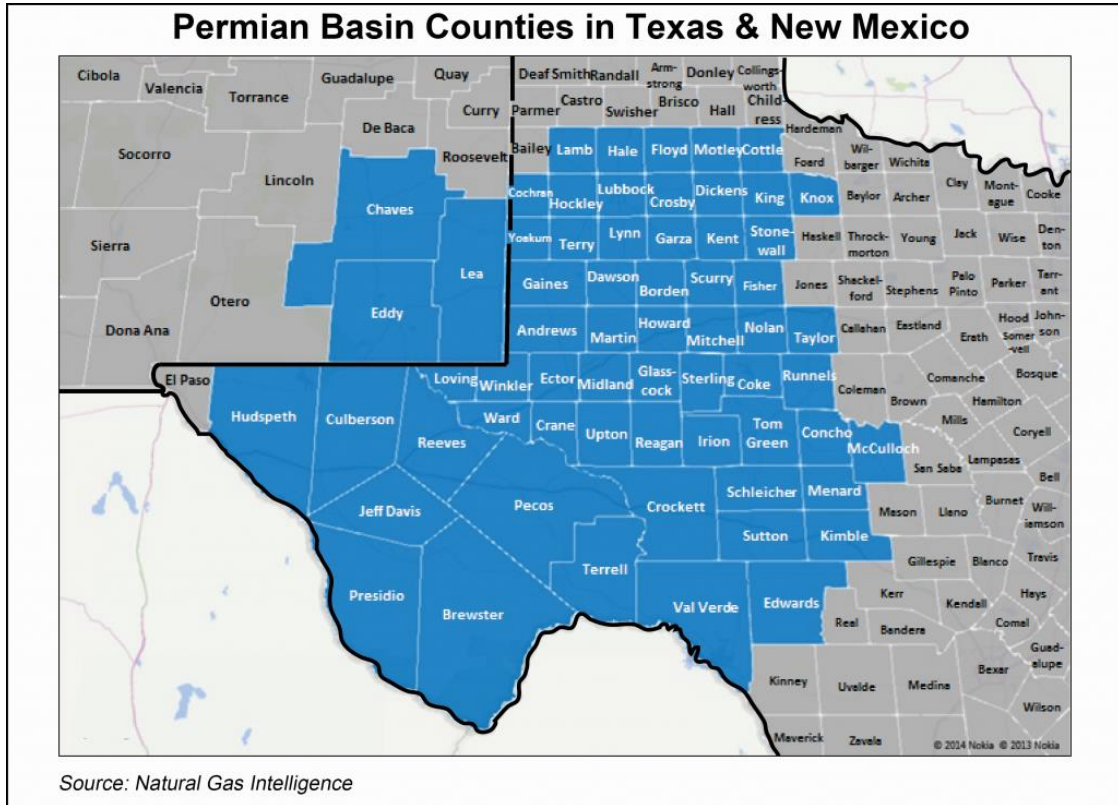
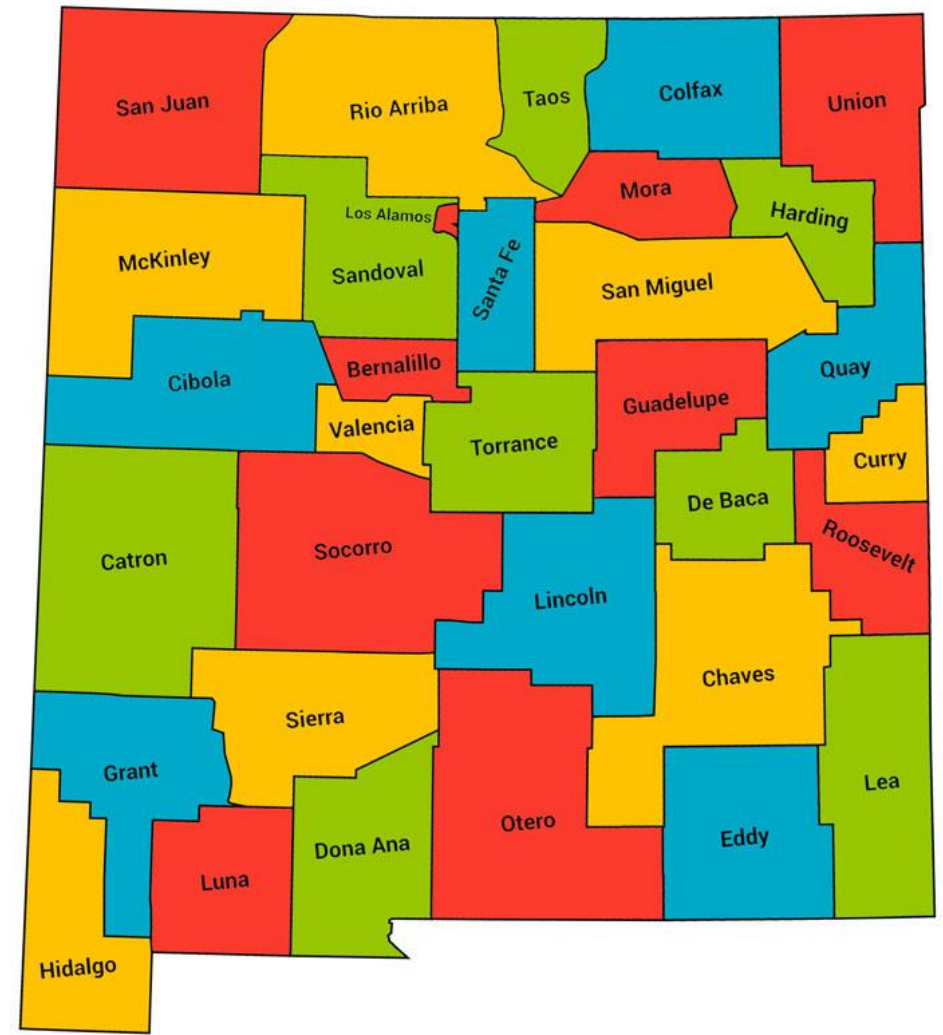


