.2	0.0	0.0	0.0	0.0	0.0
130	Other Revenues	29,470.6	29,599.8	32,573.2	0.0	34,201.9	0.0	34,201.9
REVENUE, TRANSFERS		**29,470.6**	**30,418.1**	**32,573.2**	**0.0**	**34,201.9**	**0.0**	**34,201.9**
REVENUE		**29,470.6**	**30,418.1**	**32,573.2**	**0.0**	**34,201.9**	**0.0**	**34,201.9**
EXPENSE								
200	Personal services and employee benefits	23,158.6	24,311.7	26,074.9	27,000.9	27,361.1	0.0	27,361.1
300	Contractual services	3,017.7	3,165.1	3,105.2	0.0	3,227.4	0.0	3,227.4
400	Other	3,294.3	2,941.2	3,393.1	0.0	3,613.4	0.0	3,613.4
EXPENDITURES		**29,470.6**	**30,418.1**	**32,573.2**	**27,000.93**	**34,201.9**	**0.0**	**34,201.9**
500	Other financing uses	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
OTHER FINANCING USES		**0.0**	**(0.0)**	**0.0**	**0**	**0.0**	**0.0**	**0.0**
EXPENSE		**29,470.6**	**30,418.1**	**32,573.2**	**27,000.93**	**34,201.9**	**0.0**	**34,201.9**
FTE POSITIONS								
810	Permanent	193.50	184.00	199.50	205.00	204.50	0.00	204.50
FTEs		**193.50**	**184.00**	**199.50**	**205.00**	**204.50**	**0.00**	**204.50**
FTE POSITIONS		**193.50**	**184.00**	**199.50**	**205.00**	**204.50**	**0.00**	**204.50**

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
425909	Other Services - Interagency	0.0	20.0	0.0	0.0	0.0	0.0	0.0
475109	Other Gifts-Grants-Interagency	0.0	157.4	0.0	0.0	0.0	0.0	0.0
499905	Other Financing Sources	0.0	640.8	0.0	0.0	0.0	0.0	0.0
112	**Other Transfers**	**0.0**	**818.2**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
418902	Other Filing Fees	8,000.0	8,000.0	3,000.0	0.0	4,000.0	0.0	4,000.0
441201	Interest On Investments	7,213.7	7,213.7	10,000.0	0.0	10,000.0	0.0	10,000.0
442101	Land - Rental Or Lease	14,256.9	14,386.1	19,573.2	0.0	20,201.9	0.0	20,201.9
442102	Land - Rental Or Lease	0.0	0.0	0.0	0.0	0.0	0.0	0.0
442103	Land - Rental Or Lease	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
492101	Land Royalties	0.0	0.0	0.0	0.0	0.0	0.0	0.0
492405	Sale Of Equipment	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
496901	Miscellaneous Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	**Other Revenues**	**29,470.6**	**29,599.8**	**32,573.2**	**0.0**	**34,201.9**	**0.0**	**34,201.9**
TOTAL REVENUE		**29,470.6**	**30,418.1**	**32,573.2**	**0.0**	**34,201.9**	**0.0**	**34,201.9**
520000	Payroll	0.0	0.0	0.0	0.0	0.0	0.0	0.0
520100	Exempt Perm Positions P/T&F/T	2,063.2	2,064.8	2,063.2	2,377.1	2,063.2	0.0	2,063.2
520300	Classified Perm Positions F/T	14,691.7	14,558.6	15,881.6	16,700.7	16,797.0	0.0	16,797.0
520400	Classified Perm Positions P/T	51.0	28.2	51.0	0.3	51.0	0.0	51.0
520500	Temporary Positions F/T & P/T	68.0	106.3	68.0	2.4	68.0	0.0	68.0
520600	Paid Unused Sick Leave	0.0	23.8	0.0	0.0	0.0	0.0	0.0
520700	Overtime & Other Premium Pay	0.0	187.0	0.0	0.0	0.0	0.0	0.0
520800	Annl & Comp Paid At Separation	0.0	93.7	0.0	0.0	0.0	0.0	0.0
520900	Differential Pay	0.0	0.8	0.0	0.0	0.0	0.0	0.0

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
521100	Group Insurance Premium	1,456.1	2,204.3	2,800.7	2,726.7	2,898.7	0.0	2,898.7
521200	Retirement Contributions	3,204.4	3,242.1	3,360.3	3,635.9	3,536.4	0.0	3,536.4
521300	F I C A	1,259.8	1,263.1	1,321.8	1,171.2	1,391.9	0.0	1,391.9
521400	Workers' Comp Assessment Fee	0.0	1.9	1.8	0.0	2.0	0.0	2.0
521410	GSD Work Comp Insur Premium	26.0	90.7	46.7	0.0	67.6	0.0	67.6
521500	Unemployment Comp Premium	5.3	0.0	19.3	0.0	3.4	0.0	3.4
521600	Employee Liability Ins Premium	0.0	109.4	111.1	0.0	114.1	0.0	114.1
521700	RHC Act Contributions	333.1	337.0	349.4	386.6	367.8	0.0	367.8
200	**Personal services and employee benef**	**23,158.6**	**24,311.7**	**26,074.9**	**27,000.9**	**27,361.1**	**0.0**	**27,361.1**
530000	Contracts	0.0	0.0	0.0	0.0	0.0	0.0	0.0
535100	Medical Services	0.2	0.0	0.2	0.0	0.2	0.0	0.2
535200	Professional Services	1,125.0	613.2	1,172.0	0.0	1,180.0	0.0	1,180.0
535300	Other Services	838.0	1,856.2	854.8	0.0	885.4	0.0	885.4
535400	Audit Services	49.8	29.0	60.2	0.0	30.8	0.0	30.8
535500	Attorney Services	89.7	29.3	33.0	0.0	46.0	0.0	46.0
535600	IT Services	915.0	637.4	985.0	0.0	1,085.0	0.0	1,085.0
300	**Contractual services**	**3,017.7**	**3,165.1**	**3,105.2**	**0.0**	**3,227.4**	**0.0**	**3,227.4**
540000	Other Expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
542100	Employee I/S Mileage & Fares	5.1	2.8	5.5	0.0	7.1	0.0	7.1
542200	Employee I/S Meals & Lodging	90.0	83.4	93.2	0.0	94.8	0.0	94.8
542300	Brd & Comm Mbr Meals & Lodging	4.0	0.0	4.0	0.0	4.0	0.0	4.0
542500	Transp - Fuel & Oil	90.0	48.2	90.0	0.0	90.0	0.0	90.0
542510	Electric Vehicle Charging Fee	0.0	0.1	0.0	0.0	0.0	0.0	0.0

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
542600	Transp - Parts & Supplies	48.0	27.2	48.0	0.0	48.0	0.0	48.0
542700	Transp - Transp Insurance	7.2	7.5	6.0	0.0	8.6	0.0	8.6
542800	State Transp Pool Charges	2.8	3.4	3.5	0.0	4.0	0.0	4.0
543100	Maint - Grounds & Roadways	21.5	19.2	11.5	0.0	11.5	0.0	11.5
543200	Maint - Furn, Fixt, Equipment	24.3	11.0	28.3	0.0	28.5	0.0	28.5
543300	Maint - Buildings & Structures	33.5	49.0	34.5	0.0	41.5	0.0	41.5
543400	Maint - Property Insurance	13.7	14.9	14.7	0.0	14.6	0.0	14.6
543500	Maint - Supplies	20.6	22.1	20.6	0.0	20.6	0.0	20.6
543700	Maintenance Services	0.0	5.8	0.0	0.0	0.0	0.0	0.0
543820	Maintenance IT	0.0	34.6	0.0	0.0	0.0	0.0	0.0
543830	IT HW/SW Agreements	1,317.8	1,331.6	1,324.9	0.0	1,474.9	0.0	1,474.9
544000	Supply Inventory IT	69.4	111.3	93.6	0.0	155.8	0.0	155.8
544100	Supplies-Office Supplies	46.6	36.7	49.7	0.0	44.1	0.0	44.1
544400	Supplies-Field Supplies	11.4	4.3	10.4	0.0	10.4	0.0	10.4
544700	Supplies-Clothng,Unifrms,Linen	6.6	0.1	6.4	0.0	9.8	0.0	9.8
544800	Supplies-Education&Recreation	1.5	0.0	1.5	0.0	1.5	0.0	1.5
544900	Supplies-Inventory Exempt	44.2	34.8	39.5	0.0	43.0	0.0	43.0
545600	Reporting & Recording	14.6	25.1	26.5	0.0	36.5	0.0	36.5
545700	ISD Services	0.0	1.2	0.8	0.0	2.0	0.0	2.0
545710	DOIT HCM Assessment Fees	69.0	67.7	72.7	0.0	73.4	0.0	73.4
545900	Printing & Photo Services	22.4	23.1	21.5	0.0	20.5	0.0	20.5
546100	Postage & Mail Services	25.9	23.0	26.9	0.0	28.6	0.0	28.6
546310	Utilities - Sewer/Garbage	4.2	3.7	4.5	0.0	4.6	0.0	4.6

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
546320	Utilities - Electricity	85.2	89.4	88.5	0.0	90.0	0.0	90.0
546330	Utilities - Water	12.7	12.5	15.2	0.0	14.1	0.0	14.1
546340	Utilities - Natural Gas	23.9	9.1	25.0	0.0	26.5	0.0	26.5
546400	Rent Of Land & Buildings	124.0	128.7	154.0	0.0	204.0	0.0	204.0
546500	Rent Of Equipment	92.8	68.5	92.8	0.0	92.8	0.0	92.8
546600	Communications	94.6	66.4	94.0	0.0	95.5	0.0	95.5
546610	DOIT Telecommunications	136.6	123.3	141.7	0.0	137.9	0.0	137.9
546700	Subscriptions/Dues/License Fee	91.3	114.2	114.4	0.0	126.8	0.0	126.8
546800	Employee Training & Education	103.5	69.2	108.1	0.0	122.6	0.0	122.6
546900	Advertising	10.8	54.1	10.6	0.0	6.1	0.0	6.1
547900	Miscellaneous Expense	30.0	2.5	26.8	0.0	26.8	0.0	26.8
547909	Misc Expense Interagency	0.0	0.6	0.0	0.0	0.0	0.0	0.0
547999	Request to Pay Prior Year	0.0	0.8	1.8	0.0	1.8	0.0	1.8
548200	Furniture & Fixtures	0.0	61.0	0.0	0.0	0.0	0.0	0.0
548300	Information Tech Equipment	95.0	0.0	120.0	0.0	0.0	0.0	0.0
548400	Other Equipment	13.0	0.0	13.0	0.0	13.0	0.0	13.0
548800	Automotive & Aircraft	250.0	47.8	220.0	0.0	220.0	0.0	220.0
549600	Employee O/S Mileage & Fares	60.0	36.7	55.6	0.0	66.2	0.0	66.2
549700	Employee O/S Meals & Lodging	76.6	64.6	72.9	0.0	91.0	0.0	91.0
400	**Other**	**3,294.3**	**2,941.2**	**3,393.1**	**0.0**	**3,613.4**	**0.0**	**3,613.4**
555100	Other Financing Uses	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
555200	O/F Uses - Higher Ed Institut	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
500	**Other financing uses**	**0.0**	**(0.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

BU	PCode	Department
53900	P615	000000

S-9 Account Code Revenue/Expenditure Summary

(Dollars in Thousands)

		2025-26 Opbud	2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	-------- FY 2028 Agency Request -------- Base	Expansion	Total
TOTAL EXPENSE		**29,470.6**	**30,418.1**	**32,573.2**	**27,000.9**	**34,201.9**	**0.0**	**34,201.9**
810	Permanent	193.50	184.00	199.50	205.00	204.50	0.00	204.50
810	**Permanent**	**193.50**	**184.00**	**199.50**	**205.00**	**204.50**	**0.00**	**204.50**
TOTAL FTE POSITIONS		**193.50**	**184.00**	**199.50**	**205.00**	**204.50**	**0.00**	**204.50**

State of New Mexico

S-13 Line Items by Business Unit Expenditures

(Dollars in Thousands)

BusUnit			Line Item		2025-26 Actuals	2026-27 Opbud	Request Base	Request Expansion	Recommendation Base	Recommendation Expansion	Opbud
53900	**P615-R**	**Land Trust Stewardship**	521400	Workers' Comp Assessment Fee	1.88	1.8	2	0	0	0	0.0
			521410	GSD Work Comp Insur Premium	90.69	46.7	67.6	0	0	0	0.0
			521500	Unemployment Comp Premium	0	19.3	3.4	0	0	0	0.0
			521600	Employee Liability Ins Premium	109.41	111.1	114.1	0	0	0	0.0
			535400	Audit Services	29	60.2	30.8	0	0	0	0.0
			542700	Transp - Transp Insurance	7.51	6	8.6	0	0	0	0.0
			542800	State Transp Pool Charges	3.39	3.5	4	0	0	0	0.0
			543400	Maint - Property Insurance	14.92	14.7	14.6	0	0	0	0.0
			545700	ISD Services	1.25	0.8	2	0	0	0	0.0
			545710	DOIT HCM Assessment Fees	67.73	72.7	73.4	0	0	0	0.0
			546610	DOIT Telecommunications	123.33	141.7	137.9	0	0	0	0.0
Subtotal for:	**53900**	**P615-R**	**Land Trust Stewardship**		**449.11**	**478.5**	**458.4**	**0**	**0**	**0**	**0.0**
53900					**449.11**	**478.5**	**458.4**	**0**	**0**	**0**	**0.0**

Totals by Line Item

BusUnit	Line Item		2025-26 Actuals	2026-27 Opbud	Request Base	Request Expansion	Recommendation Base	Recommendation Expansion	Opbud
53900	**521400**	**Workers' Comp Assessment Fee**	1.88	1.8	2	0	0	0	0.0
	521410	**GSD Work Comp Insur Premium**	90.69	46.7	67.6	0	0	0	0.0
	521500	**Unemployment Comp Premium**	0	19.3	3.4	0	0	0	0.0
	521600	**Employee Liability Ins Premium**	109.41	111.1	114.1	0	0	0	0.0
	535400	**Audit Services**	29	60.2	30.8	0	0	0	0.0
	542700	**Transp - Transp Insurance**	7.51	6	8.6	0	0	0	0.0
	542800	**State Transp Pool Charges**	3.39	3.5	4	0	0	0	0.0
	543400	**Maint - Property Insurance**	14.92	14.7	14.6	0	0	0	0.0
	545700	**ISD Services**	1.25	0.8	2	0	0	0	0.0
	545710	**DOIT HCM Assessment Fees**	67.73	72.7	73.4	0	0	0	0.0
	546610	**DOIT Telecommunications**	123.33	141.7	137.9	0	0	0	0.0
		Grand Total	**449.11**	**478.5**	**458.4**	**0**	**0**	**0**	**0.0**

Program Description:

The purpose of the Land Trust Stewardship program is to generate revenue from state trust lands to support public education and other beneficiary institutions, while simultaneously striving to protect, conserve and maintain the lands so they are healthy and productive for future generations. The State Land Office (NMSLO) generates revenue by leasing lands for agriculture, a wide variety of business uses, renewable energy, oil and gas development, mining, and other surface and mineral estate activities.

