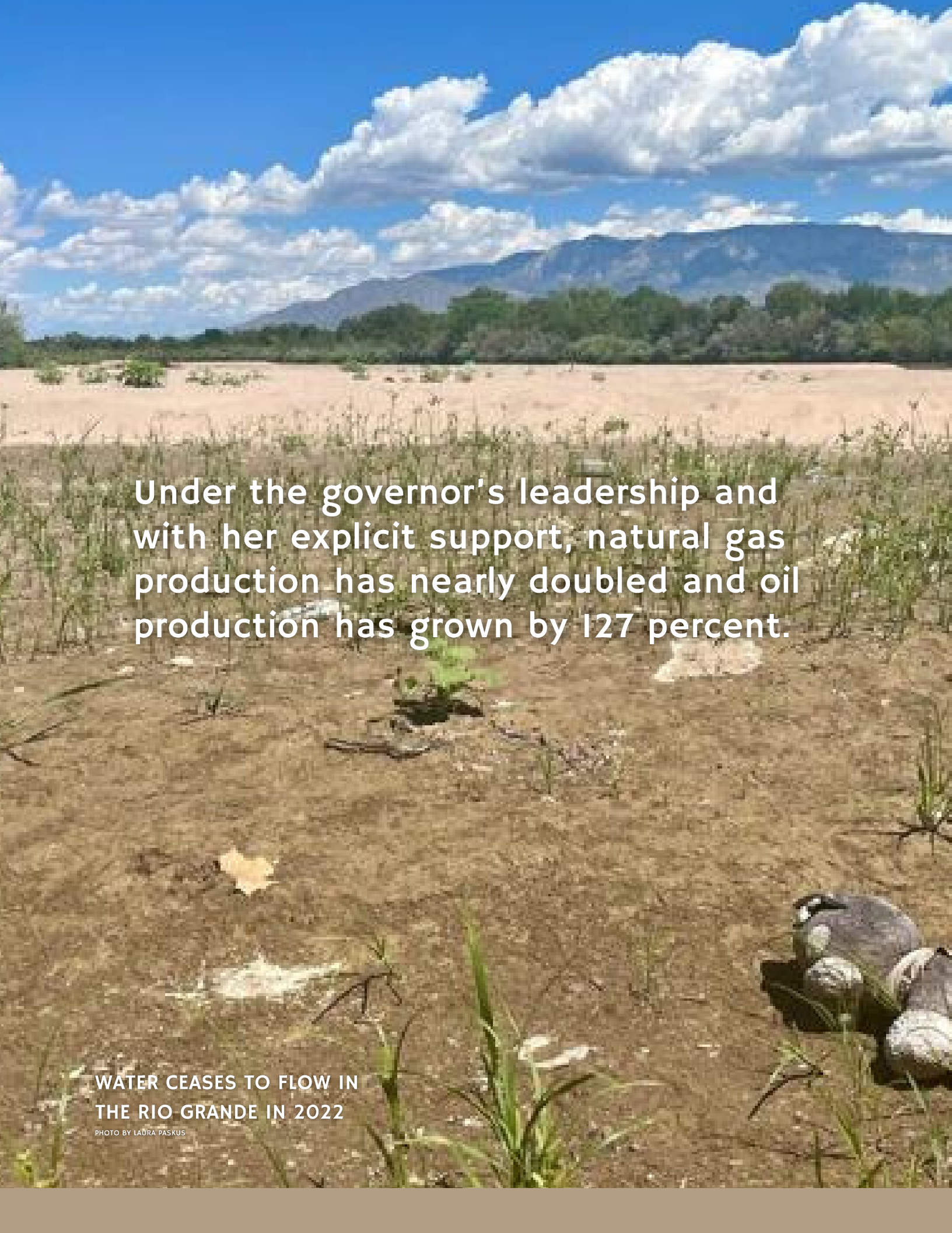

**BLEEDING NEW
MEXICO DRY:
THE TRUTH BEHIND
GOVERNOR LUJAN
GRISHAM'S PROPOSED
STRATEGIC WATER
SUPPLY**

2024



Under the governor's leadership and with her explicit support, natural gas production has nearly doubled and oil production has grown by 127 percent.

WATER CEASES TO FLOW IN
THE RIO GRANDE IN 2022

PHOTO BY LAURA PASKUS

Table of Contents

CONTENTS

01.

EXECUTIVE SUMMARY

02.

PRODUCED WATER IN NM:
A BRIEF HISTORY

03.

GOVERNORS PARTNERSHIP
WITH OIL AND GAS

04.

OIL CONTRIBUTORS DRIVING
PRODUCED WATER INITIATIVES

05.

NATURAL GAS CONTRIBUTORS
LEAD PUSH FOR HYDROGEN

06.

CONCLUSION

07.

APPENDICES AND FOOTNOTES

EXECUTIVE SUMMARY

Within weeks of taking office in 2019, Gov. Michelle Lujan Grisham signed Executive Order 2019-003, pledging to reduce greenhouse gas emissions statewide. It was a decisive gesture that brought hope to New Mexicans eager for a climate leader. Five years later, this pledge has yet to be codified into law and the state is nowhere near achieving the emissions goals that it set out.[1]

Meanwhile, under the governor’s leadership and with her explicit support, natural gas production has nearly doubled and oil production has grown by 127 percent.[2] The governor has gone out of her way to court the oil and gas industry, seeking its “collaboration” in policy matters, and has promised to balance environmental protections with “driving . . . all of our energy industries forward.”[3] No matter how you spin it, these goals and these actions are at cross purposes.

Since the start of her second administration, in 2023, Lujan Grisham has attempted to reconcile the two through an unpopular and ill-fated campaign to build New Mexico’s hydrogen economy – a false climate solution that will do nothing but further derail our progress toward clean energy. Near the end of the year, at the COP28 climate change conference in Dubai, she capped this effort with the announcement of a plan to develop a “strategic water supply,” using state funds to underwrite the acquisition of treated brackish and produced water for use outside the oil field – another false solution.[4] She’s couched the plan as an effort to “strengthen our climate resiliency,” “support the nation’s transition to renewable energy” and “protect our precious freshwater resources.”

Let us be clear, however: The governor’s Strategic Water Supply proposal is not a climate initiative; it is an oil and gas initiative. It serves three interests above all:

01 SOLVING THE OIL AND GAS WASTEWATER PROBLEM
Oil and gas producers, particularly in the Permian Basin, by helping to solve their problem with wastewater disposal and allowing for continued growth in the Permian.

02 ENABLING DEVELOPMENT OF FOSSIL FUELED HYDROGEN
Hydrogen advocates – most of whom are also tied up in oil and gas – by ostensibly enabling the development of hydrogen, an extremely water-intensive technology, in one of the most water-stressed states in the country.