What's Challenging Rural Energy Producing Counties Today: A discussion of Lea County, NM.

America's Rural Energy Coalition

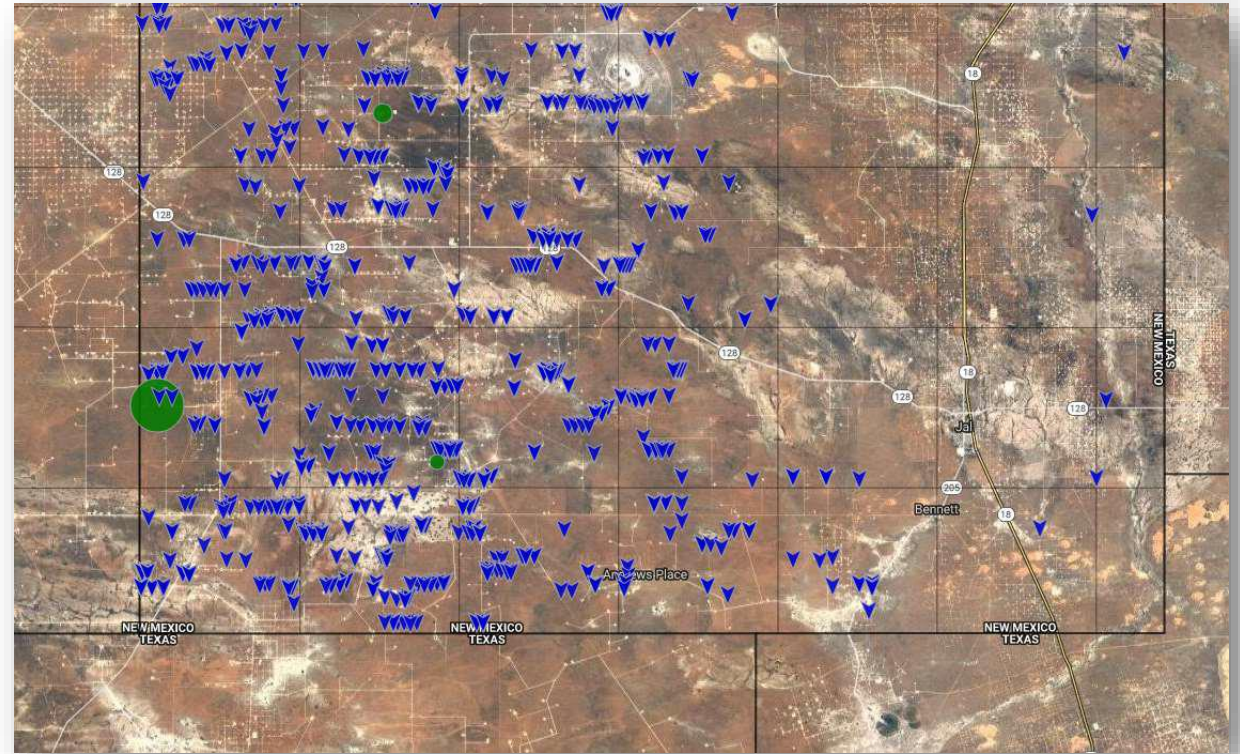
Tuesday April 19, 2022

Jonathan Sena, County Commissioner, Lea County, NM.