The Territory of New Mexico was established in 1850 by an Act of Congress. Recognizing the importance of public education to a developing nation, Congress reserved sections 16 and 36 of each township for the benefit of Common Schools. Later, Congress approved the Ferguson Act of 1898, which made additional land grants to aid in the support of other public institutions, including higher education institutions, and appointed Alpheus A. Keen as the first Commissioner of Public Lands. The Enabling Act of 1910, which authorized the Territory of New Mexico to form a constitution and state government and admitted it into the Union, confirmed grants previously made to the Territory and also assigned sections 2 and 32 of each township in trust for the Common Schools.

Today, state trust lands are located in every one of New Mexico's 33 counties. The Commissioner of Public Lands, as a statewide elected official, manages about nine million acres of surface and 13 million acres of mineral rights on behalf of beneficiaries. Each section of land is assigned to one of the Trust's 21 beneficiaries, which include public schools, universities, hospitals and other public institutions, and the money made off each tract of land goes to support the assigned beneficiary.

The beneficiaries of the Trust are: Capital Buildings, Carrie Tingley Hospital, Charitable Penal and Reform (CP&R is shared equally by Carrie Tingley Hospital, Las Vegas Medical Center (The Behavioral Health Institute), Los Lunas Hospital, Miners' Colfax Medical Center, Penitentiary of New Mexico, and the New Mexico Boys' School and Girl's Welfare Home (CYFD-The Youth Diagnostic and Development Center)), Eastern New Mexico University, Irrigation Reservoirs, Las Vegas Medical Center (State Hospital/Behavioral Health Institute), Miners' Colfax Medical Center, New Mexico Boys' School, New Mexico Highlands University, New Mexico Military Institute, New Mexico Institute of Mining and Technology, University of New Mexico, Western New Mexico University, New Mexico School for the Deaf, New Mexico School for the Blind and Visually Impaired, New Mexico State University, Northern New Mexico College, Penitentiary of New Mexico, Public (Common) Schools, Rio Grande Improvements, and Saline Lands.

Fiscal years 2019-2026 marked record years, with the NMSLO earnings reaching an estimated $3.1 billion for FY26. Money earned by the NMSLO reduces taxpayer burden by decreasing the required amount of General Fund support by the amount of Other State Funds provided through the Land Maintenance Fund (LMF) and distributed through the Land Grant Permanent Fund (LGPF).

Revenue generated from the extraction of oil, natural gas, mining, the sale of land, or any other activity that permanently depletes a resource, is paid into the LGPF, which is managed and invested by the State Investment Council (SIC). Funds are distributed to beneficiaries based on 5-year average ending market value and the distribution percentage established by the state Constitution. Distributions from the LGPF to public schools are paid into the Common School Fund, a subcategory of the General Fund; the distributions to the Charitable Penal and Reform (shared amongst seven beneficiaries) are transferred to the Department of Finance and Administration for further distribution. All other beneficiaries receive monthly checks from the SIC.

Revenue earned from miscellaneous revenue (interest on deposits, fees, and refunds), ranching and farming, renewable energy, rights-of-way, and commercial development, which do not permanently deplete a resource, are distributed through the LMF to the designated beneficiaries after the NMSLO covers its own expenses. Public school distributions are paid into the Common School Fund; other beneficiaries receive monthly checks or transfers from the agency.

NMSLO is comprised of various divisions and functions. The Office of the Commissioner of Public Lands provides overall leadership and direction to the agency as well as manages the State Land Trusts Advisory Board, subject matter specific advisory committees, communications and public relations, beneficiary engagement, and constituent services. The Oil, Gas and Minerals Division (OGMD) administers the NMSLO monthly oil and gas lease sales and manages all hydrocarbon and mineral leasing activity on state trust lands. The Water Bureau is also housed within OGMD. The Royalty Management Division is responsible for the collection, processing, distribution and auditing of royalty revenue from oil, natural gas, and carbon dioxide produced from state trust lands. The Commercial Resources Division (CRD) engages in a wide variety of commercial leasing, land exchanges, and rights-of-way (ROW), while preserving the resource to the greatest extent possible. CRD includes the Office of Renewable Energy, the ROW group, Business Leasing section, and Economic Development special projects. The Surface Resources Division (SRD) manages complex and dynamic programs that focus on landscape level planning, watershed health, forestry, site remediation, illegal dumping, biological resources, environmental compliance, and district field offices throughout the state. SRD houses the Agricultural Leasing Bureau, Office of Outdoor Recreation, Environmental Compliance Office, as well as manages the Restoration and Remediation Fund (R&R).

One percent of the renewable revenue received by the NMSLO is deposited in the R&R Fund, up to $5,000,000. The money is to implement projects in the following categories: surface damage remediation and restoration; watershed, forest or grassland restoration; illegal dump site remediation and restoration; and contaminated site remediation. The Cultural Resources Office (CRO) serves to position the agency to effectively manage and protect cultural resources and engage in tribal consultation efforts in a coordinated and responsive manner. The Office of the General Counsel (Legal Division) provides legal advice and representation to the Commissioner and all agency divisions in furtherance of the agency's mission, as well as manages the Enforcement & Accountability program.

Administrative Services provides support to the agency through the following divisions: accounting, human resources, facilities management, information technology and records management.

Major Issues and Accomplishments:

FY26 continued to mark historic earnings (over $3.1 billion), which corresponds to record workload levels. NMSLO has made significant strides in expanding diversification efforts, such as renewable energy and major economic development and housing projects, and advancing industry compliance efforts. Performance measures have consistently increased, and have been exceeded in most cases. NMSLO's continued success is directly tied to the agency's ability to retain, recruit and expand skilled personnel.
FY26 accomplishments include:
• Clean FY25 financial audit while processing over 26,000 payments, distributing a record $3.1 billion (+210% since 2019).
• Record non-royalty earnings of $719 million, driven by extraordinary oil and gas lease sales for Permian Basin parcels after the passage of SB23 (new 25% royalty rate); record $132,000/acre sale with over $543 million in annual bonus payments.
• Record commercial earnings of over $67 million, up 16% over FY25.
• Increased renewable energy under lease by more than 8x since assuming office (25 solar leases, 31 wind leases); signed two major wind leases in FY26 (Torrance, Chavez and Roosevelt counties); about 1 out of 4 community solar projects (11) are on state lands (enough power for about 6,000 homes).
• Promulgated a new geothermal leasing rule to harness geothermal resources and further diversify earnings.
• Advanced a new bonding rule for oil and gas leases to better protect state lands and ensure taxpayers aren't left with cleanup costs.
• Surpassed 900 inactive wells plugged (at industry's expense), saving taxpayers millions and removing long-term environmental and financial liabilities (180 plugged in FY26).
• Scored a significant victory in the NM Court of Appeals (Snow Oil and Gas, Inc. case), which reinforced the agency's approach to plugging inactive wells when non-producing leases expire; successfully managing dozens of O&G enforcement suits; resolved major trespass claim against private landowners who damaged adjacent state land by bulldozing an unauthorized road.
• Proactively issued a Request for Interest for affordable housing development on state trust land, offering four Albuquerque infill parcels (Bataan Dr./Coors Blvd. SW, 10408 Central Ave. SE, Cutler Ave. NW, and 230 Truman St. NE) for competitive leases; resulting in 14 development proposals.
• Executed the Mesa Vista P&D lease, which will add about 4,300 much-need housing units to the Las Cruces community, including 1,700 of which will be affordable/attainable housing and all housing will be all-electric; since 2019, the agency has partnered on projects adding 4,800 housing units on state trust land.
• Increased cultural resource surveys by 35,755 acres bringing the total lands surveyed to 751,755 acres (38% increase since 2019), held a Tribal Historic Preservation Officer Summit on responsibly developing recreation opportunities while also protecting sacred resources and places; expended $157,000 on the stabilization and recording of Diné defensive structures in northwest New Mexico.
• Terminated 89 communitizations for non-compliance and approved 258 coms; secured tens of millions in compliance-related settlements; reduced the number of assignments rejections through pre-submission vetting; environmental reviews on about 138,000 acres.
• Minerals Bureau and ECO worked with NMED under the Abandoned Uranium Mine Clean Up Initiative to successfully remediate and reclaim the program's first two abandoned uranium mine sites; efforts resulted in the remediation of 4,360 cubic yards of contaminated waste over 3.24 acres.
• Generated $17 million from easements for fresh water, salt water, water monitoring, and deep non-fresh water.
• Processed about $2.4 billion in oil and gas royalties, requiring the review of over 1.1 million payment lines (revenue receipts); implemented a new product code to our royalty-processing system that combined reporting of gas residue and Natural Gas Liquids volumes in a single detail line to capture the full wellhead production and proceeds (reducing both industry and agency workload by 10%).
• Collected $9.1 million from oil and gas audits.
• Hosted a two-day industry training for a record 375 attendees representing 117 companies offering one-on-one counseling and presentations on various areas of interest.
• Completed 531 agricultural lease renewals; added new standard provision to leases prohibiting the discharge of treated produced water on state lands.
• Signed a second agreement to restrict development on over 60,000 acres (bringing the protected acreage to a total of 120,000 acres) of the Chupadera Mesa in the greater White Sands region (Socorro and Torrance counties); 120,000 acres enrolled in stewardship and conservation leases; funds acquired through conservation leasing exceeded $11 million
• Completed prescribed fire to restore fire adapted ponderosa pine and mixed conifer forest on 370 acres south of Angel Fire in Colfax County; applied for funding to create a fire management plan for the White Peak landscape that encompasses approximately 55,000 acres in Colfax and Mora Counties; partnered with BLM on prescribed burns in Chavez County (640 acres) and Chupadera Mesa in Socorro County (350 acres); treated invasive mesquite treatment on 11,541 acres in a historic shortgrass prairie that borders the Pecos River in Chaves and De Baca counties; completed a thinning project on 100 acres at the wildland urban interface with the community of Timberon in Otero County to reduce the risk of wildfire; treated 2,390 acres to restore historic species as part of the Crossroads Watershed Restoration project.
• Issued about 550 Recreational Access Permits.

• Environmental Compliance Office reviewed 1,759 workplans and reports for site assessment, remediation and reclamation projects; developed an online submission portal; help advance four uranium site cleanup projects; and oversaw the successful cleanup of multiple legacy oil and gas sites related to compliance actions.
• Completed 3,193 field reports (+53%) and 519 biological reviews (+46%) in support of leasing activities.
• Named a Regional Top Workplace every year since 2023 and a National Top Workplace every year since 2024, reflecting its ongoing commitment to an exceptional workplace culture.
• Maintained significantly lower than state average vacancy rate (8% compared to 20%) throughout the year due to low turnover (less than 2% monthly average) and high-employee retention.
• Delivered a record 180,000 digital documents to public room visitors and remote clients (+30%); recorded 5,908 title activities, digitized 275,000 pages, and rescanned over 19,000 tract book pages.
• Continued to strengthen IT security by making substantial improvements on NIST compliance by completing 75% of required process documentation and convening weekly IT security committee focused on process improvements; advanced two major IT system upgrades for land/lease management and revenue processing systems (IV&V projects "green").
• Maintained a safe and secure office; major projects included design for bathroom renovations, new elevators, building plastering, parking lot re-striping and repair of backup power lines.

Overview of Request:

NMSLO earnings, the primary constitutional performance metric, have consistently set records over the last eight fiscal years. In FY19, the agency shattered the $1 billion threshold for the first time; in FY26 earnings exceeded a record $3.1 billion. This money reduces the tax burden of working families by decreasing reliance on General Funds to support public schools, universities and hospitals.
Specifically, the request seeks funding to: recruit and retain a specialized and professional workforce; advance renewable energy and economic development diversification; manage a significantly increased workload across divisions; continue accountability and enforcement efforts; better protect the health of lands; and provide for the efficient delivery of services, including the timely processing of revenue-generating applications.
NMSLO operations are funded by utilizing a very small portion of the revenue it generates each year (OSF). NMSLO's FY27 operational budget of $32,573,200 represents just 1% of FY26 revenue. The agency's FY28 request of $34,201,900 reflects a total increase of 5% ($1,628,700), largely focused on needs within Salaries and Benefits ($1,286,200). The request also includes modest inflationary increases of 3.9% in the Contracts and 6.5% in the Other category, primarily to meet standard annual subscription and contract increases.
NMSLO's budget prioritizes the continued investment in hiring and retaining employees with the right skill set to advance core objectives. The FY28 request funds five new positions to handle workload requirements: (1) one position in the Oil, Gas and Minerals Division to coordinate the growing volume and complexity of compliance-related work; (2) two positions within the Royalty Management Division to expand audits to non-oil and gas activities; and (3) two positions within the Commercial Resources Division to help better process and coordinate record levels of ROW/BL applications.
The requested resources are needed to adequately manage 13 million acres in a sustainable and responsible manner and to prevent revenue generating economic opportunities from being left on the table. The drastic growth in revenue over the last eight years corresponds with significantly increased workloads.
Overall earnings are expected to remain strong in FY27 and FY28 but uncertainty exists due to O&G price volatility and general international/domestic economic factors. Royalty contributions to the LGPF will likely remain strong due to the Permian Basin's desirability. LMF revenue can fluctuate considerably, however, it is expected to remain strong due to increased non-royalty activities but will likely re-align with more historical levels compared with FY26 (FY26 LMF earnings of $719 million shattered all-time records, with $543 million from oil and gas lease sales and $176 from other types of non-royalty revenue).

Programmatic Changes:

N/A

Base Budget Justification:

Operations are funded by a very small portion of agency-generated revenue. To meet current service needs, $34,201,900 is requested – an overall increase of 5% ($1,628,700) compared to the FY27 Operating Budget.
S&B: The request prioritizes investment in employees with the skill sets to advance the agency's objectives. Over 80% falls within S&B, with very little overhead in Contractual and Other. S&B is requested at $27,361,100, an increase of 4.9% ($1,286,200) over the FY27 Operating Budget. In addition to ensuring compensation levels for existing staff (199.5 FTE, 5% budgeted vacancy rate), the FY28 request funds five new positions:
Oil, Gas and Minerals (OGM), Project Manager: The position would coordinate the growing volume and complexity of compliance-related work from bonding, trespass, unit and environmental reviews, assignments, operator changes, royalty refunds, and coordination with Legal on litigation and the Environmental Compliance Office on cleanup; manage compliance referrals, analyze supporting documentation, coordinate among the respective divisions and senior management, identify and resolve outstanding compliance issues, prepare communications, and lead process improvements to reduce administrative burdens; support efforts to maximize financial and environmental recoveries, which generated approximately $35 million in OGM settlements in FY26 alone, excluding additional value from increased royalty rates, lease sales, and in-kind environmental cleanup. The position would improve the timeliness and quality of compliance work while allowing managers to focus on higher-level priorities and reducing excessive workloads, overtime, stress, and employee burnout.
Royalty Management Division (RMD), Compliance Auditors (2): The positions would expand audit capacity beyond simply oil and gas (e.g., potash and other minerals, water, etc.). Recent coal and potash mineral audits have identified significant potential recoveries and opportunities for increased royalty recovery, including missed contract provisions, improper deductions, unrecognized state minerals, and incorrect royalty rates. Conducting these audits has required delaying scheduled O&G audits and developing new procedures because no established mineral audit program currently exists. New staff would allow for routine mineral audits while maintaining its core O&G duties, identify deficiencies earlier, and maximize royalties. It would also avoid duplicating functions across divisions while leveraging decades of expertise, experienced leadership, trained auditors, and ongoing professional development in industry audit practices.
Commercial Resources Division, Senior Program Coordinator (Business Leasing): The position is needed to support the effective and timely operation of the BL Bureau by assisting with workload management, quality control, staff training, and consistent implementation of processes and procedures. It will help ensure applications, payments, fees, and project files are processed accurately and efficiently while maintaining complete electronic and paper records. In addition to providing operational support to the manager and analysts, the position will directly process BL applications, reissues, and relinquishments, increasing capacity to manage its workload, maintain timely service and generate earnings.
Commercial Resources Division, Senior Program Coordinator (Rights-of-Way): The position is needed to provide higher-level operational support and oversight within the ROW Bureau, assisting the manager with workload, quality control, staff training, and consistent implementation of processes and procedures. The position will help ensure the timely and accurate processing of applications, payments, fees, and project files while supporting staff development and completing special projects. In addition, the position will directly process complex ROW, ROE, assignment, and relinquishment applications, increasing the capacity, efficiency, accuracy, and earning potential.
Contractual Services: Contractual Services is requested at $3,227,400, an increase of 3.9% ($122,200) over FY27. Additional funds primarily reflect inflationary increases for existing initiatives and services.
Other: The Other category is requested at $3,613,400, an increase of 6.5% ($220,300) over FY27. The request primarily reflects inflationary costs related to annual subscriptions, increased travel and other administrative costs (rent, utilities, DoIT fees, insurance, etc.) that continue to rise.
Performance Measures: NMSLO's core objective is to responsibly generate revenue and it has shattered records each year, generating over $16 billion since 2019. In addition, the agency's achievements have also created jobs, expanded affordable housing, seized economic development opportunities and cleaned up legacy sites throughout the state. The agency has consistently met or exceeded almost all of its performance measures since 2019.