03 BURNISHING THE GOVERNOR’S NATIONAL IMAGE
The governor herself, by promoting her image as a tech-savvy climate leader on the national stage while appeasing an industry whose astronomical growth in recent years has allowed her to preside over a sequence of record-breaking budgets.[5]

There is no question that the oil and gas industry should be prohibited from utilizing New Mexico’s dwindling freshwater resources. But this can and should be achieved through a ban written into a long-awaited update to the state’s Oil and Gas Act, not by incentivizing voluntary action.[6] Rep. Debra Sariñana (D-21) introduced a bill with just such a ban (HB 30) in the current 2024 session, along with a bill that would increase penalties for spills and leaks of produced water and require companies to make public the chemical composition of spilled produced water (HB 31), but both were ruled non-germane by the Governor.[7] Protecting our water supply is not what the governor’s “strategic water supply” plan is about.

In this report, we analyze campaign contributions, meeting schedules, public records and press reports to illuminate the paths of influence and association that lie behind the governor’s produced water plan. They are many, and nearly all lead back to fossil fuels. Our key findings:

THE GOVERNOR HAS BENEFITED SIGNIFICANTLY FROM OIL AND GAS INDUSTRY SUPPORT.

- Between 2017 and 2022, Lujan Grisham received at least \$1.38 million in campaign contributions from energy-related interests. Sixty-four percent of this total – \$882,100 – came from entities primarily engaged in or associated with oil and gas production.
- Between Lujan Grisham’s first and second elections, her energy sector contributions grew by more than 100 percent. Her oil and gas industry contributions grew by 75 percent. In other words, Lujan Grisham went into her second administration with twice the energy-related money she had going into her first administration.
- Energy sector interests have also made use of Lujan Grisham’s two inauguration committees to make additional, unregulated contributions. These amounted to at least \$78,700 in 2018 and \$89,000 in 2022.
- These contributions have succeeded in buying the industry access. Lujan Grisham’s public calendar lists more than 130 meetings with energy-related interests going back to 2019. Just over half of these (51 percent) were with oil and gas interests; another 21 percent were with electric utilities and 5 percent were with hydrogen interests. Only 16 percent were with renewables interests.
- Nearly all the governor’s top oil and gas contributors have expanded their operations in the Permian significantly in recent years through acquisitions totaling hundreds of billions of dollars, and several have announced plans for continued growth in the coming decade.

THE OIL AND GAS INDUSTRY HAS BEEN PUSHING PRODUCED WATER INITIATIVES FROM THE BEGINNING.

- Wastewater disposal is a major problem for oil and gas producers in the Permian Basin due to the current shortage of in-state disposal options. Most produced water originating in New Mexico is transported out of state to injection wells in Texas. Texas has begun to limit the practice due to an increase in seismic activity – raising the prospect of a crisis for producers in New Mexico.
- Oil and gas interests shaped the 2019 Produced Water Act, which set the groundwork for the governor’s current initiative. Marathon Oil boasts on its website of having “spearheaded” the legislation.

- The Produced Water Act was a key factor in Lujan Grisham’s winning over of oil and gas interests. A Marathon Oil executive stated publicly after its passage, “The policies pursued by the administration in 2019 demonstrate that the Governor’s Office seeks to promote both development and sustainability within the Permian Basin.”[8]
- The New Mexico Produced Water Research Consortium (NMPWRC), established by the New Mexico Environment Department and New Mexico State University to “develop a framework to fill scientific and technical knowledge gaps necessary to establish regulations and policies for the treatment of produced water,” is industry funded, and most of its members are industry players.
- The governor’s top oil and gas donors are well represented in the NMPWRC as well as in produced water trade groups, often as top-level sponsors. This is an issue they are actively prioritizing.

THE OIL AND GAS INDUSTRY IS ALSO LEADING THE PUSH FOR A HYDROGEN ECONOMY, WHICH RELIES ON THE PROSPECT OF PRODUCED WATER.

- The development of a hydrogen economy in New Mexico has become a signature issue for the governor in her second term, despite resistance from environmental advocates.
- Hydrogen serves the interests of natural gas, and most of the key players in the governor’s hydrogen program have ties to the natural gas. Many are also major donors to Lujan Grisham’s campaigns.
- Hydrogen research was an item on the budget of the NMPWRC as early as 2021.

Using public funds to incentivize the commercial treatment of oil and gas wastewater is not a climate solution. It is a handout to oil and gas companies looking for ways to dispose of their toxic waste while meanwhile creating more and more of it. It is also a left-field attempt to prop up a technology – hydrogen – that has no future in New Mexico without a ready supply of water.

The real threat to our climate resiliency, our transition to renewable energy and our precious freshwater resources is the oil and gas industry’s current practices, including its insistence on growth at all costs in the Permian Basin. Oil and gas companies could choose to be climate leaders themselves, but they have not. The real solution – the only solution – is putting an end to new oil and gas development; immediately phasing out fossil fuel sources; building out clean, renewable energy sources like wind and solar; and ensuring a just transition for impacted communities.



Loco Hills, New Mexico - Evaporation ponds hold produced water amid the oil wells of the Permian Basin.

OIL AND GAS WASTEWATER ENDANGERS OUR WATER AND HEALTH

Among numerous hazardous compounds, produced water may contain bromide, arsenic, strontium, mercury, barium, radioactive isotopes and organic compounds, particularly benzene, toluene, ethylbenzene and xylenes (BTEX). Evidence suggests that the quality of groundwater and surface water may be compromised by disposal of produced water.

Particularly dangerous is the use of produced water for agriculture and livestock, where persistent compounds may accumulate.[132]

Exposure to these toxic and radioactive substances has been correlated with increased risks of cancer, birth defects, and early death, and the evidence keeps coming:

- A 2022 paper in Environmental Health Perspectives estimated that Pennsylvania children who lived near a fracked oil or gas well during their early years had two to three times the odds of developing childhood acute lymphoblastic leukemia.[133]
- A 2022 paper in the Journal of Health Economics found that shale gas wells are associated with increased preterm births and low birth weight: “drilling near an infant’s public water source yields poorer birth outcomes and more fracking-related contaminants in public drinking water.”[134]
- A 2023 paper in Environmental Pollution found that fracking operations from 2014 to 2021 continued to use dangerous chemicals associated with serious health effects.[135]

PRODUCED WATER IN NM: A BRIEF HISTORY

IN 2022, A YEAR WHEN THE RIO GRANDE RAN DRY AND MORE THAN 90 PERCENT OF NEW MEXICO WAS IN SEVERE DROUGHT, BURDENED BY THE LARGEST WILDFIRE IN STATE HISTORY, THE OIL AND GAS INDUSTRY CONSUMED 86,747 ACRE FEET OF WATER. EACH ACRE FOOT IS EQUIVALENT TO MORE THAN 325,000 GALLONS.[142]

The governor’s interest in treating produced and brackish water comes not from her concern for “our precious freshwater resources” but from the oil and gas industry, for which wastewater has become a serious issue. Hydraulic fracturing, or fracking, involves a lot of water. Around four million gallons per well are pumped underground to break up rock so that the oil can be extracted.[9] Every barrel of oil extracted produces up to 10 barrels of wastewater – a combination of flowback from the fracking operations and formation water brought up with crude oil and natural gas. This is what is meant by “produced water.”