Lea County

- NM ranked 2nd in oil production in 2021 – nearly 56% came from Lea County
- Lea County has ranked among the top 3 crude oil producing US counties for the past several years
- NM Gross State Product (GSP) has grown at annual rate of 1% per year for the last 15 years – Lea County has grown by 8% per year for same time period (US Bureau of Economic Analysis)
- Population in rural Lea County has grown by 15% during the last 10 years, while NM has grown by only 2.7% in the last decade (US Census)



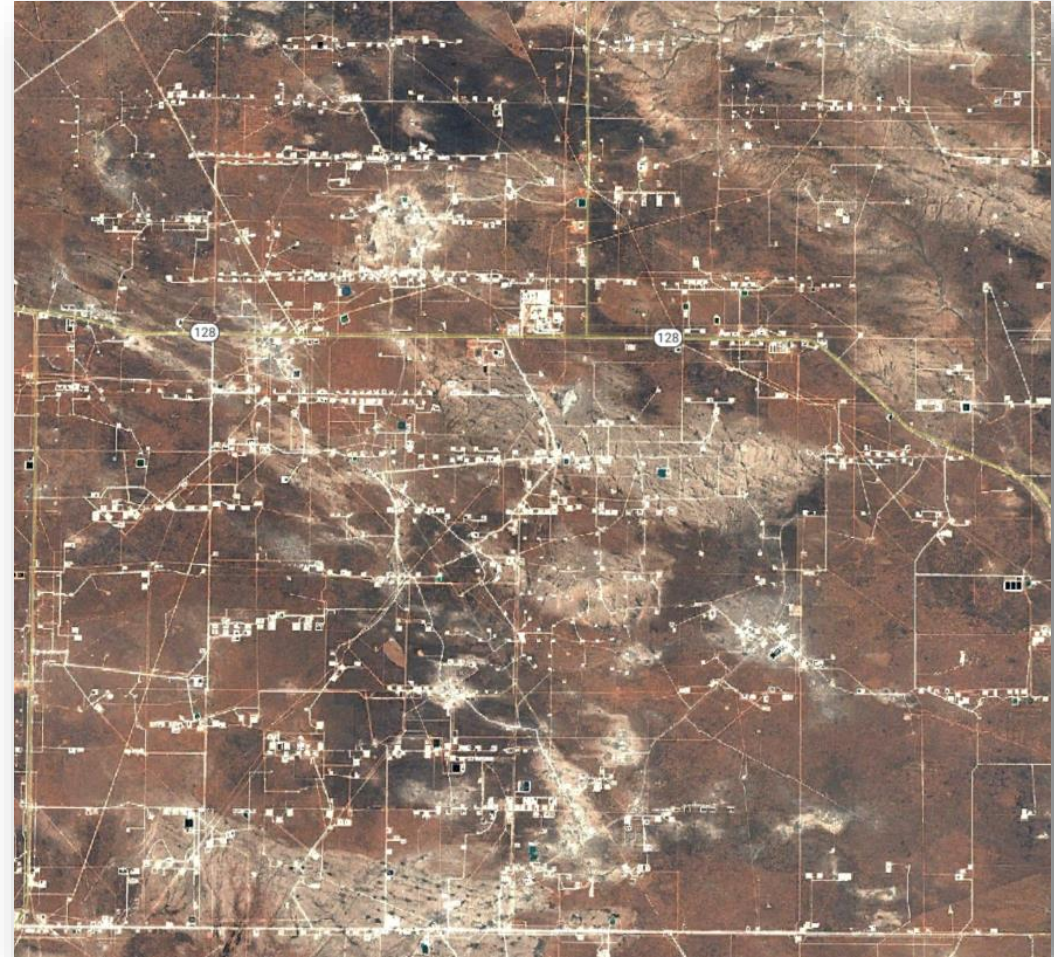
Lea County

- County is debt free
- Many high paying jobs—labor force make an estimated \$10,000 more a year than their peers across US (University of NM Bureau of Business and Economic Research)
- Many amazing public educational & recreational facilities
- New Covenant Hospital is nearly completed
- Nearly \$40 million on new judicial facility
- Most state of the art & technologically advanced emergency communications & law enforcement equipment