REV EXP COMPARISON

(Dollars in Thousands)

53900 - State Land Office

P615 - Land Trust Stewardship

	General Fund	Other Funds	Other Transfers	Federal Funds	Total
SOURCES Totals	**0.0**	**34,201.9**	**0.0**	**0.0**	**34,201.9**
Personal services and employee benefits	0.0	27,361.1	0.0	0.0	27,361.1
Contractual services	0.0	3,227.4	0.0	0.0	3,227.4
Other	0.0	3,613.4	0.0	0.0	3,613.4
USES Total:	**0.0**	**34,201.9**	**0.0**	**0.0**	**34,201.9**
Net:	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
00000	520300	Classified Perm Positions F/T	0.0	0.0	749.89	0.0	0.0	0.0	0.0	0.0	
00000	521100	Group Insurance Premium	0.0	0.0	50.1	0.0	0.0	0.0	0.0	0.0	
00000	521200	Retirement Contributions	0.0	0.0	153.95	0.0	0.0	0.0	0.0	0.0	
00000	521300	F I C A	0.0	0.0	45.96	0.0	0.0	0.0	0.0	0.0	
00000	521700	RHC Act Contributions	0.0	0.0	19.71	0.0	0.0	0.0	0.0	0.0	
09800	520000	Payroll	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	520100	Exempt Perm Positions P/T&F/T	2,064.8	2,063.2	2,363.65	0.0	2,063.2	0.0	0.0	2,063.2	
09800	520300	Classified Perm Positions F/T	14,558.6	15,881.6	15,974.89	0.0	16,797.0	0.0	0.0	16,797.0	Maintain 5% vacancy rate and add five new FTE
09800	520400	Classified Perm Positions P/T	28.2	51.0	0.44	0.0	51.0	0.0	0.0	51.0	
09800	520500	Temporary Positions F/T & P/T	106.3	68.0	4.53	0.0	68.0	0.0	0.0	68.0	
09800	520600	Paid Unused Sick Leave	23.8	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	520700	Overtime & Other Premium Pay	187.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	520800	Annl & Comp Paid At Separation	93.7	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	520900	Differential Pay	0.8	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	521100	Group Insurance Premium	2,204.3	2,800.7	2,676.68	0.0	2,898.7	0.0	0.0	2,898.7	
09800	521200	Retirement Contributions	3,242.1	3,360.3	3,481.99	0.0	3,536.4	0.0	0.0	3,536.4	
09800	521300	F I C A	1,263.1	1,321.8	1,125.22	0.0	1,391.9	0.0	0.0	1,391.9	
09800	521400	Workers' Comp Assessment Fee	1.9	1.8	0	0.0	2.0	0.0	0.0	2.0	
09800	521410	GSD Work Comp Insur Premium	90.7	46.7	0	0.0	67.6	0.0	0.0	67.6	
09800	521500	Unemployment Comp Premium	0.0	19.3	0	0.0	3.4	0.0	0.0	3.4	
09800	521600	Employee Liability Ins Premium	109.4	111.1	0	0.0	114.1	0.0	0.0	114.1	
09800	521700	RHC Act Contributions	337.0	349.4	366.88	0.0	367.8	0.0	0.0	367.8	
	200	**Personal services and employee benef**	**24,311.7**	**26,074.9**	**27,013.89**	**0.0**	**27,361.1**	**0.0**	**0.0**	**27,361.1**	
09800	540000	Other Expenses	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	542100	Employee I/S Mileage & Fares	2.8	5.5	0	0.0	7.1	0.0	0.0	7.1	Increased fuel costs
09800	542200	Employee I/S Meals & Lodging	83.4	93.2	0	0.0	94.8	0.0	0.0	94.8	
09800	542300	Brd & Comm Mbr Meals & Lodging	0.0	4.0	0	0.0	4.0	0.0	0.0	4.0	
09800	542500	Transp - Fuel & Oil	48.2	90.0	0	0.0	90.0	0.0	0.0	90.0	
09800	542510	Electric Vehicle Charging Fee	0.1	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	542600	Transp - Parts & Supplies	27.2	48.0	0	0.0	48.0	0.0	0.0	48.0	
09800	542700	Transp - Transp Insurance	7.5	6.0	0	0.0	8.6	0.0	0.0	8.6	

(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
09800	542800	State Transp Pool Charges	3.4	3.5	0	0.0	4.0	0.0	0.0	4.0	
09800	543100	Maint - Grounds & Roadways	19.2	11.5	0	0.0	11.5	0.0	0.0	11.5	
09800	543200	Maint - Furn, Fixt, Equipment	11.0	28.3	0	0.0	28.5	0.0	0.0	28.5	
09800	543300	Maint - Buildings & Structures	49.0	34.5	0	0.0	41.5	0.0	0.0	41.5	Increasing maintenance costs for an aging building
09800	543400	Maint - Property Insurance	14.9	14.7	0	0.0	14.6	0.0	0.0	14.6	
09800	543500	Maint - Supplies	22.1	20.6	0	0.0	20.6	0.0	0.0	20.6	
09800	543700	Maintenance Services	5.8	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	543820	Maintenance IT	34.6	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	543830	IT HW/SW Agreements	1,331.6	1,324.9	0	0.0	1,474.9	0.0	0.0	1,474.9	Ongoing increased costs of software maintenance; Cost of M-365 licensing
09800	544000	Supply Inventory IT	111.3	93.6	0	0.0	155.8	0.0	0.0	155.8	Laptop and desktop computer refresh. IT hardware costs continue to rise due to supply shortages
09800	544100	Supplies-Office Supplies	36.7	49.7	0	0.0	44.1	0.0	0.0	44.1	
09800	544400	Supplies-Field Supplies	4.3	10.4	0	0.0	10.4	0.0	0.0	10.4	
09800	544700	Supplies-Clothng,Unifrms,Linen	0.1	6.4	0	0.0	9.8	0.0	0.0	9.8	
09800	544800	Supplies-Education&Recreation	0.0	1.5	0	0.0	1.5	0.0	0.0	1.5	
09800	544900	Supplies-Inventory Exempt	34.8	39.5	0	0.0	43.0	0.0	0.0	43.0	
09800	545600	Reporting & Recording	25.1	26.5	0	0.0	36.5	0.0	0.0	36.5	Increased enforcement efforts have expanded the need for spending on court reporters
09800	545700	ISD Services	1.2	0.8	0	0.0	2.0	0.0	0.0	2.0	
09800	545710	DOIT HCM Assessment Fees	67.7	72.7	0	0.0	73.4	0.0	0.0	73.4	
09800	545900	Printing & Photo Services	23.1	21.5	0	0.0	20.5	0.0	0.0	20.5	
09800	546100	Postage & Mail Services	23.0	26.9	0	0.0	28.6	0.0	0.0	28.6	
09800	546310	Utilities - Sewer/Garbage	3.7	4.5	0	0.0	4.6	0.0	0.0	4.6	
09800	546320	Utilities - Electricity	89.4	88.5	0	0.0	90.0	0.0	0.0	90.0	
09800	546330	Utilities - Water	12.5	15.2	0	0.0	14.1	0.0	0.0	14.1	
09800	546340	Utilities - Natural Gas	9.1	25.0	0	0.0	26.5	0.0	0.0	26.5	
09800	546400	Rent Of Land & Buildings	128.7	154.0	0	0.0	204.0	0.0	0.0	204.0	Increased for rent escalators, space for additional FTE, and a need for expanded office space in Albuquerque to facilitate meetings with industry and government partners
09800	546500	Rent Of Equipment	68.5	92.8	0	0.0	92.8	0.0	0.0	92.8	
09800	546600	Communications	66.4	94.0	0	0.0	95.5	0.0	0.0	95.5	

(Dollars in Thousands)

Fund	Account		2025-26 Actuals	2026-27 Opbud	2027-28 PCF Proj	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
09800	546610	DOIT Telecommunications	123.3	141.7	0	0.0	137.9	0.0	0.0	137.9	
09800	546700	Subscriptions/Dues/License Fee	114.2	114.4	0	0.0	126.8	0.0	0.0	126.8	Subscriptions to industry publications increases accuracy of price modeling, history and forecasting. Cost of membership in professional and trade organizations has increased
09800	546800	Employee Training & Education	69.2	108.1	0	0.0	122.6	0.0	0.0	122.6	Continuing education is required for professional staff to maintain certifications and stay up-to-date constantly changing standards and practices.
09800	546900	Advertising	54.1	10.6	0	0.0	6.1	0.0	0.0	6.1	
09800	547900	Miscellaneous Expense	2.5	26.8	0	0.0	26.8	0.0	0.0	26.8	
09800	547909	Misc Expense Interagency	0.6	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	547999	Request to Pay Prior Year	0.8	1.8	0	0.0	1.8	0.0	0.0	1.8	
09800	548200	Furniture & Fixtures	61.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	548300	Information Tech Equipment	0.0	120.0	0	0.0	0.0	0.0	0.0	0.0	
09800	548400	Other Equipment	0.0	13.0	0	0.0	13.0	0.0	0.0	13.0	
09800	548800	Automotive & Aircraft	47.8	220.0	0	0.0	220.0	0.0	0.0	220.0	
09800	549600	Employee O/S Mileage & Fares	36.7	55.6	0	0.0	66.2	0.0	0.0	66.2	The cost of airfare has increased significantly. Out-of-state travel is necessary to conduct audits and meet related performance measures in the GAA.
09800	549700	Employee O/S Meals & Lodging	64.6	72.9	0	0.0	91.0	0.0	0.0	91.0	The cost of lodging and meals has increased year over year and these funds are needed to continue conducting audits.
77600	546900	Advertising	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
	400	**Other**	**2,941.2**	**3,393.1**	**0**	**0.0**	**3,613.4**	**0.0**	**0.0**	**3,613.4**	
09800	555100	Other Financing Uses	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
09800	555200	O/F Uses - Higher Ed Institut	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
26400	555100	Other Financing Uses	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
77700	555100	Other Financing Uses	(0.0)	0.0	0	0.0	0.0	0.0	0.0	0.0	
77700	555200	O/F Uses - Higher Ed Institut	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	
	500	**Other financing uses**	**(0.0)**	**0.0**	**0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	
	TOTAL EXPENSE		**27,252.9**	**29,468.0**		**0.0**	**30,974.5**	**0.0**	**0.0**	**30,974.5**	

Contract by PCode Detail

(Dollars in Thousands)

BU	PCode
53900	P615

Fund	Account		#	Contract Purpose	Actuals	FY 2028 Agency Request GF	OSF	ISF/IAT	FF	Total	Justification
09800	535100	Medical Services	1000	Drug and alcohol testing	0.0	0.0	0.2	0.0	0.0	0.2	
09800	535200	Professional Services	1000	Archeological surveys, environmental consulting, plant and wildlife surveys, lease and pricing assessments	613.2	0.0	1,180.0	0.0	0.0	1,180.0	
09800	535300	Other Services	1000	Watershed health projects, land remediation and restoration, prescribed fire, wildlife habitat improvement, security services, interpreting services, appraisal services, temporary staffing	1,856.2	0.0	885.4	0.0	0.0	885.4	Increase needed to cover inflationary and negotiated rate increases
09800	535400	Audit Services	1000	Financial audit	29.0	0.0	30.8	0.0	0.0	30.8	Change in published rate
09800	535500	Attorney Services	1000	Employment counsel, bankruptcy counsel, administrative hearing officers, water rights abstracter	29.3	0.0	46.0	0.0	0.0	46.0	
09800	535600	IT Services	1000	Developers for internal NMSLO IT systems	637.4	0.0	1,085.0	0.0	0.0	1,085.0	Planning for migration to M-365; GIS support for use of spectral data in detecting spills, supporting land health analysis, and correlation of abandoned well remediation efforts
68210	535300	Other Services	1000		0.0	0.0	0.0	0.0	0.0	0.0	
	TOTAL EXPENSE				**3,165.1**	**0.0**	**3,227.4**	**0.0**	**0.0**	**3,227.4**	

Agency: 53900 State Land Office

Program: P615 Land Trust Stewardship

The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

Performance Measures:		2025-26 Target	2025-26 Result	Met Target	Year End Result Narrative
Outcome	Amount of bonus income per acre leased for oil and gas activities, in dollars	$1,000.00	$29,456.00	Yes	The performance measure was met, as the agency leased some of its best acreage in the Permian Basin. The large majority of the acreage was leased at the new 25% royalty rate and received bids at record levels.
Outcome	Amount of revenue generated through oil and natural gas audit activities, in millions	$4.5	$9.1	Yes	The performance measure was met as a result of increased collections in the Audit and Compliance unit.
Output	Amount of income from commercial and leasing activities	$11,000,000	$24,301,967	Yes	Performance exceeded target by over 100% for business leases. CRD continues to: (1) Focus on turnaround time and (2) better analysis to accurately price leases. It is important to note that this measure captures general business leasing only (rights of way are not included).
Output	Amount of income from renewable energy	$4,500,000	$7,591,123	Yes	Performance exceeded target by over 67%. ORE continues to focus on obtaining true market value for large solar and wind projects sited on state trust land.
Output	Amount of revenue distributed related to trespass cases	$1,000,000	$639,340	No	As the agency has enhanced its effort to identify trespass and industry has responded, the number of instances has decreased. Additionally, trespass falls within a narrow legal definition and doesn't capture overall compliance efforts. The agency's focus on other compliance issues resulted in about $35 million in settlements in FY26 (a record level).