Industry leaders like to tout the evolution of their own “water stewardship” on their websites and ESG reports, and it’s clear they grasp the folly – both practical and political – of relying on freshwater sources for fracking. Most of the major players are already in the process of phasing it out, at least in water-stressed regions like the Southwest. Exxon and Marathon Oil both claim on their websites to use no freshwater at all in the Permian (as of 2022), and Chevron claims to use only 1 percent. [10] (A full analysis of these claims is beyond the scope of this report.) The bigger problem, clearly, is wastewater.

THE OIL AND GAS WASTE WATER PROBLEM

As Devon Energy executive Peter McDonald put it to an industry audience in Carlsbad in October 2023 this way, “Reuse and recycle is amazing. We can reduce the freshwater amount. But there is some point where all that water comes back to the surface. Most of us don’t feel comfortable that disposal [i.e., pumping the water back into the ground, the cheapest and most common way of dealing with it] is the path forward. Finding ways to get this water to a beneficial use is paramount.”[11]

The most “uncomfortable” issue, one can only assume, is the fact that pumping the water back into the ground has the unfortunate effect of causing earthquakes. Between 2019 and 2022, according to the Carlsbad Current Argus, the number of earthquakes registering M2 or higher in the Permian Basin region rose from 119 to 2,404.[12] “As production grew, so did seismicity,” the paper reports. The problem has grown so bad in West Texas that the state’s railroad commission, which regulates oil and gas, began suspending injection well permits in two counties in January 2024[13] – a potential nightmare scenario for New Mexico producers, which currently ship around half of their water to Texas for disposal because they lack the capacity to dispose of it locally.[14]

This is all to say that if the industry wants to keep drilling in New Mexico, it needs help getting rid of all this wastewater. An industry consultant from Houston put it in stark terms, speaking at a produced water conference at New Mexico State University (NMSU) in June 2023, prior the railroad commission’s actions but in anticipation of them: “Texas just cannot handle the volumes of water coming over from New Mexico. If you can’t find beneficial use, you’re going to have to cut back on water produced and that means cutting back on oil and gas revenue. That’s going to mean a hit to your state.”

In other words, New Mexico producers need to find new uses for produced water quickly or risk the future of oil production itself.

IN 2022 THE OIL AND GAS INDUSTRY GENERATED 266,160 ACRE FEET OF PRODUCED WATER, AN AMOUNT THAT WOULD FILL 131,270 OLYMPIC SIZE SWIMMING POOLS.[142]



Dee George gazes at an oil pump jack near the Pecos River near his home in Carlsbad, New Mexico, part of the oil-rich Permian Basin, which stretches from southeastern New Mexico into Texas.

Joel Angel Juárez for High Country News

THE FALLACY OF “BENEFICIAL RE-USE”

While proponents of “beneficial re-use” continue to hope for a scientific breakthrough that will resolve the problems associated with reuse of produced water, the reality is that oil and gas wastewater contains significant toxic contaminants known to severely impact human health, radioactive nuclides that cannot be removed through filtration and, especially in New Mexico, extreme levels of salinity that, even if removed from the water, will result in another toxic and radioactive waste product that cannot be easily disposed.

Chemical Toxicity: The Environmental Protection Agency has acknowledged that produced water can contain toxic materials, including barium, cadmium, chromium, lead, mercury, nitrate, selenium, and BTEX, as well as acetone, ethylene glycol (anti-freeze), phthalates, polypropylene glycols, and dozens of other toxic chemicals.[136] Such toxics can have significant adverse impacts on human health, including causing cancer and disrupting the endocrine system. Of more than a thousand chemicals found by scientists in produced water samples, only 14% have established toxicity values for risk assessment in the United States. In other words, the toxicity of 86% of the chemicals have never even been studied.[137]

Extreme Salinity: Produced water from shale formations “typically contains high levels of Total Dissolved Solids (salinity) and associated ionic constituents (bromide, calcium, chloride, iron, potassium, manganese, and sodium).” Studies in the New Mexico portion of the Permian Basin, in particular, have shown average salinity levels of more than 89,000 mg/L in produced water, some 2.5 times higher than the

35,000 mg/L characteristic of seawater. With such high salinity levels, researchers concluded that the basin has “Low” potential for treatment.[138]

Radioactivity: The extraction, storage, transportation, recycling, and reuse of produced water poses a serious threat of radioactive contamination. As the EPA has acknowledged, “[o]nce oil and gas have been extracted from the formation, workers and members of the public may be exposed to radionuclides that are brought to the surface.”[139]

As a British radiation biologist put it, “All oil-field workers are radiation workers. They just don’t know it. Tanks, filters, pumps, pipes, hoses, and trucks that [produced water] brine touches can all become contaminated, with the radium building up” and concentrating into a hardened and highly radioactive “scale.”[140]

None of the proposed re-uses of this toxic waste, for example:

- agricultural irrigation and livestock
- ground and surface water recharge
- municipal water usage
- road dust mitigation
- industrial applications

can be considered safe. Even oil field re-injection **threatens to contaminate freshwater aquifers and causes earthquakes!**

In Pennsylvania where the oil and gas industry engaged in “road spreading” of produced water, the practice was halted after 2018 and studies found hazardous runoff impacting vegetation, wildlife and water quality.[141]


PASSAGE OF THE 2019 PRODUCED WATER ACT

It was against this background that the state passed the Produced Water Act (HB 546) in 2019, setting the initial ground rules for reusing produced water outside of oil fields.[15] Among other things, the bill split oversight of produced water between the New Mexico Oil Conservation Division (NMOCD), which now has authority over its use in oil field operations, and the New Mexico Environment Department (NMED), which has authority over every other kind of use. NMED subsequently partnered with NMSU to form the New Mexico Produced Water Research Consortium (NMPWRC) to support research and pilot projects exploring produced water uses. NMED held a series of public hearings in subsequent years and issued draft regulations on the use of produced water outside the industry in the fall of 2023.[16] After the public comment period closed in December, NMED petitioned the Water Quality Control Commission (WQCC) – the agency that will adopt the regulations – for a hearing, which has been scheduled for May 2024.

The industry supported all these developments. Marathon Oil boasts on its website of having “spearheaded” the Produced Water Act and having “led a legislative initiative to remove barriers to using produced water in New Mexico.”[17] The Produced Water Research Consortium “was put together in about 10 days,” according to program director Mike Hightower, speaking in the Midland Reporter-Telegram, “as various groups met and decided the consortium would be a good way to support oil and gas.”[18] Its work has been funded by ExxonMobil (\$416,700), Chevron (\$275,000), NGL Energy Partners (\$333,300) and Tallgrass (\$16,600), with a pending commitment from Solaris Water Midstream.[19] Its current membership includes these five companies as well as ConocoPhillips, Hilcorp Energy Company, Mewbourne Oil Company, Occidental Petroleum Corporation, Intrepid Potash and Select Water Solutions – all major donors to Lujan Grisham’s campaigns (more on this below).