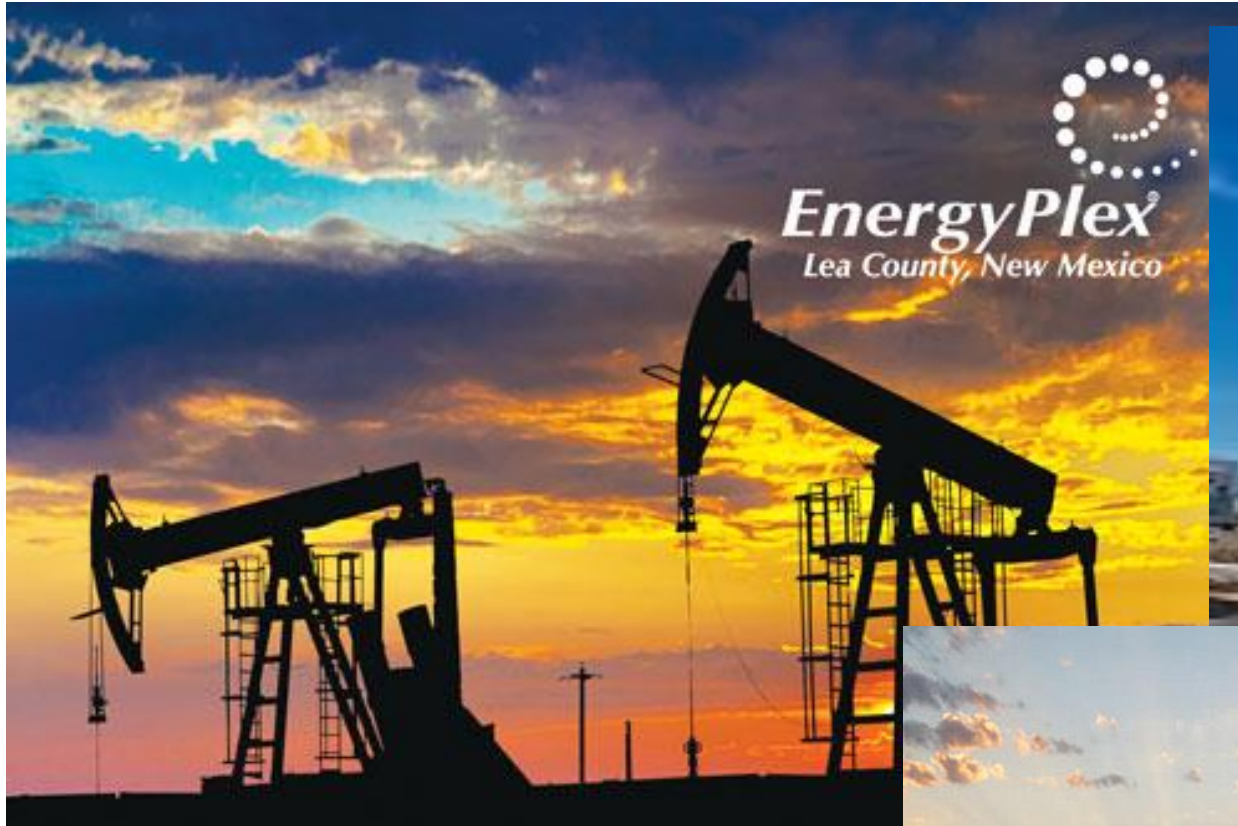


Lea County is Ranked #1 County in overall production

- More oil produced in Lea County
- Oil companies that are in lea county
- More than 23 million BBLS for December 2021
- More than 42,000 drilled wells
- More than 12,000 active wells
- Nearly 200 operators
- More than 12,000 permits on file
- Lea County accounts for nearly 58% of the oil that is produced in NM and 36% of natural gas production



Lea County: America's Top Producing County



Lea County: Local Challenges

- Housing: a great need for more inventory of apartments and site built homes for a range of incomes
- Transient workforce: wanting to have more people view Lea County as a home, not as a job site. Want everyone to be connected and committed to the community.
- Labor: not enough trained & skilled workforce—competing with oil industry
- Industry Fluctuation: county services & programs are designed to meet the expectations of a growing population. Overall a 10 year time period, overall see growth, through some years, we have dealt with industry contraction which impacts revenue to the County and services to the public.