Program: P615 Land Trust Stewardship

Performance Measures:		2025-26 Target	2025-26 Result	Met Target	Year End Result Narrative
Output	Amount of trust revenue generated, in millions	$2,100.00	$3,150.00	Yes	FY26 marked the highest revenue ever. While earnings are subject to significant uncertainties in national and global markets, O&G royalties remained strong with prices recovering toward the end of the fiscal year. The agency has also continued to grow its non-royalty revenue (a record $719 million in FY26 from O&G bonus income, record CRD earnings from BLs/ ROWs, large legal settlements and strong interest earnings). Overall non-royalty earnings are expected to return to more normal levels in out-years due to projected more historical O&G bonus sales. FY26 actual total earnings are estimated as June oil & gas royalty revenue is not known until September of FY27.
Output	Average amount of income per acre from oil, natural gas and mining activities, in dollars	$800	$1,648	Yes	Record O&G earnings from less, but better, O&G acreage resulted in increased average income per acre.
Output	Number of acres treated to achieve desired conditions for future sustainability	25,000	17,185	No	Larger treatment projects, such as prescribed fire projects, were limited by weather conditions and did not achieve their full targeted treatment area. Remediation and reclamation projects are high value in restoring acreage but involve smaller parcels of land at a high per-acre cost.
Output	Number of wells plugged and sites reclaimed through compliance and enforcement efforts	75	180	Yes	Performance measure exceeded target due to robust enforcement program. Program accomplishments will continue in the coming fiscal year with strong existing work processes. However, as the backlog of legacy unplugged sites is addressed, the agency expects the overall number of wells plugged to decrease.
Output	Percent of total trust revenue allocated to beneficiaries	98%	99%	Yes	Performance measure was met.

Performance Measures Summary

P615 **Land Trust Stewardship**

Purpose: The purpose of the land trust stewardship program is to generate sustainable revenue from state trust lands to support public education and other beneficiary institutions and to build partnerships with all New Mexicans to conserve, protect and maintain the highest level of stewardship for these lands so that they may be a significant legacy for generations to come.

Performance Measures:		2024-25 Actual	2025-26 Actual	2026-27 Budget	2027-28 Request	2027-28 Recomm
Output	Amount of trust revenue generated, in millions	$2,500.00	$3,150.00	$2,200.00	$2,500.00	
Output	Average amount of income per acre from oil, natural gas and mining activities, in dollars	$1,410	$1,648	$1,200	$1,200	
Output	Percent of total trust revenue allocated to beneficiaries	99%	99%	98%	98%	
Output	Number of acres treated to achieve desired conditions for future sustainability	18,167	17,185	22,000	20,000	
Output	Amount of income from renewable energy	$8,252,394	$7,591,123	$5,000,000	$5,500,000	
Output	Amount of income from commercial and leasing activities	17,637,217	24,301,967	13,000,000	$15,000,000	
Output	Amount of revenue distributed related to trespass cases	$867,198	$639,340	$750,000	$500,000	
Output	Number of wells plugged and sites reclaimed through compliance and enforcement efforts	201	180	100	100	
Outcome	Amount of bonus income per acre leased for oil and gas activities, in dollars	$1,503.00	$29,456.00	$1,200.00	$1,200.00	
Outcome	Amount of revenue generated through oil and natural gas audit activities, in millions	$6.8	$9.1	$5.0	$5.5	

STRATEGIC PLAN

Setting the Standard for Responsible and Productive Land Management

2023 - 2027

Agency Overview

The Commissioner of Public Lands, as the elected chief executive of the State Land Office, manages approximately nine million acres of surface and 13 million acres of mineral estate throughout the State of New Mexico. State trust lands are working lands set aside by Congress to generate money in support of key public institutions, such as schools, universities and hospitals. The Commissioner of Public Lands has a fiduciary responsibility to administer state trust lands in a manner that fosters their health and productivity.

> **"THE STATE LAND OFFICE IS FOCUSED ON MAXIMIZING REVENUES FOR OUR SCHOOLS, UNIVERSITIES AND HOSPITALS WHILE PROTECTING THE HEALTH OF THE LAND FOR FUTURE GENERATIONS."**
>
> **- Stephanie Garcia Richard**
> **Commissioner of Public Lands**

Each tract of land is assigned to one of 21 trust beneficiaries, and any money earned on that particular piece of land goes to support that specific beneficiary. Revenues generated from activities that permanently deplete a resource, such as the extraction of oil, natural gas and mining, are transferred to the Land Grant Permanent Fund, which is managed by the State Investment Council. Revenues earned from ranching and farming, renewable energy, rights of way and commercial activities are distributed through the Land Maintenance Fund on a monthly basis.

Vision

To be the nation's model for state trust land management.

Mission

To generate revenue for our state's public institutions sustainably for future generations to come.

Guiding Principles

- **Accountability** – Being responsible, knowledgeable, trustworthy
- **Excellence** – Possessing skills, professionalism, quality
- **Integrity** – Exhibiting ethics, principles, honesty
- **Pride** – Showing leadership, ownership, commitment
- **Collaboration** – Encouraging teamwork, communication, collegiality

Goals and Objectives

Administer state trust lands to responsibly maximize and diversify earnings for our beneficiaries

- Develop innovative solutions for increasing revenue and obtaining true value for beneficiaries.
- Ensure the timely and accurate collection and distribution of revenue.
- Prevent and reduce waste of trust assets, and hold industry accountable.
- Diversify and expand revenue streams.
- Minimize potential future fiscal legacy issues related to current leasing decisions.

Implement stewardship and conservation efforts to protect the health and productivity of the land

- Actively work to improve the health, resiliency and productivity of state trust lands.
- Advance sustainable, long-term economic oppurtunities, while considering community health and sound land management principles.
- Improve essential watersheds through forest management practices and other efforts.
- Prioritize the cleanup of contaminated sites and illegal dumping.
- Develop landscape-level management practices.

Lead in renewable energy and sustainable business development

- Advance renewable energy development to provide a clean, diverse and sustainable revenue source.
- Promote and incentivize renewable projects and other business development on state trust lands.
- Facilitate necessary transmission corridors.
- Increase outdoor recreational access and related business opportunities.

Maintain strong fiscal accountability, operational efficiency and customer service

- Provide sound leadership, accountability and oversight.
- Provide key services in support of operations.
- Implement new technologies and data-driven processes to improve business operations.
- Maintain and adhere to clear and consistent rules.
- Provide services in a manner that is competent, respectful, courteous and responsive.

Prioritize transparency and openness

- Promote open and effective internal and external communications.
- Inform the public regarding the importance of trust lands through media relations, public outreach and other agency communications.
- Engage in business practices that foster openness and transparency.
- Preserve and make accessible agency historical records.

Promote public engagement and collaboration

- Set the standard for collaboration and cooperation.
- Directly engage local communities and sovereign tribal nations in protecting important natural and cultural resources.
- Build partnerships with local, state, tribal and federal governments, the private sector, NGOs and beneficiaries to leverage resources and create mutually beneficial opportunities.
- Meaningfully engage impacted communities.

Create a work environment that sets the standard for public service

- Maintain a positive and safe work environment.
- Encourage creative problem solving.
- Value the professionalism and expertise of employees.
- Continuously strive for improvement and excellence through learning and development.
- Fulfill duties in a manner that reflects teamwork and a strong work ethic.
- Adhere to ethical standards and principles to maintain public trust.
- Value collaboration, professional relationships and agency partnerships.

OPEN FOR BUSINESS
Agriculture
Land Stewardship
Renewable Energy
Outdoor Recreation
Oil, Gas, and Minerals
Business Development

Under the leadership of Commissioner Stephanie Garcia Richard, the New Mexico State Land Office has shattered revenue generation records while responsibly managing state trust lands. Over 13 million acres of state trust land are leased for a variety of uses, including ranching and farming, renewable energy, business development, mineral development, and outdoor recreation. The money earned from leasing activity supports 22 beneficiaries – New Mexico public schools, seven universities and colleges, the School for the Deaf, the School for the Blind and Visually Impaired, three hospital, water and land conservation projects, and public building construction and repair.

New Mexico State Land Office

Fiscal Year 2028
New Mexico State Land Office
IT STRATEGIC PLAN
September 1, 2026

Stephanie Garcia Richard, Commissioner of Public Lands
Sunalei Stewart, Deputy Commissioner
Selena Romero, Assistant Commissioner of Administrative Services
Tony Hoffman, Chief Information Officer

Table of Contents

I. EXECUTIVE SUMMARY

The New Mexico State Land Office's (NMSLO) mission is to responsibly and sustainably generate revenue for the benefit of state land trust beneficiaries and ensure lands remain healthy and productive for generations to come. The agency, which manages over 13 million acres throughout the state, generated over $3 billion in FY26. This revenue goes to support public schools, universities, and hospitals throughout the state while also saving taxpayers from having to cover the costs of these services. State Land Office operations are funded entirely through its earnings and do not rely on General Funds.

Under the direction of Commissioner Garcia Richard, the agency has prioritized the expansion of renewable energy development, enforcement and accountability efforts to improve the agency's oversight capacity, new and enhanced IT platforms to inform leasing decisions and land management practices, and initiatives to make the agency's processes friendlier to the public and its customers (such as enabling the use of credit cards for payment processing). These efforts, along with the need to maintain and continuously improve various land management and revenue tracking systems, require robust IT infrastructure and systems, as well as significant support from specialized IT professionals. The agency's continued focus on improving operational efficiency and increasing fact-based decision support capabilities across the agency, in addition to the rapid expansion of solar and wind projects, requires IT to support new requirements and changing transaction types for oil and gas, renewable energy, and other revenue initiatives.

The Information Technology Division (ITD) supports the agency's mission via the selection, deployment, and maintenance of appropriate information technologies using industry best practices. These efforts include, but are not limited to, focusing on operational efficiencies through continuous improvement to existing core systems; ensuring the accurate collection and distribution of earnings; the use of enhanced GIS functions to support decision-making; the rapid expansion of renewable energy and sustainable business development projects; use of available satellite imagery for monitoring lands and leasing decisions; functional enhancements to support an increased focus on the use of trust land for recreation; and systems to efficiently advance conservation and remediation projects on trust land.

The use of satellite imagery continued to yield operational benefits during FY26, and the agency expects continued innovation from this technology in FY27 and FY28 as operational use of the GIS portal increases and additional satellite imagery (such as methane detection) becomes available. The addition of spectral data captured by the newest Planet Labs satellite constellation that was launched in FY26 and will have additional satellites added in FY27 will offer an opportunity to provide analysis on land health, oil spills, mineral deposits, ecological remediation compliance, emissions and other aspects of surface geology. A study was completed in FY26 that provides beginning insights and recommendations on how to begin utilizing this data.

Key Fiscal Year 2026 NMSLO ITD Achievements:

- Enhanced NMSLO's vulnerability management program by implementing agent-based scanning alongside credentialed scanning, providing a more comprehensive and accurate view of organizational cyber exposure. Strengthened remediation and patch management through Microsoft WSUS and Automox for third-party applications. Expanded use of Carbon Black software with expanded licensing that will allow usage on all devices and servers.
- The Royalty Runtime and User Experience (RRUX) runtime upgrade came in 2 months ahead of schedule. The Screen UX aspect of this project is proceeding well with a 4 month slip to handle some additional screen functionality. UAT started in June and expect to go-live in calendar year 2026.
- The Lease User Experience (LUX) project continues with 8 releases to date.
- NMSLO ITD unexpectedly lost the IT Manager of Network and Infrastructure at the beginning of FY26. In the first quarter of FY26 that open position was filled along with a Chief Security Specialist position authorized in the 2025 Legislative Session.
- The passing of the royalty rate increase (increased to 25%) in the 2025 Legislative session required NMSLO to complete changes to leases as well as to both RAPS and LIMS systems. This caused slight delays to certified projects LUX and RRUX however there was a record increase in oil and gas lease revenue that was accommodated by the changes to the major systems. The lease sale increases also significantly increased FY26 beneficiary distributions.
- NMSLO has been implementing 2 Salesforce based external facing portals. One is for our Environmental Compliance office document submission requirements and related environmental compliance tracking efforts. The other portal will be used for submission and payments for our land use Permits for items such as Fuel Wood, Recreational Permits, Outfitters Permits, etc.
- Completed expansion of HPE Simplivity stack in the Santa Fe data center, adding a fifth node to the cluster that was recycled from the DR site. This change expanded the life of the main Simplivity and eliminated memory problems that had been experience in the four-node cluster.
- Completed upgrade of IBM FileNet production system to latest software version and utilized managed services agreement with EnChoice to regularly remediate security issues in the FileNet software.
- Made major strides to eliminate NIST compliance deficiencies by documenting existing processes and forming an IT Security Committee that meets weekly to coordinate planning and implementation of IT security improvement.

Key Fiscal Year 2026 ITD Challenges:

- An unexpected sudden loss of long-tenured Network and Infrastructure personnel led to instability in the Network and Infrastructure team and placed a strain on both the team and NMSLO leadership. A replacement was found and hired late in the first quarter of FY26 however the complex infrastructure software environment challenged even the highly experienced new hire for the position. Ability to recruit replacements was thwarted by insufficient salary levels for technical positions and resulted in the need to significantly increase salary offers to obtain staff with required experience. This problem remains for FY27 and could result in additional staff losses and accelerated retirements for long-term staff with significant tenure.
- The RRUX (RAPS screen modernization) project suffered some vendor project team resistance to NMSLO end user requests for some of the screen modernization enhanced

requirements. The problems were escalated to senior vendor management personnel and after detailed discussions the problems were diffused and the vendor team accepted all but a few of the many changes required by NMSLO.

- LIMS to RAPS (LIMS DIMMS code) continues to be problematic because of the faulty design of the original LIMS system that utilized obsolete technology from the original mainframe design. The team continues to replace the LIMS DIMMS but the work is tedious and continues to be a challenge both from a technical and scheduling perspective. Although some LIMS DIMMS code was eliminated in FY26, there is still code that needs to be upgraded in FY27.
- Ongoing issues with DoIT telephone services have created challenges for the agency in the pursuit of its mission to generate revenue. To solve this issue, NMSLO made a decision to convert to a Verizon One Talk telephone system that will be implemented early in FY27.
- Significant cost increases were again realized for the VMware system utilized for server virtualization. Heavy dependency on VMware and the lack of an alternate method of supporting server virtualization have created budget and planning challenges. Late in FY26, NMSLO became aware of impending end of life support (in October 2027) for current versions of VMware and the current HPE Simplivity hardware infrastructure. This problem is being addressed by a FY28 C-2 submission to upgrade Simplivity hardware and convert VMware to a HPE VME hypervisor solution.
- In conjunction with certified projects RRUX and LUX, existing Microsoft software licenses were inadequate to support enhanced application system upgrades. This problem was also exacerbated by the lack of a Network and Infrastructure manager early in FY26. After the replacement manager was hired in October 2025, work was completed on acquiring necessary Microsoft software upgrades for server and infrastructure system software.
- Ongoing issues with DoIT telephone services have created challenges for the agency in the pursuit of its mission to generate revenue. To solve this issue, NMSLO made a decision to convert to a Verizon One Talk telephone system that will be implemented early in FY27.
- The ITD team has benefited from long tenure for the last eight years with minimal staff turnover however nine key employees are eligible for retirement over the next three fiscal years, over half of whom are managers and the rest are key long-term SMEs. This fact is noted as an organization risk that should be recognized and factored into strategic objectives for the long term.
- An ongoing challenge for NMSLO is the dependence on the RAPS/ONGARD software that was developed in the 1990s. The software has been migrated (mainframe platform migration) and modernized (RRUX screen modernization) but the underlying code and business architecture are significantly outdated. Although current NMSLO executive management understands and support the need for eventual system replacement, the focus has been on modernizing the existing system.
    - The business architecture that supports oil and gas accounting is modeled on 1990s oil and gas production models and does not match modern oil and gas production standards (horizontal drilling vs fracking).
    - Use of PUN (an artificial tracking number) versus well API in return accounting processing, reduces NMSLO auditor effectiveness when examining oil company production records that are tracked using well API.