For the industry, these developments are critical for ensuring not the protection of “our precious freshwater resources” but the growth of operations in the Permian Basin. As a Marathon Oil executive declared of the Produced Water Act in 2019, “This important law addresses a number of key issues for industry related to the handling, recycling, treatment and use of produced water, *which are necessary to promote expanded development operations within the state*” (italics added).[20]

The Produced Water Research Consortium is funded by ExxonMobil (\$416,700), Chevron (\$275,000), NGL Energy Partners (\$333,300) and Tallgrass (\$16,600). Its current membership includes these five companies as well as ConocoPhillips, Hilcorp Energy Company, Mewbourne Oil Company, Occidental Petroleum Corporation, Intrepid Potash and Select Water Solutions – all major donors to Lujan Grisham’s campaigns.

A large metal pipe with multiple nozzles spraying water onto a field of dark soil under a blue sky. The pipe is positioned vertically, and the water is being sprayed in several directions, creating a misty effect. The background shows a line of trees and a clear sky.

“This important law [the Produced Water Act] addresses a number of key issues for industry related to the handling, recycling, treatment and use of produced water, which are necessary to promote expanded development operations within the state.” – Todd Abbott, Vice President at Marathon Oil

GOVERNORS PARTNERSHIP WITH OIL AND GAS

From the time of her first election for governor, in 2018, Michelle Lujan Grisham has positioned herself as a climate leader. Arriving in the midst of Trump administration chaos and on the heels of the ultra-conservative Susana Martinez, an unabashed booster for oil and gas, she was hailed with justified relief and enthusiasm as an indication that the tide was turning. Just after the election one national publication wrote, “Governor Michelle Lujan Grisham is aiming to transform New Mexico – the third largest oil-producing state in the country, behind Texas and North Dakota – into an environmental leader. She wants the state to be able to produce so much renewable energy that they can export it to California.”[21] Her immediate issuance of Executive Order 2019-003, pledging to reduce greenhouse gas emissions statewide, seemed only to confirm this perception.

Within months of her election to office, however, Lujan Grisham was making overtures to the oil and gas industry, “vowing to collaborate” through the Permian boom. “This should be an energy economy,” she declared at an industry event in Carlsbad in May 2019. [22] “I think we can be a clean energy state. We’re going to do incredible work in the environment. But we’re going to be an all-of-the-above energy economy. If we weren’t, and we were trying to do things that didn’t embrace that opportunity and potential, then I wouldn’t have been with XTO and Exxon this morning talking about their long-term investment that they’ve announced. We’re doing that as a partnership.”

OCTOBER 11TH 2019 HEADLINE ON THE NEW MEXICO OIL AND GAS ASSOCIATION WEBSITE

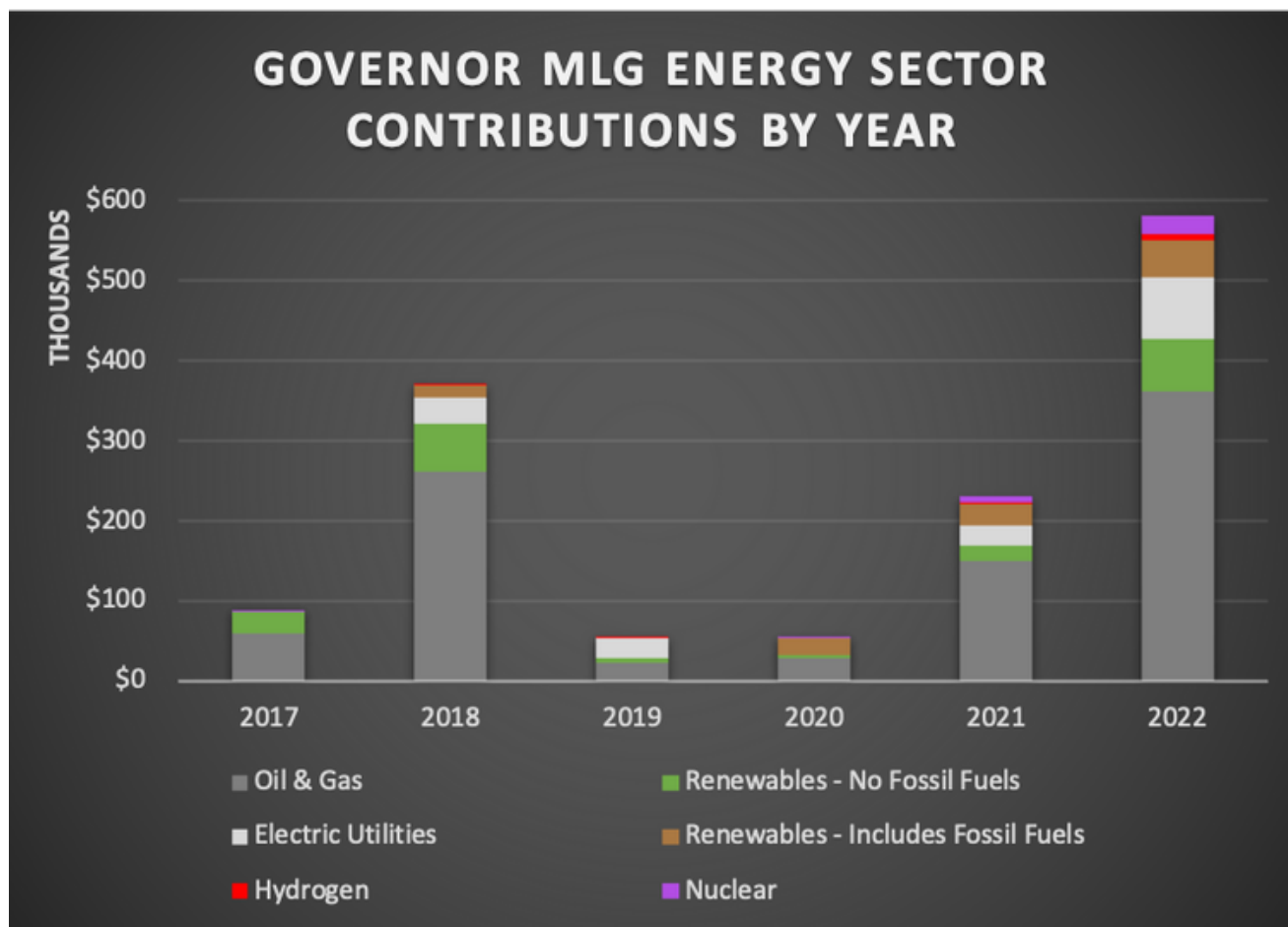
GOV. MICHELLE LUJAN GRISHAM
**PRAISES NEW MEXICO
OIL AND GAS INDUSTRY**



New Mexico Gov. Michelle Lujan Grisham professed her full-throttled support for the oil sector on Tuesday, telling industry leaders that her Cabinet secretaries works for them and that she hopes the state can overtake North Dakota as the No. 2 oil producer among states.

The Produced Water Act was a key factor in this shift. The Marathon Oil executive who praised “this important law” stated publicly, “The policies pursued by the administration in 2019 demonstrate that the Governor’s Office seeks to promote both development and sustainability within the Permian Basin.”[23] EOG Resources also chimed in, writing to the governor in a letter, “EOG is very encouraged by the approach taken during the first few months of your administration. We commend your leadership in creating a culture of collaboration for all stakeholders, including the oil and gas industry, in policy and regulatory discussions.”

The effect of the governor’s overtures to the industry is directly reflected in the record of Lujan Grisham’s swelling campaign contributions, as shown in the following section.