Lea County: Local Challenges

- Transportation:

Roads for Texas Energy Study (2013), TxDOT & Texas A&M estimated:

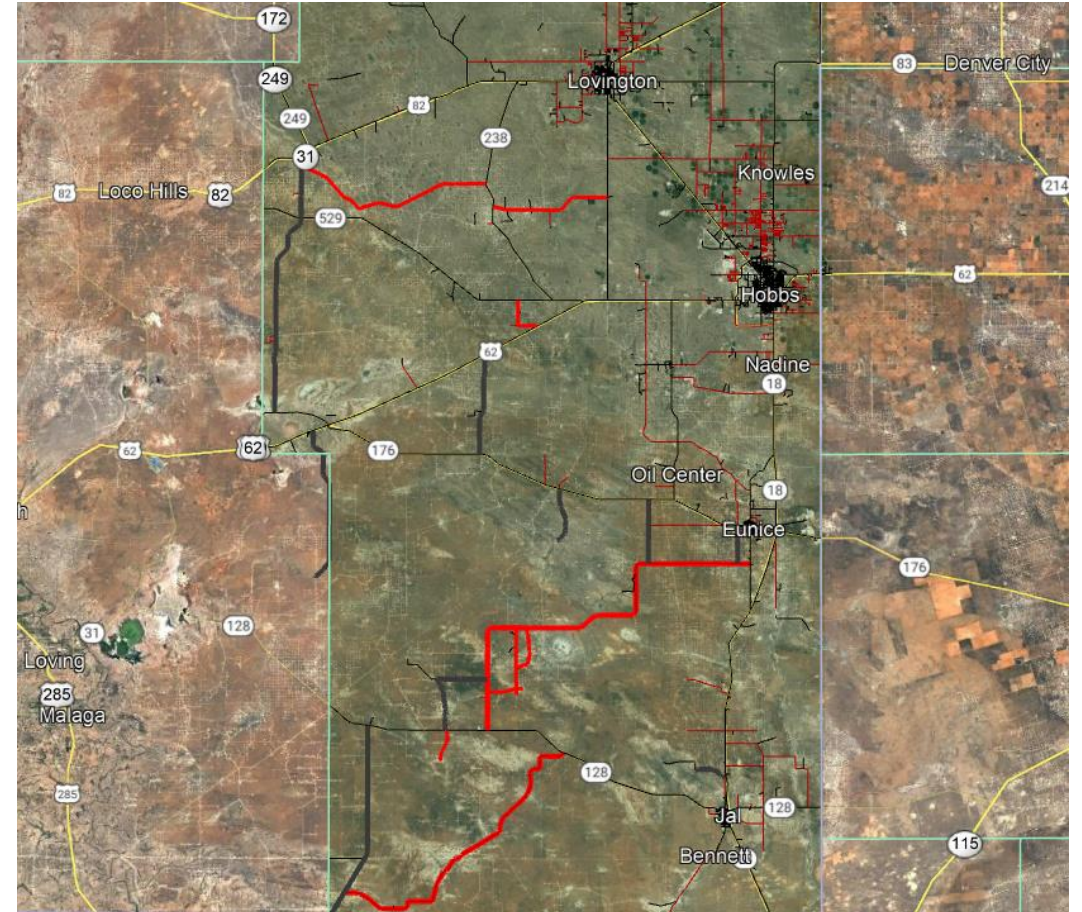
“Nearly 1,200 loaded trucks are needed to bring just one well into production –the equivalent to roughly 8 million cars. (TxDOT)”

With changes in drilling technologies and the increase in length of the laterals, an estimated 2,500 loaded trucks are needed to bring a well into production today. This will be the equivalent ESALs of roughly 16,000,000 passenger cars per well.