- Lack of data warehouse capabilities inhibit auditability of producer returns reducing audit efficiency and opportunities to increase revenue through audit findings.
- Although recent system upgrades have improved operational efficiency and allowed continued operation of the system, the current system iteration is not easy to modify to support new business initiatives.
- The underlying code is COBOL, a programming language that few programmers know reducing effective worker pool for future staffing replacements.

II. AGENCY OVERVIEW

A. Agency Mission

The Commissioner of Public Lands, as the elected chief executive of the State Land Office (NMSLO), manages approximately nine million acres of surface and thirteen million acres of mineral estate throughout the State of New Mexico. State trust lands are working lands set aside by Congress to generate money in support of key public institutions, such as schools, universities and hospitals. The Commissioner of Public Lands has a fiduciary responsibility to administer state trust lands in a manner that fosters their health and productivity and to generate revenue for our state's public institutions sustainably for future generations.

Each tract of land is assigned to one of 21 trust beneficiaries, and revenue earned on that land supports that specific beneficiary. Revenues generated from activities that permanently deplete a resource, such as the extraction of oil, natural gas and mining, are transferred to the Land Grant Permanent Fund, which is managed by the State Investment Council. Revenues earned from ranching and farming, renewable energy, rights of way and commercial activities are distributed through the Land Maintenance Fund on a monthly basis and used to fund the operation of the agency.

B. Agency Goals

- Administer state trust lands to responsibly maximize and diversify earnings for our beneficiaries
- Implement stewardship and conservation efforts to protect the health and productivity of the land
- Lead in renewable energy and sustainable business development
- Maintain strong fiscal accountability, operational efficiency and customer service
- Prioritize transparency and openness
- Promote public engagement and collaboration
- Create a work environment that sets the standard for public service

The IT Division supports these goals by maintaining and operating computer systems to manage and collect revenue, providing customer record management, integrating mapping and imagery into decision support GIS, providing computer security and managing technology for the agency.

C. Vision and Priorities

The vision of the NMSLO is "To be the nation's model for state trust land management." The vision for the Information Technology Division (ITD) is to support the agency in fulfillment of its mission via the selection, deployment, and maintenance of appropriate information technologies using IT industry best practices.

ITD supports the agency with five support bureaus: Program Management Office Bureau, Operations Bureau, Network and Infrastructure Bureau, GIS Bureau, Web and .NET Development Bureau. The ITD provides end-user technical support, system management, telco system support, system implementation, systems development, problem management, operations management, project management and strategic planning services.

In addition to supporting agency operations, major ITD priorities for FY26, FY27 and FY28 include:

- Improve user experience in LIMS with help modules and work flow Standard Operating Procedures (SOP)

- Complete the RAPS modernization through screen modernization that will consolidate the 233 RAPS mainframe window screens to native HTML based data presentation

- Per annum, complete five-seven releases of the Land Information Management System (LIMS) continuing process improvement efforts that are ongoing driven by the LUX project activity

- Further the development of payment automation processes including expansion of electronic payments, acquiring the ability for NMSLO staff to use low code no code technology to maintain the newly developed functionality and migrating away from existing vendor

- Continue to expand the use of GIS and satellite imagery to further enhance the NMSLO's ability to manage 13 million acres of land with limited field staff utilizing expanded satellite imagery as it becomes available to expand land management support and begin methane detection analysis utilizing advances in satellite imagery with Planet Labs, our longtime partner

- Continue work on expanded use of satellite imagery to highlight areas of trust land change that can be flagged for analysis utilizing advances in imagery resolution to support efforts to address abandoned oil and gas wells, spills and cleanup. Also expect to be able to extend support to the Surface division in management of land health.

- Complete efforts to systematically document Land Use Restrictions or Conditions (LURC), add descriptions/characteristics to data records and provide system access to NMSLO team members in both LIMS and GIS.

- Complete proposed NMSLO Infrastructure Upgrade, replacing VMware with HPE VME and upgrading the HPE Simplivity hardware to Gen 12.

- Continue to improve Security process and procedures, increasing NIST compliance and improving all IT security practices.

- Convert to M-365 G5 cloud infrastructure, replacing numerous standalone products.

D. Agency Description and IT Organization Structure

The NMSLO has 199.5 FTE organized in six functional divisions that report to the Office of the Commissioner. The Agency operates under one program and has 11 district field offices. Most of the agency employees are housed in the Santa Fe, NM office located at 310 Old Santa Fe Trail. The Information Technology Division (ITD) reports to Administrative Services. ITD encompasses five bureaus with 23 FTE.

III. IT ENVIRONMENT

A. Major Applications

The Oil and Natural Gas Administration and Revenue Database (now RAPS) tracks the agency's oil and gas production and royalties in a relational database, and enables oil and gas producers to report royalties via an online filing system. The system is also utilized to complete monetary distributions for all NMSLO revenue streams. In January 2022, the system conversion to a modern platform and programming language was completed. Implementation of this certified project (RAPS/ONGARD) was successfully completed but delayed due to significant technical challenges (VSAM, DB2, and ebcdic to ascii) encountered by the vendor. The ONGARD system has been retired and removed from the DoIT mainframe. The converted system has worked without major problems since cutover with 26 releases successfully promoted to production.

Although RAPS continues to successfully process the ever-increasing volumes and dollars of oil and gas royalty revenue, it must be recognized that the system is over 30 years old and that it needs modernization now and ultimately it will need to be completely replaced with a contemporary system that requires less maintenance. Like any aging product, even without replacement, the cost of maintenance will continue to rise. These expenses must be accommodated in order to not interrupt NMSLO revenues that amount to as much as $3 billion annually.

In FY25, a certified project (RRUX) was started. The project objectives are: to upgrade the RAPS runtime engine (a Deloitte licensed product) to the current version, and to modernize the data input screens that are now mired in old IBM mainframe screen formats. The NMSLO Royalty division has provided a detailed outline of the changes they want for the screen modernization phase of the project and these requirements provide the basis for the look/feel of the re-designed input screens and the basis for improvements in data entry validation. The screen modernization portion of the project is projected to be completed in calendar year 2026 and the final aspect of the project to upgrade to the latest version of the Deloitte run time engine is expected to be completed by the end of FY27.

The Land Information Management System (LIMS) provides surface and minerals land management, leasing and associated financial functionality. The system is utilized by NMSLO to manage trust land business initiatives that are not oil and gas in nature. The system provides inventory, linkage to GIS mapping, workflow management, lease billing and lease notice functionality, and inventory control of surface trust lands (nine million acres).

Although the LIMS source code is owned and maintained by NMSLO, recent system modifications and improvements (during the LIA project) have led to discovery of major system deficiencies that were unknown prior to the modifications. These system deficiencies have slowed the progress of system improvements and added considerably to system upgrade efforts during the LIA project.

The Lease User Experience (LUX) project started in FY25. The LUX project will improve the overall usability of LIMS by increasing data accuracy going forward. This project focuses on enhanced usability and user experience rather than building new functionality or altering complex calculations that has created major complexities within LIA project. In July 2024, the project was certified by the DoIT PCC for initiation and planning and partial appropriation funding was released. The project is expected to be completed by the end of FY27.

Online Geographic Information System (ArcGIS from Esri) provides access to state ownership and active leases, restrictions, well locations, and other oil and gas data. At our main office, staff use ArcGIS to select and “grade” tracts for upcoming lease sales, locating new violations/trespasses, spill and violation tracking, planning (selecting a right of way (ROW) route), reviews of lease and LURC (Land Use Restriction Code) applications, and general cartographic needs. Our field staff uses ArcGIS on mobile devices to navigate to land parcels while in the field, access lease and other land information, collects the location of improvements and violations, and to create maps for reports.

The document imaging system, IBM FileNet Content Manager, provides enterprise content management services for scanned electronic copies of agency documents including policies, processes, procedures, plans and historical records. The system is essential to the operation of the agency in meeting its statutory duties to retain historical documentation for all state trust lands. The system is utilized to provide access to employees and the general public in the public records room.

TABLE 1.1: Major Applications

Application Name	**Purpose / What It Does**	**Mission Critical?** (Yes/No)	**Data Types Handled**	**Hosting Type** (On-Prem / Cloud / SaaS)	**Vendor or Internal**
Land Information Management Systems (LIMS)	Manages Surface Leases for all Leasing Divisions, Handle all non royalty revenue invoice and payment processing. Processes over $700M a year.	YES	All data is public information Databases do not contain any protected data types (PII)	O***n Prem***	Internal
Royalty Administration and Processing System (RAPS)	Manages all oil and gas leases and all Royalty Payment processing. Also handles on revenue distribution for entire Agency. Processes over $2,000M a year.	Yes	All data is public information Databases do not contain any protected data types (PII)	O***n Prem***	Internal
File Net	Manages tens of millions of scans and document images for all of our records and title work required to support the millions of acres that he NMSLO manages to the benefit of the citizens of New Mexico.	YEs	All data is public information Databases do not contain any protected data types (PII)	On Prem	Vendor owned but mange internally

B. Security

The NMSLO maintains a layered cybersecurity program designed to protect agency technology, information, facilities, and personnel. The security program applies technical safeguards, administrative policies, workforce training, vulnerability management, risk assessment, continuous monitoring, and security oversight to reduce operational and cybersecurity risk.

NMSLO protects agency infrastructure (desktops, laptops, and servers) through Carbon Black Endpoint Protection. The network perimeter is secured using least privilege ACLs via Cisco Firepower Threat Defense firewalls managed through Cisco Firepower Management Cent. Remote access is also protected through Cisco VPN services and Duo multifactor authentication.

NMSLO transitioned to Tenable Agent-based vulnerability scanning to improve endpoint coverage, scan reliability, and visibility of systems that may not always be connected to the agency network. Tenable.io, Tenable Agent, and Tenable Identity Exposure are used to identify endpoint, server, network, and Active Directory security weaknesses. Vulnerabilities are reviewed, validated, prioritized, and assigned for remediation based on severity and operational risk. Vulnerability information is also provided to the New Mexico Department of Information Technology as required.

Security patching is, coordinated via centralized management tools such as Automox, Windows Server Update Services (WSUS), and Group Policy. Automox is used to centrally deploy, monitor, and report operating-system and third-party application updates across agency endpoints, including devices that may operate remotely. WSUS provides controlled testing, approval, and deployment of Microsoft updates for supported Windows workstations and servers

Implemented an automated PowerShell-based NIST compliance validation and evidence collection framework to assess Active Directory security controls, including account management, privileged access, inactive/disabled accounts, group membership, separation of duties, and access reviews. This improves the agency's NIST compliance posture by providing repeatable, auditable evidence of control effectiveness while identifying access-control risks and opportunities for remediation.

On-Prem exchange server which was migrated before end-of-life to the cloud. Additional protections were implemented and now completely protected through Mimecast Secure Email Gateway services and Microsoft 365 security controls. NMSLO has strengthened its email-security posture through the implementation and validation of SPF, DKIM, and DMARC protections. These controls help prevent domain spoofing, phishing, malicious attachments, and unauthorized use of NMSLO email domains. Email journaling and retention processes are also maintained to support records-management and legal requirements when migrating domains (slo.state.nm.us) to (nmslo.gov).

ITD matured its deployment of DNSFilter which is now implemented to provide protective DNS services for all workstation endpoints regardless of the asset and user location. During the year, ITD upgraded the DNSFilter agent environment, corrected outdated and failed installations, and standardized deployment based on categories needed to do the job to support the agency mission across agency workstations. DNSFilter helps prevent users and systems from connecting to malicious, fraudulent, or inappropriate internet destinations.

The required State wide annual Risk Assessment (RA) has been completed and formally submitted on June 1, 2026. In parallel, the NMSLO conducted an internal RA through the Business Impact Analysis (BIA) process to identify critical business functions, technology dependencies, operational risks, control gaps, and priority findings requiring remediation. Together, these efforts established a risk-informed foundation for strategic planning, continuity efforts, security investments, and future remediation activities.

Cybersecurity Awareness and training is facilitated via Mimecast Training platform to deliver and manage annual cybersecurity awareness training for agency employees and contractors. The program reinforces secure workforce behaviors, strengthens awareness of phishing and social-engineering threats, documents training participation, and supports the agency's broader compliance and risk management.

C. Agency IT Certified Projects

The two certified projects underway at NMSLO are addressing efficiency issues throughout the organization. Both the LIMS and RAPS system, on which all work is being done, are essential to the management and collection of $3 billion in revenue from all NMSLO lines of business. The LUX project addresses system usability issues in the LIMS system and the RRUX project will complete the remaining task from the redesign of input screens that still utilize the 'greenscreen' screen design from the 1990s.

TABLE 1.2: Current Certified IT Projects

PROJECT NAME	
Project Description	**Lease User Experience (LUX)**
Estimated Project Costs	$1.7M
Current Funding	$1.7M
Certified Project Phase	Implementation
Estimated Completion	6/2027
Strategic Priority	#2
PROJECT NAME	
Project Description	**Royalty Runtime and User Experience (RRUX)**
Estimated Project Costs	$6M
Current Funding	$6M
Certified Project Phase	Implementation
Estimated Completion	06/2027
Strategic Priority	#1

D. Workforce

i. Full Time Internal IT Employees

There are 23 full time (FTE) IT employees in the New Mexico State Land Office. There are no vacancies.

Classification	Positions Filled	Positions Vacant
CIO	1	0
Deputy CIO	1	0
Manager, IT Applications	2	0
Manager IT Net Admin	1	0
Sr. IT Net Admin	1	0
Sr. IT Systems Admin	1	0
Supervisor IT Database Administrator	1	0
Chief Cybersecurity Analyst	1	0
Sr. IT Project Manager	1	0
Sr. IT App. Developer	5	0
Sr. IT DBA	1	0
Sr. IT Bus. Analyst	1	0
Sr. IT QA Analyst	1	0
IT App. Developer	4	0
Sr. IT Support Tech	1	0

ii. IT Professional Services Contractors

Category of services	**Contractor Name**	**Contractor Employee Name(s)**
Application Dev.	Acro	Anil Gurram
Application Dev.	Acro	Siva Alumolu
Application Dev.	Acro	Brenda Trujillo

GIS Support	Acro	Eleanor Nestlerode
Bus. Analysis RRUX Project	Acro	Cindy Melton
Bus. Analysis RRUX Project	Acro	Danny Martinez
Bus. Analysis LUX Project	Acro	Erica Cavalier
HPE Support	Abba	HPE Simplivity enterprise hyperconverged infrastructure hardware support various techs as needed
FileNet DMS Support	EnChoice	Managed Services for FileNet DMS security and software support
Desktop Support	CAI, Inc	TBD
Web Services	Real Time Solutions	Various staff as needed

NMSLO utilizes various contractors to help support the agency revenue systems. These contactors work on certified projects as well as well as general maintenance and support items.