\$1.38 MILLION IN CONTRIBUTIONS FROM THE ENERGY SECTOR, MORE THAN HALF FROM OIL AND GAS

Energy sector interests, and oil and gas producers in particular, have been major donors to Michelle Lujan Grisham’s two gubernatorial campaigns. From 2017 through 2022, the governor received at least \$1.38 million from individuals and organizations with ties to the energy sector. Sixty-four percent of this total – \$882,100 – came from entities primarily engaged in or associated with the oil and gas industry. Most of the remainder came from electric utilities (13 percent) and the renewables industry (21 percent). A sizable portion of the latter – 8 percent – came from entities for which we were able to identify a tie to fossil fuels.[24] For a full list of top contributors, see Appendix A.

Energy Sector Contributions by Industry

Industry	Total	% of Sector Contributions
Oil & gas	\$882,078	64%
Renewables – no fossil fuel affiliations identified	\$180,750	13%
Electric utilities	\$162,157	12%
Renewables – fossil fuel affiliations identified	\$107,650	8%
Nuclear	\$31,015	2%
Hydrogen	\$14,688	1%
	\$1,378,338	100%

Source: Office of the New Mexico Secretary of State.
 Note: These industry categories were determined for general classification purposes and should be taken somewhat loosely. In reality, there is a great deal of overlap between the entities and individuals within them. Also, many of these entities are quite large, with divisions that cross into multiple categories. We’ve made an effort to identify each entity with the industry with which it primarily engages.

Lujan Grisham’s top three energy sector contributors are PNM (\$96,800), Affordable Solar (\$74,100), and Intrepid Potash (\$57,300),[25] a company that supplies freshwater and other water-related services to oil and gas operations, in addition to mining potash.[26] After these three come several of the biggest names in oil and gas production, all of which have substantial holdings in the Permian Basin: ExxonMobil Corporation (\$50,000), ConocoPhillips (\$42,300), Occidental Petroleum (\$32,200), Marathon Oil Company (\$31,000), and Chevron (\$27,200). Also in the top 10 are Pattern Energy (\$43,700), a solar and wind provider, and El Paso Electric (\$37,600).

All top 10 contributors have ties to fossil fuels. Five are pure play oil producers. One, Intrepid Potash, provides water to the oil and gas industry (and has landed itself in multiple water rights lawsuits for doing so).[27] Two – PNM and El Paso Electric – are electric utilities with substantial natural gas holdings and with multiple board members with ties to fossil fuels.[27] Affordable Solar is PNM’s primary solar provider.[v] And Pattern Energy, a utility-scale wind and solar provider, is majority owned by the Canada Pension Plan Investment Board (CPPIB), which was identified in a 2023 report from Urgewald as one of the largest investors in fossil fuel companies in the world, with \$4.7 billion in fossil fuel investments.[28]

It is also notable that Lujan Grisham received large contributions from several state legislators behind the Produced Water Act and several bills that would have created a Hydrogen Hub in the state, in collaboration with several other states and private hydrogen development companies. For example, former representative Brian Egolf (D-47), who sponsored the Produced Water Act, has given Lujan Grisham nearly \$26,000 over the years. Hydrogen Hub sponsor Rep. Javier Martinez (D-11) has given nearly \$13,000, and co-sponsor Rep. Patricia Lundstrom (D-9) has given \$3,500.

ENERGY SECTOR CONTRIBUTIONS DOUBLE BETWEEN FIRST AND SECOND ADMINISTRATIONS

Notably, the scale of energy-related contributions rose dramatically between Lujan Grisham’s first and second administrations. The governor entered into her second administration with double the amount of energy-related contributions she received in her first administration and 75 percent more in oil and gas contributions. Even limiting this comparison to the two years prior to each election (rather than the two years prior to the first election and the four years prior to the second election), the growth is significant: 77 percent more in energy sector contributions in the two years prior to the second term and 60 percent more in oil and gas contributions.

Energy Sector Contributions by Year

Year	Amount	Cycle Subtotal	
2017	\$86,311	\$457,590	} 101% Increase
2018	\$371,278		
2019	\$54,558	\$920,748	
2020	\$55,165		
2021	\$230,213		
2022	\$580,812		
Total	\$1,378,338		

Oil and Gas Industry Contributions by Year

Year	Amount	Cycle Subtotal	
2017	\$59,411	\$320,290	} 75% Increase
2018	\$260,878		
2019	\$22,508	\$561,788	
2020	\$27,520		
2021	\$149,180		
2022	\$362,580		
Total	\$882,078		

This increase in energy sector contributions far outpaces the increase in Lujan Grisham’s contributions as a whole. While energy sector contributions doubled, and oil and gas contributions rose by 75 percent, Lujan Grisham’s total contributions rose by only 43 percent, from \$9.30 million to \$13.28 million.



TOP PERMIAN-BASED OIL CONTRIBUTORS HAVE BEEN DRIVING PRODUCED WATER INITIATIVES FROM THE BEGINNING

All the oil and gas producers among Lujan Grisham’s top 10 energy sector donors have large – and rapidly growing – operations in the Permian Basin, and all have demonstrated an active interest in the state’s produced water initiatives from the beginning. As a result of their largesse, all but one of these companies have received one-on-one time with the governor, according to her public calendar, and all but one were included in a series of meetings sponsored by the governor in the fall of 2023 to discuss updates to the Oil and Gas Act.[39] (Marathon Oil is the exception in both cases, according to available resources.) Details on these key players and their various ties are included below. For details on top oil and gas contributors and their ties to produced water, see Appendix C.

TOP OIL AND GAS CONTRIBUTORS (2019–2023)

Entity	Total Contributions	No. of Meetings with the Gov.	Oil and Gas Act Working Group?	NMPWRC Member?
Intrepid Potash	\$57,300	1	No	Yes
ExxonMobil	\$50,000	5	Yes	Yes
ConocoPhillips	\$42,300	3	Yes	Yes
Occidental Petroleum	\$32,160	2	Yes	Yes
Marathon Oil	\$31,000	0	No	No
Chevron	\$27,195	3	Yes	Yes
Hilcorp Energy	\$11,000	1	No	Yes
NM Oil and Gas Association	\$6,000	11	Yes	Yes

Source: Office of Governor Michelle Lujan Grisham

TOP NATURAL GAS CONTRIBUTORS LEAD THE PUSH FOR HYDROGEN

“Everybody wants to pick on oil and gas because of greenhouse gas emissions. But if you want to go to a hydrogen economy, you have got to have water. We don’t have the water to support a hydrogen economy. With produced water, we can support a hydrogen economy.” – Mike Hightower, director of the New Mexico Produced Water Research Consortium (NMPWRC)

These refreshingly candid words come from Mike Hightower – an academic, not an elected official – speaking with KRWG Public Media[40], and they point to the other beneficiary of the governor’s produced water plan: hydrogen advocates.

As early as 2021, a draft budget for the NMPWRC, submitted by Hightower to several Environment Department staffers, included a proposed \$3.4 million increase to cover “a new initiative to utilize produced water to support a hydrogen economy.”[41] This initiative, titled “H2 Research Program using Produced Water” in the budget, included “research on steam reforming of natural gas using produced water,” “Carbon sequestration of steam reforming byproducts in saltwater disposal wells” and “Research on produced water for H2 production,” among other items.