Lea County: Local Challenges

- Since 2013, more than \$50,000,000 in roadway construction / capital improvements (in addition to road maintenance)
- Next five years, nearly \$40,000,000 is needed for roadway construction / capital improvements (in addition to road maintenance)

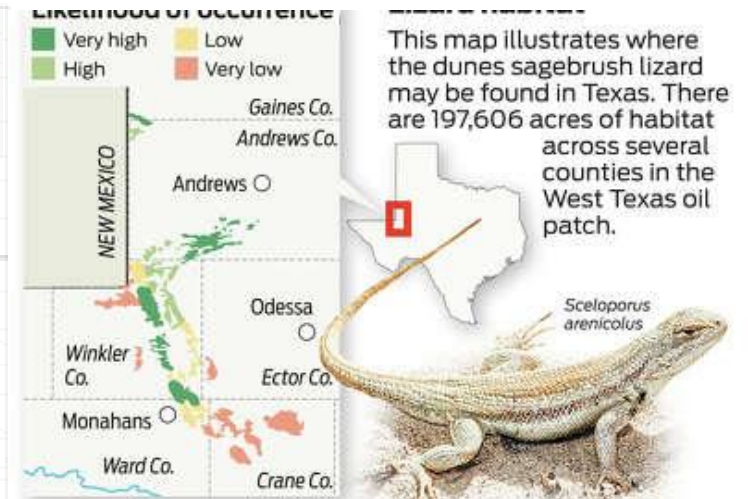
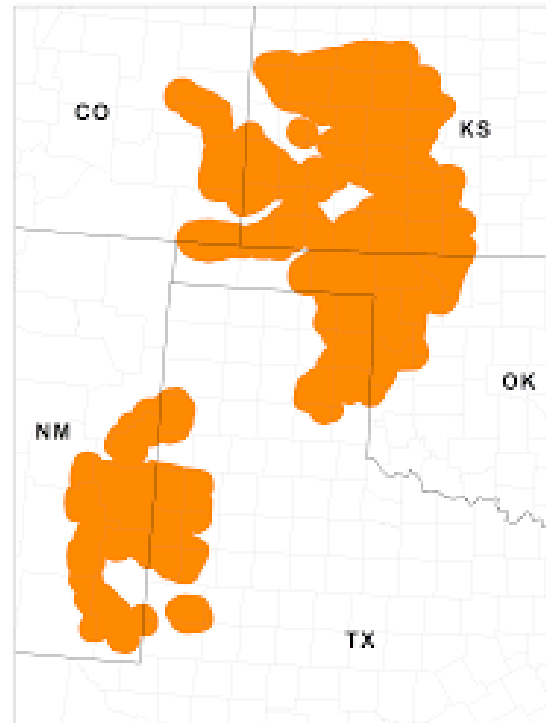


Lea County: State Challenges

- State laws and regulations
- State regulatory process – sometimes requires multiple agencies to review: Office of State Engineer, Oil and Conservation Division, Construction Industries Division
- Restrictions on land owned / managed by the State Land Office (similar to the BLM)
- Ex: restrictions on water traversing State Land that is used for oil & gas extraction not being allowed to traverse land managed by the State Land
- Distance from State Capital and lack of exposure
- External influences in state elections – organizations that are opposed to oil & gas.
- Transportation infrastructure such as state highways require a great deal of resources to be maintained and improved

Lea County: Federal Challenges

- Endangered species (Dunes Sagebrush Lizard Lessor Prairie Chicken)
- Changing rules / application review process
- Ban or moratorium on new drilling lease permits on BLM
- A political issue



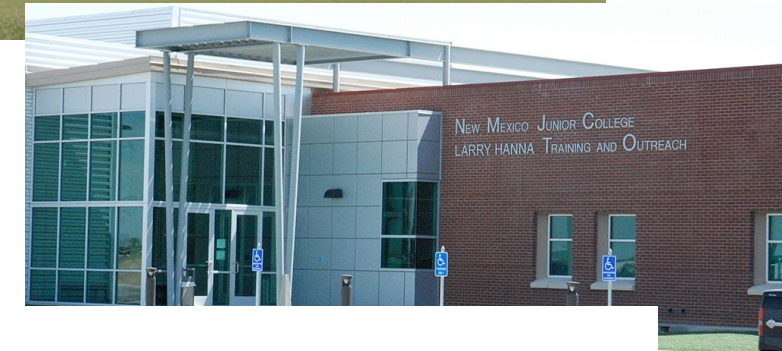
Lea County: Other Challenges

- Continuous misperceptions / misinformation of the industry and the communities that have oil & gas
- Hollywood view of the industry
- International conflict / trade



Lea County: Overcoming Challenges

- Investing in ourselves- education / housing / community facilities
- Large community investments in skilled trades training
- Partnerships
- Having an open line of communication with industry, media, state and federal agencies and officials
- Being good stewards of the public finances



Lea County