Service Category	Contract Vendor Name	Number of Contract Personnel
Business Analyst	Acro	3
Application developer	Acro	3
GIS Support	Acro	1
Desktop Support	CAI	1
HPE Infrastructure support	Abba	.15 (part time)
FileNet Support	EnChoice	Managed Services
Web Hosting	Real Time Solutions	Ongoing hosting and technical support as required

E. Challenges

Several of NMSLO's challenges remain around the hiring and retaining of system developers and other technical skill workers. NMSLO manages our internal systems, as such we have to compete with the open/private market for experienced developers. Additionally, the RAPS system is still being run on a COBOL hybrid code-set, which requires that we have experienced COBOL developers either as contractors or as employees. These resources are becoming increasing difficult to secure.

No.	Agency IT Challenge Description	Potential Opportunities to Address the IT Challenge Description
1	Ability to hire developers due to market pressure	Offering higher than mid-point salaries, offering telework (hybrid work schedule), agency received best workplace award (national accreditation) for three years in a row. Licensed use of developer AI tools to assist in new code development.
2	Ability to hire COBOL developers and the complexity added to the RAPS code base with C# modifications intermingled with the bas COBOL code.	Offering higher than mid-point salaries, offering telework (hybrid work schedule), agency received best workplace award (national accreditation) for three years in a row.
3	Maintaining appropriate security posture to protect up to $3 Billion revenue stream with outdates systems	Offering higher than mid-point salaries, offering telework (hybrid work schedule), agency received best workplace award (national accreditation) for three years in a row. Even though we hired well qualified candidate for the security position in FY26, increasing pressure on COTS and purchased software tools from black hats and AI agents are requiring more focus on remediation with no increase in workforce. Will invest contract budgetary dollars in FY27 to somewhat address this problem but will likely need to increase security or Network & Infrastructure employee team size in FY28
4	The agency is facing numerous end-of-life support deadlines for major hardware and software infrastructure including HPE Simplivity, VMware, Microsoft .Net framework, Microsoft	Have submitted a FY28 C-2 for infrastructure upgrade and requested budget increases to assist in planning necessary transitions. Also planning migration to M-365

	Office software and Deloitte RAPS/ONGARD.Net runtime modules.	starting in FY27 and continuing through FY28. These projects will require training and implementation support of existing employees and hiring of contractor experts to assist in the successful transitions.
5	Agency staff and management have requested guidance regarding the proper usage of AI.	A 2Q FY27 project will be initiated to assess agency AI needs and to develop an AI policy document that outlines appropriate usage and defines necessary licensing, usage liability considerations and definition of appropriate business usage within the agency.

IV. FY26 KEY ACCOMPLISHMENTS

Significant IT improvements were made in cybersecurity goals and targets in FY26. A senior cybersecurity specialist was hired who improved and documented most of the targeted process and procedural documentation prescribed by the NIST standard. Progress on improvement of the obsolete screens still utilized in the RAPS/ONGARD oil and gas system is nearing completion and will greatly improve operational efficiency for the Royalty division responsible for collection of most of the $3 billion in revenue collected by the agency, improvements in GIS functionality have enhanced decision support functions utilized by the agency. GIS support has also contributed to improvements in oil and gas spill detection, assessment of remediation efforts, trespass assessment, abandoned well litigation, and identification of revenue opportunities on trust land.

A. FY26 Strategic IT Accomplishments

TABLE 1.3a: Priority 1

STRATEGIC PRIORITY 1 – Enhance Cybersecurity Program	
[STRATEGY STATEMENT – WHAT DOES THE STRATEGY ACCOMPLISH]	
FY26 Strategy 1	Enhance cybersecurity program filling in known gaps with documentation for process and procedures.
Accomplishments	Matured the cybersecurity program by addressing documentation and process gaps, including drafting and updating more than eight cybersecurity policies and supporting procedures.
Outcomes/Metrics	Completed 8+ cybersecurity policy and procedure updates, improving alignment with NIST requirements, clarifying security responsibilities, and strengthening formalized cybersecurity governance.

FY26 Strategy 2	Migrate and utilize DoIT Securin Panther platform
Accomplishments	Migrated to and expanded use of the DoIT Securin Panther platform by uploading monthly results while also transitioning to Tenable Agent-based scanning to improve vulnerability coverage across the NMSLO.
Outcomes/Metrics	Increased visibility of work-from-home and intermittently connected endpoints that were not consistently scanned previously, while improving vulnerability oversight and reducing scan-related performance impact on users and systems.
FY26 Strategy 3	Ongoing updates to Disaster Recovery and Business Continuity plans
Accomplishments	Strengthened Disaster Recovery, Business Continuity, and Incident Response preparedness by completing a Business Impact Analysis (BIA), developing a tabletop exercise, drafting a Contingency Plan, and creating an Incident Response Policy with supporting procedures.
Outcomes/Metrics	Completed four key preparedness and response initiatives, improving recovery planning, incident response readiness, operational resilience, and alignment with NIST cybersecurity requirements.
FY26 Strategy 4	Continue excellence in cybersecurity
Accomplishments	Continued to mature the agency's cybersecurity program by expanding layered defenses, including agent-based DNSFilter deployment for broader endpoint coverage and tightening Mimecast email security controls to better detect and block impersonation and other malicious messaging threats.
Outcomes/Metrics	Increased preventive security coverage across users and endpoints, reduced exposure to phishing and impersonation attacks, and strengthened the agency's overall defense-in-depth posture.

TABLE 1.3b: Priority 2

STRATEGIC PRIORITY 2 – Complete RRUX Project	
[STRATEGY STATEMENT – WHAT DOES THE STRATEGY ACCOMPLISH]	
FY26 Strategy 1	Complete RRUX screen modernization
Accomplishments	Completed requirements gathering and validation, mock of all screens presented and approved. Started UAT in June 2026.
Outcomes/Metrics	Project is proceeding on schedule with go live slated for October 2026.
FY26 Strategy 2	Eliminate "green screens"

Accomplishments	All legacy mainframe screens have been migrated to browser-based data presentation. All Oil and Gas Royalty accounting and auditing functions will be migrated to the new RAPS look and feel.
Outcomes/Metrics	100% of mainframe screens have been recreated in browser-based data presentation model. Vastly improved user interface and data utilization abilities.

TABLE 1.3c: Priority 3

STRATEGIC PRIORITY 3 – Accessibility and Inclusion assessment	
Goal Statement	
Strategy 1	Perform web presence assessment with accessibility standard WCAG 2.1 AA
Accomplishments	Ran initial assessment of agency's web presence against accessibility standards. Began identifying and documenting accessibility gaps to establish a plan for remediation based on priority. Updating the site and other resources will be an ongoing effort between ITD and other divisions.
Outcomes/Metrics	Determine gap between current state against standard for accessibility standard.
Strategy 2	Develop plans to meet required accessibility standard
Accomplishments	Plan started but not completed. Other major certified projects slowed intended progress on stated objective.
Outcomes/Metrics	Written plan with definition of improvement steps

TABLE 1.3d: Priority 4

STRATEGIC PRIORITY 4 – Enhance GIS and Imagery utilization	
Goal Statement	
Strategy 1	Perform GIS web presence assessment with accessibility standard WCAG 2.1 AA
Accomplishments	Upgraded agency viewer to utilize latest web standards and security. Began planning for redevelopment of public facing viewer.
Outcomes/Metrics	Determine gap between current state against standard for accessibility standard and define process improvement opportunities.

Strategy 2	Integrate newly available satellite imagery into workflow
Accomplishments	Completed first phase of project to look at GIS workflows and spill detection. In talks with UNM to continue with the spill detection project. Re organized imagery catalog, developed new process to delivery tasked imagery to staff through the web viewer and ArcPro. This new process delivers better balanced images and easier to sort through the tasked imagery. Utilized Planet imagery in road trespass, illegal dumping, wildfire monitoring and mineral theft.
Outcomes/Metrics	Define and utilize new spectral imagery bands to assist in land health analysis, methane detection, fire management, spill detection, Eco team support, land remediation, and other yet to be defined objectives.
Strategy 3	Utilize improved resolution of new satellite constellations to assist in oil and gas well cleanup and violation detection
Outcomes/Metrics	Provide higher resolution imagery to Legal, Eco team, OGM, etc.
Accomplishments	Have worked with Planet Labs who has increased the imagery resolution to .5m from .72m. Worked as a beta tester and partner with the vendor to optimize potential utilization of newly launched satellite constellation that contains specral data that will assist in improving all aspect of satellite data usage for land management and decision support.
Strategy 4	Complete project to improve/simplify LIMS GIS map viewer, improve tasking process and simplify imagery “clipping” process
Accomplishments	Worked with NMSLO executive management through multiple updates to the agency-based viewer. This included both data and functionality updates approved and recommended by the front office and other staff members. Built out several division-based viewers as well. Working on adding LURCs to the LIMS viewer as well. Obtained sign-off from Deputy Commissioner to deploy updates.
Outcomes/Metrics	Obtain signoff from Deputy Commissioner, deploy updates to entire agency

B. FY26 Other Key IT Accomplishments

There were significant accomplishments achieved by the NMSLO ITD team in FY26. Major certified application development projects were advanced and moved substantially toward completion with a focus on quality and process improvements. The IT team demonstrated continued excellence in system operations that contributed and facilitated record revenue for the agency and state. All open positions were filled with highly skilled new team members and our agency Best Workplace awards were a contributing factor in hiring qualified candidates. The IT team also scored highly in the internal survey assessing employee morale and satisfaction.

TABLE 1.4: Other FY26 Key IT Accomplishments

APPLICATION	
Accomplishment	Completed 8 LUX releases
Value or Impact	LUX project is driving LIMS usability.
DATA	
Accomplishment	Continued database management improvements
Value or Impact	Increased efficiency for legacy systems
PROCESS IMPROVEMENT	
Accomplishment	Improved network and infrastructure remediation process
Value or Impact	More secure network less cybersecurity risk
WORKFORCE	
Accomplishments	Due to NMSLO workforce Policy and Best Workplace designation, quality of new hires and increased significantly with NMSLO ITD acquiring several very qualified personnel.
Value or Impact	Quicker ramp to ITD staff productivity in our complicated stack. Hired well qualified security specialist and Network and Infrastructure Manager who cited Best Workplace as motivating faction.
CUSTOMER SERVICE	
Accomplishments	Continued to promote customer first model for all IT employees
Value or Impact	Agency support for strong IT customer support model, agency efficiency
TELEWORK	
Accomplishments	Supported NMSLO telework policy for work at home for up to three days per week for eligible employees
Value or Impact	High morale for all agency employees and continued staff efficiency. IT had top score in annual employee feedback survey.
SECURITY	
Accomplishments	Continued robust security policy and ongoing remediation

Value or Impact	No security intrusions or breaches during the fiscal year. Met all financial deadlines and completed revenue distributions on time throughout the year.

V. FY28 IT STRATEGIC GOALS AND STRATEGIES

For FY27 and FY28, the NMSLO team has targeted ambitious goals and strategies, many of which are forced by industry changes and hardware and software end of life support availability. Other planned goals are recommended to allow reduction complexity in system software infrastructure and improvement in the agency security profile. Upgrades in both of the NMSLO major application development systems will be completed by the end of FY27 and the changes being made will contribute to enhanced end user process efficiency and opportunities for enhanced revenue generation. Planning during FY27 will support required infrastructure, system software, security and AI integration into agency operations. Continued focus on cybersecurity is also an ongoing agency goal. With the election of a new Commissioner of Public Lands, 2027 and 2028 may present new IT objectives and priorities.

TABLE 1.5a: Strategic Goals Priority 1

STRATEGIC PRIORITY 1 – System and Infrastructure Improvements and Planning	
Goal Statement	
FY27/FY28 Strategy 1	Documentation of key systems for imminent knowledge transfer
Outcomes/Metrics	Prepare agency for wave of retirement within a 3-year window.
FY27/FY28 Strategy 2	Complete planning for NMSLO Infrastructure Upgrade project (NIU)
Outcomes/Metrics	Approval and certification of NIC project. Contracts in place for Abba and HPE support to upgrade HPE Simplivity hardware to Gen 12 and convert VMware to HPE VME hypervisor. Planning will occur in FY27 and implementation will occur in FY28.
FY27/FY28 Strategy 3	Complete planning for FY28 conversion to Microsoft M-365 G5 cloud product
Outcomes/Metrics	In FY27, produce detailed plan for migration to M-365 G5 product including budgetary estimates, replacement strategy for security software replacements, timeline for M-365 product implementation strategy, training plan for Network & Infrastructure team, training plan for end users and IT staff. Migrate to M-365 G5

FY27/FY28 Strategy 4	Develop agency AI strategy and agency usage guidelines/policy
Outcomes/Metrics	Complete contract for expert assistance on AI strategy policy. Completion of AI strategy guidelines and policy document in FY27.
FY27/FY28 Strategy 5	Begin planning for replacement of RAPS/ONGARD system
Outcomes/Metrics	Work with New Commissioner of Public Lands to obtain concurrence on need to replace system. Begin strategy development for RAPS/ONGARD roadmap. Creation of preliminary C-2 in FY29 budget cycle.

TABLE 1.5b: Strategic Goals Priority 2

STRATEGIC PRIORITY 2 – Strengthen Cybersecurity Maturity and Resilience	
Goal Statement - Continue maturing the NMSLO defense-in-depth cybersecurity program by strengthening network security, system hardening, centralized monitoring, and cyber resilience.	
FY28 Strategy 1	Mature Cisco Next-Generation Firewall Security Capabilities
Outcomes/Metrics	Demonstrate increased utilization of NGFW security capabilities, including application and web filtering, improved traffic visibility, and documented security policies designed to reduce exposure to malicious and high-risk activity.
FY28 Strategy 2	Advance CIS Secure Configuration Standards
Outcomes/Metrics	Continue workstation and server security through adoption and enforcement of CIS Level 1 security benchmarks and standardized secure configurations. Demonstrate measurable CIS Level 1 compliance across agency-managed workstations and servers, with centralized enforcement, documented exceptions, and continued remediation of configuration gaps.
FY28 Strategy 3	Establish Centralized Security Monitoring. Implement and mature a SIEM capability to centralize security telemetry and improve the NMSLO's ability to identify, investigate, and respond to cybersecurity event.
Outcomes/Metrics	Increase centralized visibility across critical systems and security platforms, establish actionable detection and alerting use cases, and document repeatable processes for security event investigation and response.
FY28 Strategy 4	Enhance backup and recovery capabilities to better protect critical NMSLO systems and information from ransomware, destructive attacks, and other disruptions.

Outcomes/Metrics	Implement immutable backup protections for identified critical systems and validate recovery capabilities through documented backup, restore, and recovery testing.

TABLE 1.5c: Strategic Goals Priority 3

STRATEGIC PRIORITY 3 – Accessibility and Inclusion improvements	
Goal Statement	
FY28 Strategy 1	Perform web presence assessment with accessibility standard WCAG 2.1 AA
Outcomes/Metrics	Determine gap between current state against standard for accessibility standard.