The Lujan Grisham administration has made hydrogen development a signature issue, despite resistance from nearly everyone outside its own circle, including a majority of environmental advocates. Because most forms of hydrogen production rely on natural gas as an energy source, a hydrogen economy will serve to extend rather than phase out natural gas production while prolonging all the pollution that comes with it, such as high levels of methane emissions. Hydrogen is also inefficient and extremely expensive, requiring more energy to produce, store and transport than it provides when converted into useful energy.[42]



THE SLICK

New Mexico’s Wild Hydrogen Days

State hydrogen projects promoted, killed; governor goes to Australian hydrogen conference with oil and gas reps.



Published on November 1, 2023
By Jerry Redfern



Hydrogen solves a number of problems for fossil fuel producers in New Mexico. For natural gas producers, it ensures the continuance of a market for their products. For oil producers, at least in the Permian Basin, it offers a means of monetizing what is otherwise a waste product given the current shortage of natural gas infrastructure in the region. State representative Jim Townsend (R-54) of Artesia alluded to this when he told the Carlsbad Current Argus in December 2023, “There’s no operator I know of that wants to flare. That flared gas is still gas that they pay a royalty on. They would rather have the income than burn it. I think that having the infrastructure so that more gas can be taken from the system would be beneficial.”[43] Hydrogen production could provide just such an infrastructure.

Lujan Grisham’s Hydrogen Hub project – officially known as the Western Interstate Hydrogen Hub (WIH2) – was initially presented as four bills in the 2022 legislative session.[44] When they all failed to make it through the session, the governor repackaged them into a bid for federal funding, which also failed.[45] Shortly thereafter, she announced her strategic water supply plan. Many of the key players in the governor’s hydrogen program – including the Sandel family, the McWilliams family, and Tallgrass Energy, all natural gas operators – are major donors. For details on top hydrogen-related contributors, see Appendix D.





ER IS LIFE

CONCLUSION

Gov. Michelle Lujan Grisham has made efforts to position herself as a climate leader, not only for the state but on a national stage, with her 2023 her appointment to the U.S. Climate Alliance, and her close ties to the Biden administration and its climate efforts, and her frequent trips to climate conferences around the world. At the same time she has been effusive in her “calls for unity” with the very industry that poses the biggest threat to the state’s – and the nation’s – progress on climate. Speaking to the New Mexico Oil and Gas Association in 2021, she thanked the industry for “working alongside us to come up with innovative ways to tackle climate change and air pollution.”[46] Hydrogen is one of those “innovative” options. Buying the industry’s treated wastewater is another.

There is no way to reach our climate goals while also expanding fossil fuel operations and following the industry’s lead on policy. Publicly traded oil and gas companies have a fiduciary duty to their shareholders that comes before their duty to the preservation of the earth. Oil and gas companies cannot be trusted to lead climate solution decision-making and the governor is misleading the people of New Mexico when she suggests otherwise.

APPENDIX A: TOP CONTRIBUTORS

We analyzed Gov. Michelle Lujan Grisham’s campaign contributions from 2017 through 2023, with campaign finance records obtained through the New Mexico Secretary of State’s Office.[47] We identified energy sector entities through a number of different sources, including press reports; agendas and other records from state agencies (New Mexico Environment Department, Water Quality Control Commission, New Mexico Legislative Finance Committee, Produced Water Research Consortium); agendas and board membership from industry trade groups (including the Produced Water Society and the Permian Basin Water in Energy Conference); Common Cause New Mexico;[48] F Minus[49]; and state lobbying indices.[50] Contributions from 2023 have been excluded because they were minimal, consisting primarily of small (under \$100) contributions from individuals. The only energy-related contribution from 2023 is a \$2,000 donation from Sunnova Energy May.

For the purposes of this report, contributions from companies, company-related PACs and known company executives have been combined (as detailed in the following table). Inauguration committee contributions, where known, have also been added.

TOP 20 ENERGY SECTOR CONTRIBUTORS

Rank	Contributor	Total	Industry	Detail
1	PNM Resources*	\$96,757	electric utility	Parent company to PNM; also owns Texas-New Mexico Power (TNMP). Provides power to around 800,000 customers in New Mexico and Texas.
	<i>PNM Resources</i>	\$50,207		
	<i>Patricia Kay Collawn, CEO</i>	\$31,800		
	<i>Other PNM employees</i>	\$14,750		
2	Affordable Solar	\$74,050	renewables - fossil fuel affiliations identified	Solar provider; major contracts with PNM. Political contributions related to PNM projects have raised questions in the past. ⁵¹
	<i>Affordable Solar</i>	\$31,000		
	<i>Zia Energy Group Inc.⁵²</i>	\$15,000		
	<i>Ryan Centerwall, CEO</i>	\$10,400		
	<i>Kevin Bassalleck, president of Gridworks, an affiliated company⁵³</i>	\$17,650		
3	Intrepid Potash*	\$57,300	oil & gas	Sells water – mostly freshwater – to oil and gas operations in New Mexico, in addition to mining potash. Has been embroiled in multiple lawsuits over water rights. ⁵⁴
	<i>Intrepid Potash</i>	\$36,300		
	<i>Robert Jornayvaz, CEO</i>	\$10,000		
	<i>2019 inauguration committee contribution</i>	\$11,000		
4	ExxonMobil Corporation	\$50,000	oil & gas	Largest oil producer in the Permian Basin.
	<i>ExxonMobil Corporation</i>	\$30,500		
	<i>Deanna Archuleta, Exxon lobbyist⁵⁵</i>	\$8,500		
	<i>2019 inauguration committee contribution</i>	\$11,000		
5	Pattern Energy	\$43,700	renewables - fossil fuel affiliations identified	Solar and wind provider. Majority owned by the Canada Pension Plan Investment Board, one of the largest investors in fossil fuel companies in the world. ⁵⁶
	<i>Pattern Energy</i>	\$33,300		
	<i>Hunter Armistead, CEO</i>	\$5,200		
	<i>Michael Garland, former CEO</i>	\$5,200		