VI. IT FISCAL AND BUDGET MANAGEMENT

Base Request Operational Support of IT. Check one of the options below:	**Flat Budget**	**Expansion from previous year**
Yes	No	Yes

Revenue IT Base Budget (dollars in thousands)					
Appropriation Funding Type	**FY25 Actual**	**FY26 Actual**	**FY27 OpBud**	**FY28 Request**	**FY29 Estimate**
General Fund	0.0	0.0	0.0	0.0	0.0
Other State Funds	5,247.9	5,917.0	6,495.6	6,764.5	6,935.5
Federal Funds	0.0	0.0	0.0	0.0	0.0
Internal Svc Funds/Interagency Transfer	0.0	0.0	0.0	0.0	0.0
Total	**5,247.9**	**5,917.0**	**6,495.6**	**6,764.5**	**6,935.5**

Expenditure Categories *(dollars in thousands)*					
Category or Account Description	**FY25 Actual**	**FY26 Actual**	**FY27 OpBud**	**FY28 Request**	**FY29 Estimate**
Personal Services & Employee Benefits	3,075.6	3,589.9	3,872.6	4,027.7	4,152.3
Contractual & Professional Services	777.3	858.1	985.0	1,085.0	1,100.0
IT Other Services	1,395.0	1,469.0	1,638.0	1,651.8	1,680.2
Other Financing Uses	0.0	0.0	0.0	0.0	0.0
Total	**5,247.9**	**5,917.0**	**6,495.6**	**6,764.5**	**6,932.5**

VII. C2 COMPUTER SYSTEM ENHANCEMENT FUNDING (CSEF) REAUTHORIZATION

C. Previously Issued Supplemental Funding

Both the LUX and the RRUX special appropriations have been reauthorized once, but will be closed by the end of FY27.

D. List of C2 Funding Requests

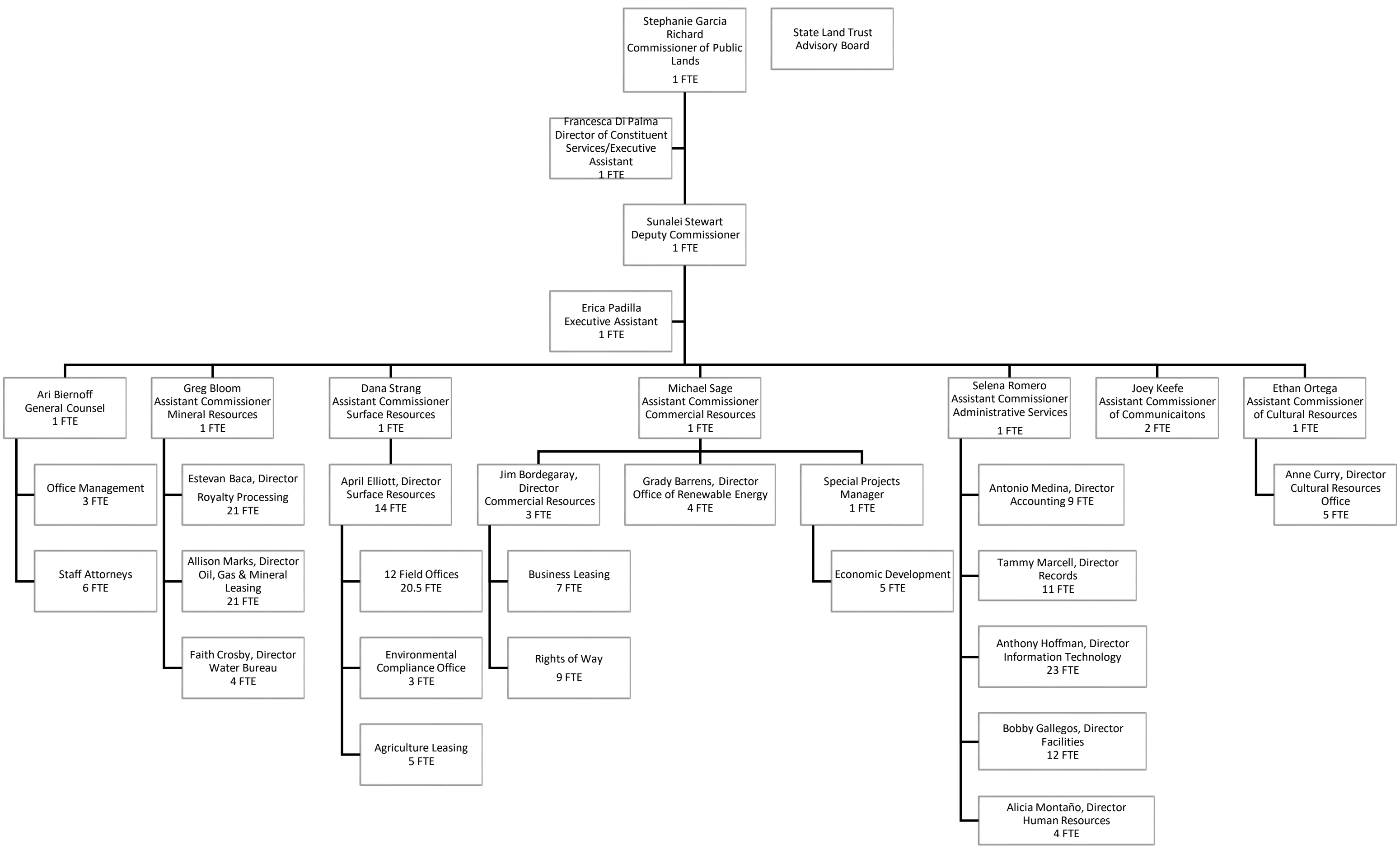
A new C-2 funding request for infrastructure upgrade has been submitted for FY28. The CSEF is found in Appendix III. The full C-2 Business Case has been submitted to the appropriate oversight groups.

E. Requested Reauthorizations

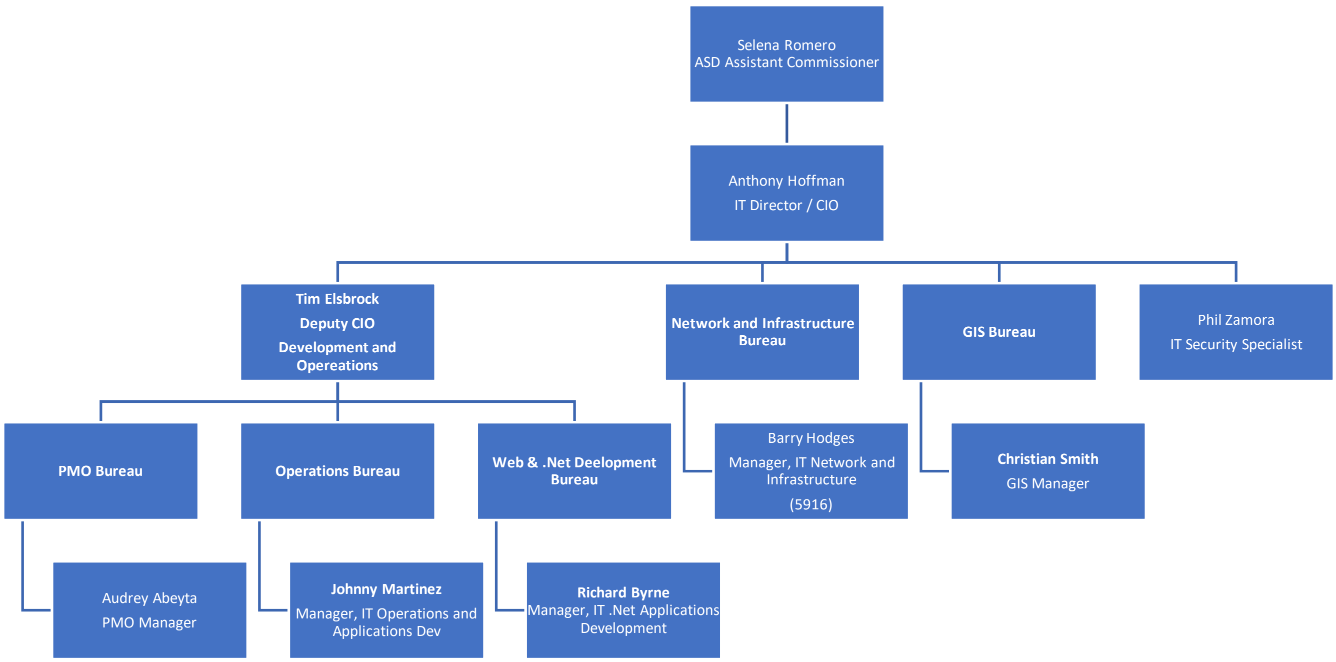
There are no new reauthorization requests for FY28.

APPENDICES

APPENDIX I: AGENCY ORGANIZATION CHART



APPENDIX II: IT ORGANIZATION CHART



APPENDIX III: C2 IT DATA PROCESSING CSEF

C2: Information Technology

Data Processing - Computer Systems Enhancement Fund (CSEF)

Agency Name	Agency Code	Project Name			
If Multi-Agency Project, please list the Participating Agencies.			Priority	Projected Start Date	Projected End Date

Revenue Project Cost *(dollars in thousands)*				
Category or Account Description	FY26 & Prev Actual	FY27 Budget	FY28 Request	Total
General Fund (CSEF)	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	580.0	580.0
Federal Funds	0.0	0.0	0.0	0.0
Internal Svc Funds/Interagency Transfer	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**580.0**	**580.0**
Land Office Land Maintenance Fund				

Expenditure Categories *(dollars in thousands)*				
	FY26 & Prev Actual	FY27 Budget	FY28 Request	Total
Personal Services & Employee Benefits	0.0	0.0	0.0	0.0
Professional Services	0.0	0.0	175.0	175.0
Travel/Lodging	0.0	0.0	0.0	0.0
IT Hardware	0.0	0.0	305.0	305.0
IT Software	0.0	0.0	100.0	100.0
Other	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**580.0**	**580.0**

	Print Name	Phone	Email Address	Date
Agency Cabinet Secretary/ Director (Mandatory)	Stephanie Garcia Richard	505-827-5760	sgarciarichard@nmslo.gov	9/1/2026
Chief information Officer or IT Lead (Mandatory)	Tony Hoffman	505-827-5757	thoffman@nmslo.gov	9/1/2026
Chief Finance Officer / Budget Director (Mandatory)	Antonio Medina	505-827-5785	amedina@nmslo.gov	9/1/2026

Strategic Plan Approval

	Print Name	Date
Agency Cabinet Secretary/ Director	DocuSigned by: Stephanie Garcia Richard 80A84ED7FDCE465...	8/28/2026
Agency Chief Information Officer or IT Lead	DocuSigned by: Tony Hoffman 104B75ECCA27448...	8/28/2026
Agency Chief Finance Officer	Signed by: Antonio P. Medina 0DA718D31DBD479...	8/28/2026

Fiscal Year 2028
Information Technology Funding (C2) Request
Full Business Case
Infrastructure Upgrade
New Mexico State Land Office

Tony Hoffman

Chief Information Officer

Updated: August 18, 2026

Table of Contents

I. Executive Summary

The New Mexico State Land Office (NMSLO) must upgrade significant operational infrastructure in Fiscal Year 2028 to support ongoing operation of business systems that collect, manage and distribute up to $3 billion in annual revenue from activities on NMSLO trust land.

Proposed Project Description: Upgrade HPE Simplivity platform to Gen 12 hardware version and convert current VMware software to HPE VME.

Business Need/Problem: The current NMSLO on-premise computing environment is comprised of an existing HPE Simplivity Gen 10 five node cluster utilizing VMware Version 8. The HPE equipment is outdated (Gen 12 HPE equipment is currently available) and there have been significant price increases in the cost of VMWare since the company was purchased by Broadcom. NMSLO has locked in VMware prices through 2028 however end of life support for VMWare on current hardware infrastructure is currently scheduled for October 2027. Without supported software and resilient backup protections, known and emerging vulnerabilities will remain exposed, increasing risk of exploitation, ransomware, or destructive cyber events; the initiative will also establish an immutable backup capability to protect critical NMSLO data and support reliable recovery. Need to upgrade the existing hardware environment or refactor these on-premises systems to a hosted cloud platform, and migrate away from VMware before end-of-life support is reached.

Value and Benefits: Without upgrade, the VMware computing environment utilized to support the collection of up to $3 billion in annual revenue will be at risk and not supported by the vendor.

Project Objectives: Plan to upgrade HPE Simplivity to Gen 12 hardware cluster and convert VMWare to HPE VME. Will engage HPE or NM Price Agreement vendor Abba to assist in conversion in later FY27 and into FY28 prior to EOL support for VMWare in October 2027.

Alignment with the IT Strategic Plan: The infrastructure upgrade supports the NMSLO objective of collecting revenue from managed state trust lands to support NMSLO beneficiaries.

Proposed Agency General Appropriation Act (GAA) Language: Upgrade the New Mexico State Land Office computer infrastructure that supports all agency IT business operations.

II. Project Background

Project Description:

1. **Detailed Project Description:** All NMSLO systems used to support and manage the agency are dependent on the HPE Simplivity computer hardware housed at the agency. That hardware has not been refreshed since about 2015 and is due for replacement. Additionally, we are dependent on software that manages the efficient operation of our systems (RAPS, LIMS, Office, SHARE, etc.). The version of that software (VMware) is also an older version that reaches an end-of-support date in October 2027. At that point in time, vendor technical support, security updates, and vulnerability patching will no longer be available, increasing operational and cybersecurity risk. The Infrastructure Upgrade project will replace the aging hardware and software platform while also adding an immutable backup capability to strengthen ransomware resilience, protect critical agency data, and improve business continuity, disaster recovery, and incident response readiness.
2. **Type of Project:** The NMSLO Infrastructure Upgrade Project (NIUP) is an upgrade of the on-premise hardware and software infrastructure utilized to support the overall operation of all non-cloud computer systems used by NMSLO to support operation of the agency.
3. **Technology Type:** Hardware (HPE Simplivity Hyperconverged Infrastructure upgrade to Gen 12) and software upgrade (VMWare vSphere / ESXi conversion to HPE VME enterprise virtualization software).
4. **Mission Critical Application:** Support administration of state trust lands to responsibly maximize and diversify earnings for our beneficiaries.
5. **Services Required (Non-Recurring Costs):**
   a. **Is the system being considered a hosted solution? No.**
   b. **Professional Services (Non-Recurring costs)** Technical and project management vendor support for planning and implementation of hardware upgrades and conversion from VMware to HPE VME.
   c. **Hardware Description (Non-Recurring Costs):** Yes, HPE Simplivity Hyperconverged Infrastructure upgrade to Gen 12.
   d. **Software Licenses (Non-Recurring Costs):** Yes, HPE VME enterprise virtualization software license.
   e. **Training Description (Non-Recurring Costs):** Yes, training of Network and Infrastructure team members in HPE VME enterprise virtualization software.
   f. **Compliance and Security Description (Non-Recurring Costs):** Training will include Security Specialist in operation and maintenance of upgraded hardware and software security controls. Immutable backup protections and recovery validation as part of the upgraded infrastructure security architecture

to support the NMSLO's business continuity, disaster recovery, incident readiness, and response capabilities.

g. **Facilities Description (Non-Recurring Costs):** No facilities upgrade costs are included in the project estimate. Existing building computer room facilities are adequate for upgrade without expansion.

h. **FTE Personnel Services Description (Non-Recurring Costs):** No additional FTE are anticipated to support project.

i. **Estimated Start Date:** April 2027 (as soon as funding is released from HB2) for project initiation and certification.

j. **Estimate End Date:** Q1 2028

k. **Partial Project Funding Feasibility:**

   i. Without requested funding, hardware and software infrastructure support will not be available for security and operational upgrades. The agency will be at high risk if any problems occur that impede the operation of the technical infrastructure and the $3 Billion revenue stream will be in jeopardy.

   ii. Phasing of the project is not feasible due to end-of-life constraints on VMware for Simplivity Gen 10 platform.

Project History:

Project Funding Request Category:

☒ New Request	☐ Continuation of previously funded
☐ Phased Implementation	☐ Repeat Funding Request (prev. denied)

III. Risks

1. The industry has experienced significant price increases and reduction of flexible options for VMware licensing since the purchase. Have also been examining alternatives to using VMware and working with trusted Price Agreement vendor and HPE to follow development path for replacement of VMware with suitable alternative. Although NMSLO negotiated a favorable three-year price agreement with Broadcom for VMware licensing and was planning to continue using the software, the vendor declared end of life software support on the HPE Simplivity platform in October 2027 thus forcing NMSLO to select another upgrade path requiring both hardware and software platform upgrades. The risk is that if the C-2 is not approved and/or if the agency does not move quickly to offset the risk once funding is approved. Failure to replace end-of-support software and infrastructure and implement resilient,

immutable backup protections increases the agency's exposure to unpatched vulnerabilities, ransomware, data loss, and prolonged operational disruption, potentially impacting critical NMSLO systems and business operations.

2. The following table provides a quick risk assessment of the proposed project's inherent risks.

Table 6: Risk Assessment for Proposed Solution

	Criteria	Risk Score = 1	Risk Score = 2	Risk Score = 3	Score
1	**Estimated project cost**	Less than $250K	$250K - $1M	Greater than $1M	2
2	**Estimated total calendar months before completion**	6 or less	6 to 12	More than 12	1
3	**Number of project team members**	5 or less	6 to 10	More than 10	1
4	**Number of subject matter experts required to execute the project**	3 or less	4 or 5	6 or more	1
5	**Project manager experience level**	3 or more projects of similar scope	1 to 2 projects of similar scope	No prior projects of similar scope	1
6	**Estimated total effort hours**	Less than 500	500 - 1800	More than 1800	1
7	**Number of sites/offices impacted by the project**	1	2 to 5	More than 5	1
8	**Uniqueness of project's technical requirements**	Similar to others in the department	Similar to others, but complex	New and complex	1
9	**Impact of noncompliance with applicable laws and regulations**	None or minimal	Moderate	Significant	1
10	**Impact of 12-month project postponement on existing systems**	Existing systems can compensate with minimal costs	Existing or new systems can compensate with substantial costs	Existing systems must be curtailed because of the lack of proposed project	3
11	**Number of interfaces to existing systems affected**	0	1 to 3	More than 3	3
12	**User requirements definition**	Clearly defined	Somewhat defined, but complex	Very vague and complex	1

Total Risk Score:	**17**

IV. Scope and Constraints

The following are elements of the project which are in-scope and out-of-scope that are identified to manage trade-offs during execution.

Scope:

Table 7: In Scope

In Scope	Description
Hardware upgrade	Purchase HPE Simplivity Gen 12 hardware to replace current HPE Simplivity Gen 10
Transition from VMware to HPE VME	Purchase HPE VME license and convert VMware to HPE VME
Backup resilience / immutability	Implement an immutable backup capability for critical systems and data to strengthen ransomware protection

Table 8: Out of Scope

Out of Scope	Description	Reason Why
Changes to business applications	This project will not change or alter system applications or related workflows	Project limited to upgrade of compute infrastructure
Changes to networking, firewall or ISP bandwidth considerations	This project will not impact existing networking or connectivity installations	Project limited to upgrade of compute infrastructure

Constraints:

Table 9: Constraints

Constraints	
Category	**Description**
Subject Matter Expertise	Current staff not trained in HPE VME--will need training and assistance in conversion
VMware conversion	NMSLO team needs assistance in planning, technical training and execution to complete transition off VMware to HPEVME
Hardware upgrade—increasing costs	Cost estimates include anticipated higher costs for memory and storage but there is no way to forecast exact prices of hardware eight months out

Vendor contractor support	Will need to work with Price Agreement vendors to acquire support for planning, training and implementation support of hardware and software upgrades
Funding and certification	Must quickly obtain certification for project after the legislative session approves C-2 funding request

V. Industry Method(s) Used to Develop Accurate Cost Estimate

NMSLO worked with a trusted Price Agreement vendor (Abba) who has reliably provided support for the current HPE Simplivity hardware for over 12 years. In conjunction with the vendor and HPE technical support team, NMSLO developed price estimates for proposed hardware, software and technical professional services support. Overall costs may increase (or decrease) by the time that the project is certified but all purchases and contracts will be executed using NM Price Agreement vendors reflecting negotiated costs and reliable vendors who have existing NM Price Agreements in place. NMSLO is working with Abba and HPE to acquire refreshed budgetary pricing to support this request.

Table 11: C2 Cost Breakdown

No.	METHOD USED	PURPOSE	C2 FUNDING REQUEST ($)
1	Request for Information (RFI)	Gathered budgetary information from potential vendors on capabilities, pricing models, and feasibility	$580,000
2	Historical Cost Data Analysis	Review past expenditures on similar projects to predict future costs—utilized past expenditures for additional validation of acquisition of hardware and software licenses.	$580,000

VI. Key Stakeholders

The following table identifies internal and external stakeholders, their project responsibilities and their expected impact on the project's success.

Project Impact Scale: 1 = Low Impact; 2 = Medium Impact; 3 = High Impact

Internal Stakeholders	Department or Agency	Project Responsibilities	Project Impact
Network & Infrastructure Bureau	NMSLO	**Plan and implement infrastructure upgrade**	**3**
IT Development Bureaus	NMSLO	**Test and validate application systems on upgraded infrastructure**	2
IT Security Specialist	NMSLO	**Coordinate and implement IT security upgrades for infrastructure hardware and software**	**3**
Agency divisions	NMSLO	**Validate operational aspects of all systems**	1

External Stakeholders	Company or Organization	Project Responsibilities	Project Impact
Price Agreement Vendor	Abba	**Assist NMSLO in planning, acquisition and implementation of hardware and software infrastructure**	3
IV&V vendor	Respec	**Provide IV&V oversight and reporting for certified project**	1
Certification Committee	DoIT	**Provide certification for project**	2
Hardware and Software provider	HPE	**Provide HPE equipment and software and support implementation of same**	3

VII. Objectives, Outcomes, Key Performance Indicators

The following are key project objectives with related deliverable outcomes and quantifiable Key Performance Indicators (KPIs).

Plan, configure, purchase and implement an upgrade of the current HPE Simplivity stack from Gen 10 hardware to Gen 12 hardware. As well, plan, configure and implement a conversion of VMware to HPE VME. The project will involve vendor project planning support, hardware and software purchases and technical vendor support for the implementation of the hardware, data transfer to the new hardware platform, and conversion of the VMware hypervisor system to HPE VME hypervisor.

Table 12: KPI

Objectives	Outcomes/Deliverables	Benefits/KPIs (as applicable)
Upgrade HPE Simplivity from Gen 10 to Gen 12 hardware stack	New HPR Gen 12 installed and operational	Continued support of revenue generation for NMSLO
Convert VMware hypervisor system to HPE VME hypervisor	VMware replaced with HPE VME completely operational and supporting all existing NMSLO application software	Continued support of revenue generation for NMSLO
Strengthen backup and recovery resilience	Immutable backup capability implemented for identified critical systems and data.	Immutable protection operational and recovery capability validated through documented restore/recovery testing

VIII. Benefits

The following is a list of tangible and intangible benefits anticipated from the project.

People – Provides upgraded infrastructure environment that supports current application systems; current team familiar with technology being upgraded.

Process – Removes concerns about VMware virtualization software support from Broadcom.

Technology – Replaces hardware and software reaching end of life status that would have no vendor support available. Adds resilient backup protections designed to prevent unauthorized alteration or deletion of protected recovery data during ransomware or other destructive cyber events.

Business – Continue collection of NMSLO revenue stream supporting all existing application systems without risk of system failure due to lack of vendor support due to end of life from hardware and software vendors. Improves business continuity and incident response readiness by maintaining protected recovery points for critical agency systems and data.

Return on Investment (ROI) – The ROI for this project is measured against the $3 billion revenue stream for the New Mexico State Land Office versus the potential cost of losing that revenue stream.

Table 13: Tangible Benefits

Tangible Benefits	
Continue to support revenue-based activity for NMSLO $3 billion - $580k	517,241% ROI
Provides up to date virtualized hardware and software platforms that current staff is familiar with	

Table 14: Intangible Benefits

Intangible Benefits	Metrics
Migration away from VMware provides insulation from Broadcom predatory pricing strategy	Migrate to HPE VME @ $50,000 per year
Upgraded hardware platform provides longevity and removes risk from looming end of life support deadlines in 2027 and 2028	Successful conversion to HPE Simplivity Gen 12 hardware and HPE VME

IX. Alternative Approach Analysis

Justification for Project Selection:

The following table includes viable alternatives, including preliminary research and analysis, that were eliminated in favor of the proposed project.

Table 10: Alternative Approach

Alternative Description *(e.g. Status Quo, Enhancements, Replacement)*	Reason Eliminated	Cost	Preliminary research and analysis conducted *(Yes/No)*
Move operational infrastructure to cloud	Lack of IT staff readiness (current NMSLO IT team tenure is high and only one or two team members have worked in cloud-based infrastructure), have not identified significant cost savings by moving to cloud, current facility can absorb proposed infrastructure	TBD	Yes

	without facility cost investment		
Do nothing, remain on VMware and HPE Simplivity Gen 10 hardware	High risk of potential security and operational disfunction, Software end of life support (EOL) in 2027, hardware EOL support in 2028	$200,000	Yes

X. Total Cost of Ownership

The following table lists the total potential cost to develop or acquire, implement, operate and maintain the proposed project for its entire life cycle.

Category		Previous Actuals[1]	FY27	FY28	FY29	FY30	FY31	Total
Non-Recurring Cost - Development & Implementation		**(in thousands)**						
200	Personal Services and Employee Benefits	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
300	Contractual Services							
	IT Professional Services: Project Management	$0.0	$25.0	$25.0	$35.0	$0.0	$0.0	$85.0
	IT Professional Services: IV&V	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	IT Professional Services: Business Analysis	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	IT Professional Services: Dev./Imp./Training/UAT	$0.0	$10.0	$40.0	$40.0	$0.0	$0.0	$90.0
	Other Professional Services	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
400	Other	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Travel/Lodging	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Hardware	$0.0	$65.0	$225.0	$15.0	$0.0	$0.0	$305.0
	Software Licenses	$0.0	$50.0	$50.0	$0.0	$0.0	$0.0	$100.0
	Facilities	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Subtotal Non-Recurring Cost		**$0.0**	**$150.0**	**$340.0**	**$90.0**	**$0.0**	**$0.0**	**$580.0**
Recurring Maintenance and Operations (M&O) Cost		**(in thousands)**						
200	Personnel Services and Employee Benefits	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
300	Contractual Services							
	IT Professional Services	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Training	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
400	Other	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Hardware	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Software Licenses	$0.0	$0.0	$0.0	$50.0	$50.0	$50.0	$150.0
	Facilities	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
	Compliance and Security	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Subtotal Recurring M&O Cost		**$0.0**	**$0.0**	**$0.0**	**$50.0**	**$50.0**	**$50.0**	**$150.0**
[1] Applicable for on-going or existing project.								
Total Cost		**$0.0**	**$150.0**	**$340.0**	**$140.0**	**$50.0**	**$50.0**	**$730.0**

XI. C2 Form – Computer System Enhancement Fund (CSEF)

C2: Information Technology
Data Processing - Computer Systems Enhancement Fund (CSEF)

Agency Name	Agency Code	Project Name			
If Multi-Agency Project, please list the Participating Agencies.			Priority	Projected Start Date	Projected End Date

Revenue Project Cost *(dollars in thousands)*				
Category or Account Description	FY26 & Prev Actual	FY27 Budget	FY28 Request	Total
General Fund (CSEF)	0.0	0.0	0.0	0.0
Other State Funds	0.0	0.0	580.0	580.0
Federal Funds	0.0	0.0	0.0	0.0
Internal Svc Funds/Interagency Transfer	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**580.0**	**580.0**
Land Office Land Maintenance Fund				

Expenditure Categories *(dollars in thousands)*				
	FY26 & Prev Actual	FY27 Budget	FY28 Request	Total
Personal Services & Employee Benefits	0.0	0.0	0.0	0.0
Professional Services	0.0	0.0	175.0	175.0
Travel/Lodging	0.0	0.0	0.0	0.0
IT Hardware	0.0	0.0	305.0	305.0
IT Software	0.0	0.0	100.0	100.0
Other	0.0	0.0	0.0	0.0
Total	**0.0**	**0.0**	**580.0**	**580.0**

	Print Name	Phone	Email Address	Date
Agency Cabinet Secretary/ Director (Mandatory)	Stephanie Garcia Richard	505-827-5760	sgarciarichard@nmslo.gov	9/1/2026
Chief information Officer or IT Lead (Mandatory)	Tony Hoffman	505-827-5757	thoffman@nmslo.gov	9/1/2026
Chief Finance Officer / Budget Director (Mandatory)	Antonio Medina	505-827-5785	amedina@nmslo.gov	9/1/2026

Approval of C2 Request Business Plan

	Print Name	Date
Agency Cabinet Secretary/ Director	DocuSigned by: Stephanie Garcia Richard 80A84ED7FDCE465...	8/28/2026
Agency Chief Information Officer or IT Lead	DocuSigned by: Tony Hoffman 104B75ECCA27448...	8/28/2026
Agency Chief Finance Officer	Signed by: Antonio P. Medina 0DA718D31DBD479...	8/28/2026

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Electronic Record and Signature Disclosure: Accepted: 6/15/2023 11:47:00 AM ID: e3ffc99f-b2fd-4880-bb0d-fbcd1744d981		

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Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

FY28 APPROPRIATION REQUEST
FORM E-6B LEASED PASSENGER-RELATED VEHICLES
Account code 542800

LEASED VEHICLE INFORMATION @ 7/1/26

Agency Name: Commissioner of Public Lands
Business Unit: 53900

Program Name: Land Trust Stewardship
Program Code: P615

Item No.	Year	Make/Model	Vehicle Type	A** R C	License Plate Number	Mileage As of 7/1/26	Lease Type Operational (O) or Standard (S)	A FY28 Monthly Rate S= Rate Schedule	B Number of months to lease	A x B = C Total cost Rate FY28	D Daily Rate Based On Vehicle Type	E No. of Days	D x E = F Total Lease Rate	Put (x) if Fed $
	LONG TERM LEASES ONLY							Long Term Only			SHORT TERM ONLY			
1	202	Nissan Leaf	02B	C	007743SG	2,505	O	293	12	3,518.6			-	
2										-			-	
3										-			-	
4										-			-	
5										-			-	
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8										-			-	
9										-			-	
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12										-			-	
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14										-			-	
15										-			-	
16										-			-	
17										-			-	
18										-			-	
19										-			-	
									TOTAL LONG TERM:	3,518.6	TOTAL SHORT TERM:		-	

Operational(O) rate for FY28 will be

** Code A = additional leased vehicle request C = vehicle currently leased R = request to replace previously purchased vehicle

Page ___________