	<i>Hunter Armistead, CEO</i>	\$5,200	affiliations identified	Pension Plan Investment Board, one of the largest investors in fossil fuel companies in the world. ⁵⁶
	<i>Michael Garland, former CEO</i>	\$5,200		
6	ConocoPhillips*	\$42,300	oil & gas	Major Permian producer. Acquired Concho Resources in 2021.
	<i>ConocoPhillips</i>	\$26,300		
	<i>Ryan Lance, CEO</i>	\$2,500		
	<i>John Dobbins, managing director of low carbon technology⁵⁷</i>	\$2,500		
	<i>2019 inauguration committee contribution</i>	\$11,000		
7	El Paso Electric	\$37,600	electric utility	Serves around 460,000 customers in West Texas and southern New Mexico. ⁵⁸
	<i>El Paso Electric employee PAC</i>	\$26,600		
	<i>2019 inauguration committee contribution</i>	\$11,000		
8	Brownstein Hyatt Farber Schreck	\$33,250	oil & gas	Energy industry law firm; represents oil and gas interests. ⁵⁹
	<i>Brownstein Hyatt Farber Schreck</i>	\$20,400		
	<i>Norman Brownstein</i>	\$9,500		
	<i>Other Brownstein employees representing energy interests⁶⁰</i>	\$3,350		
9	Occidental Petroleum Corporation	\$32,160	oil & gas	Major Permian producer. Acquired producer CrownRock in December 2023.
	<i>Occidental Petroleum Corporation</i>	\$30,500		
	<i>Occidental employees</i>	\$1,660		
10	Marathon Oil Company	\$31,000	oil & gas	Major Permian producer.
11	MMR Group/Southwestern Power Group (SWPG)	\$28,160	oil & gas	MMR Group provides construction services for the oil and gas industry. ⁶¹ SWPG, its subsidiary, is a utility-scale renewables provider. ⁶²
	<i>Jonathan B. Bruser, executive with MMR</i>	\$25,400		
	<i>John Ryan, executive director with SWPG</i>	\$2,760		
12	Chevron	\$27,195	oil & gas	Major Permian producer. Acquired PDC Energy in 2023.
	<i>Chevron</i>	\$26,000		
	<i>Chevron employees</i>	\$1,195		
13	Avangrid Inc.	\$27,500	oil & gas	Electric utility company and renewables company.
	<i>Avangrid Inc.</i>	\$2,500		
	<i>2023 inauguration committee contribution</i>	\$25,000		
14	Nat Simons	\$26,300	renewables - fossil fuel affiliations identified	Billionaire hedge fund manager; founder of Meritage Group and Prelude Ventures.
15	Sally M. Anderson	\$23,700	oil & gas	Wife of Donald B. Anderson, brother of Robert O. Anderson, founder of Arco and leader in development of the Alaskan oil pipeline. ⁶³ The brothers founded Anderson Oil in Roswell in the 1960s.

16	Aztec Well/Sandel Family	\$22,700	oil & gas	Oil and gas services company. Jason Sandel is a major advocate for both natural gas and hydrogen.
	<i>Jerry and Claire Sandel</i>	<i>\$14,700</i>		
	<i>Jason Sandel</i>	<i>\$7,000</i>		
	<i>Aztec Well</i>	<i>\$1,000</i>		
17	Sendoro/Crestwood	\$22,400	oil & gas	Midstream oil company, acquired by Crestwood Midstream Partners in June 2022. ⁶⁴
	<i>Sendoro Midstream Partners</i>	<i>\$21,400</i>		
	<i>Crestwood PAC</i>	<i>\$1,000</i>		
18	New Mexico Gas Company	\$21,900	oil & gas	Natural gas utility.
19	Nextera Energy	\$20,800	Electric utility	World's largest electric utility.
20	Lightning Dock Geothermal, LLC	\$20,500	renewables	The first utility scale geothermal plant in New Mexico. Owned by Utah based Cyrg energy. ⁶⁵

Source: Office of New Mexico Secretary of State.

*Made additional contributions of up to \$25,000 to the 2023 inauguration committee.

APPENDIX B: MEETINGS WITH ENERGY SECTOR PLAYERS

We analyzed Gov. Michelle Lujan Grisham’s public calendar from 2019 to 2023 to identify meetings involving energy sector companies and individuals.[66] A handful of additional meetings were identified through emails obtained via records requests from the governor’s office. Note that the public calendar is an imperfect source. It is almost certainly not exhaustive (as proven by the fact that emails reveal meetings not listed in the calendar), and many of its entries are elliptical and/or lack detail. Where we were uncertain as to a particular name or affiliation, we either omitted that entity from our analysis or indicated the uncertainty with a question mark in the table below. We have not confirmed the actual occurrence of these meetings, only that they were arranged.

ENERGY SECTOR MEETINGS – ENTITIES WITH THREE OR MORE MEETINGS

Entity	No. of Meetings with the Gov.	Contributions to the Gov.
NM Oil and Gas Association	11	\$6,000
PNM	6	\$96,757
Xcel Energy	6	\$9,300
ExxonMobil	5	\$50,000
XTO Energy	5	\$0
El Paso Electric Company	4	\$37,600
Avangrid Renewables	3	\$27,500
Aztec Well family/Jason Sandel	3	\$22,700
Chevron	3	\$27,195
ConocoPhillips	3	\$42,300
EOG Resources	3	\$50
Pattern Energy	3	\$43,700
Permian Strategic Partnership	3	\$0
Southwestern Power Group/MMR	3	\$28,160
Star Scientific	3	\$0
Tallgrass Energy	3	\$10,200

Source: Office of Governor Michelle Lujan Grisham

ENERGY SECTOR MEETINGS BY INDUSTRY (2019–2023)

Date	Company	Individual (if Listed)
Oil and Gas		
10/11/2023	Kinder Morgan	
10/10/2023	Mewbourne Oil	
10/10/2023	NM Oil and Gas Association	
9/12/2023	Chevron	
9/12/2023	ConocoPhillips	
9/12/2023	EOG Resources	
9/12/2023	Occidental Petroleum	
9/12/2023	Phillips 66	
9/11/2023	ExxonMobil	Darren Woods, CEO

9/11/2023	Tallgrass Energy	
8/23/2023	Genesis (Energy?)	
8/23/2023	NM Oil and Gas Association	
8/10/2023	Permian Strategic Partnership	
8/10/2023	Sinclair (Oil?)	
8/7/2023	Tallgrass Energy	
2/27/2023	Tallgrass Energy	
2/22/2023	NM Oil and Gas Association	
2/20/2023	NM Oil and Gas Association	Doug Ackerman, CEO
10/4/2022	NM Oil and Gas Association	
7/18/2022	Permian Strategic Partnership	
7/18/2022	XTO Energy	Tom Schuessler, president
2/1/2022	Aztec Well family	Jason Sandel
11/23/2021	XTO Energy	
11/16/2021	NM Oil and Gas Association*	Leland Gould
11/3/2021	LM Energy Partners?*	
10/4/2021	NM Oil and Gas Association	
8/24/2021	Cimrex	Tom Jordan, CEO
8/24/2021	PlastikGas	Martin Suazo, partner
5/4/2021	Chase Energy Services? Mack Energy Corporation?	Claire Chase
4/30/2021	Aztec Well family	Jason Sandel
3/16/2021	Brewer Oil Company?	Charlie Brewer
3/12/2021	Chevron	
3/12/2021	ExxonMobil	Bart Cahir, senior vice president
3/4/2021	ExxonMobil	Darren Woods, CEO
10/9/2020	Devon Energy	
9/30/2020	Permian Basin Petroleum Association	
9/25/2020	EOG Resources	Bill Thomas, then CEO
9/1/2020	ExxonMobil	Darren Woods, CEO
8/31/2020	ConocoPhillips	
7/7/2020	WPX Energy	Richard Muncrief, CEO
6/24/2020	XTO Energy	Staale Gjervik, CEO
4/24/2020	Freeport Oil	Red Conger, then president
3/25/2020	NM Oil and Gas Association	
3/20/2020	XTO Energy	Staale Gjervik, CEO
1/29/2020	Independent Petroleum Association of New Mexico	
12/12/2019	Cimarex	Tom Jordan, CEO
10/8/2019	Hilcorp Energy	
10/8/2019	Kairos Aerospace	
10/8/2019	NM Oil and Gas Association	
10/7/2019	ConocoPhillips	

9/16/2019	New Mexico Gas Company	
9/13/2019	The Plaza Group	Randy Velarde, president
9/12/2019	EOG Resources	
8/8/2019	Aztec Well family	Jason Sandel
7/30/2019	NM Oil and Gas Association	
7/30/2019	The Plaza Group	
7/11/2019	“independent producers”? (likely either NM Independent Power Producers Association or Independent Petroleum Association of New Mexico)	
7/11/2019	DJR Energy	
7/2/2019	Occidental Petroleum	
6/25/2019	Eureka Resources	
6/3/2019	Cimarex	
5/17/2019	ExxonMobil	Darren Woods, CEO
5/17/2019	Permian Strategic Partnership	Tracee Bentley, CEO
5/13/2019	NM Oil and Gas Association	
2/13/2019	Intrepid Potash	
2/6/2019	Chevron	
1/24/2019	CPC Corporation Taiwan	
1/16/2019	XTO Energy	XTO Energy
10/27/2023	Hazer Group	
Hydrogen		
10/26/2023	Star Scientific	Andrew Horvath, chairman
10/25/2023	Star Scientific	Matthew Hingerty, business development officer
10/13/2023	“hydrogen partners”?	
6/23/2023	Star Scientific	
10/27/2021		Nat Simons*
7/1/2021	BayoTech*	Andrew Leedom
Electric Utilities		
8/10/2023	NextEra Energy	
1/31/2023	Southwestern Power Group	John Ryan, executive director, and David Getts, general manager
7/14/2022	Xcel Energy	Adrian Rodriguez, president of Xcel’s New Mexico and Texas Southwestern Public Service Company
6/8/2022	PNM	Laura Sanchez, chief policy and legal adviser
2/1/2022	PNM	Pat Vincent-Collawn, CEO
1/12/2022	Xcel Energy	
11/1/2021	Scottish Power	
8/27/2021	Xcel Energy*	Bob Frenzel, president
7/29/2021	El Paso Electric Company	Kelly Tomblin, CEO
1/29/2021	El Paso Electric Company	Kelly Tomblin, CEO

12/16/2020	Xcel Energy	
10/20/2020	PNM	Pat Vincent-Collawn, CEO
9/9/2020	Xcel Energy	Ben Fowke, CEO
8/24/2020	Ameren Transmission	Shawn Schukar, CEO
2/4/2020	Xcel Energy	
12/20/2019	Tri-State Generation and Transmission Association	Duane Highley, CEO
11/5/2019	Ameren Transmission	Shawn Schukar, CEO
9/6/2019	NextEra Energy	
8/29/2019	NM Rural Electric Cooperative Association	
8/26/2019	PNM	
8/9/2019	El Paso Electric Company	Kelly Tomblin, CEO
8/1/2019	Southwestern Power Group	
6/20/2019	Southwestern Power Group	
6/11/2019	California Independent System Operator	
4/22/2019	PNM	
2/6/2019	El Paso Electric Company	Kelly Tomblin, CEO
2/1/2019	NM Rural Electric Cooperative Association	
1/25/2019	PNM	
Energy Lobbyists*		
11/30/2022	Lobbyist for PNM, Energy Action Fund and Natural Resources Defense Council	David Jaramillo
2/8/2022	Lobbyist for many companies, including Pattern Renewables, American Fuel and Petrochemical Manufacturers and New Mexico Rural Electric Cooperative Association	Dan Najjar
10/15/2021	Lobbyist for many companies, including Renewable Energy Group/Chevron, Kairos Aerospace and Hilcorp San Juan	Vanessa Alarid
7/2/2021	Lobbyist for many companies, including Pattern Renewables, American Fuel and Petrochemical Manufacturers, and NM Rural Electric Cooperative Association	Dan Najjar
8/4/2020	Lobbyist for PNM, Energy Action Fund and Natural Resources Defense Council	David Jaramillo
2/17/2020	Lobbyist for many companies, including Renewable Energy Group/Chevron, Kairos Aerospace and Hilcorp San Juan	Vanessa Alarid
2/7/2020	Lobbyist for many companies, including Pattern Renewables, American Fuel and Petrochemical Manufacturers, and NM Rural Electric Cooperative Association	Dan Najjar
3/4/2019	Lobbyist for ExxonMobil	Deanna Archuleta
3/1/2019	Lobbyist for PNM, Energy Action Fund and Natural Resources Defense Council	David Jaramillo

1/8/2019	Lobbyist for many companies, including Renewable Energy Group/Chevron, Kairos Aerospace and Hilcorp San Juan	Vanessa Alarid
Renewables		
9/12/2023	Avangrid Renewables	
8/30/2023	Dalkia Energy	Yannick Duport, international director
8/11/2023	Maxeon Solar Technologies	
8/9/2023	Arcosa Wind Towers (event with President Biden)	
6/23/2023	Maxeon Solar Technologies	Bill Mulligan, CEO
2/17/2023	HelioGen	Paul DiNino (position unclear)
10/27/2022	Trina Solar	
1/21/2022	Trina Solar	"senior consultant"
11/1/2021	EDF Energy	Mark Brownstein, senior vice president
7/29/2021	Avangrid Renewables	
10/28/2020		Tom Steyer
8/26/2020	Avangrid Renewables	Pedro Azagra Blazquez
3/18/2020	Pattern Energy	Mike Garland, CEO
2/5/2020	RECOM Solar	
11/26/2019	Pattern Energy	Mike Garland, CEO
10/2/2019	Cyrg Energy	
9/20/2019	RECOM Solar	
7/29/2019	Pattern Energy	
6/11/2019	American Wind Energy Association	
4/17/2019	Heelstone Energy	

Source: Office of Governor Michelle Lujan Grisham, unless otherwise noted.

*There is no indication in the calendar of which client a lobbyist was representing in a given meeting. We therefore merely identify lobbyists known to have energy sector clients.[67] With the exception of Deanna Archuleta, who lists only one client in state filings (ExxonMobil), we cannot confirm that these were energy-related meetings.

APPENDIX C: KEY PLAYERS – PRODUCED WATER

ExxonMobil Corporation (\$50,000). Exxon, one of the largest oil companies in the world,[68] is the largest operator in the Permian Basin following its acquisition of Pioneer Natural Resources for \$60 billion in October 2023. The company accounts for around 11 percent of Permian production.[69] It has announced it aims to increase production there to about 3.8 million barrels of oil per day in 2024 while nonetheless claiming it will reach “net zero” emissions in the Permian by 2030 (2035 for the Pioneer assets).[70]

Exxon was one of four sponsors of the New Mexico Produced Water Research Consortium (\$416,666 contribution) and is a current member of the consortium. It was the title (top) sponsor of the Permian Basin Water in Energy Conference (PBWIEC) in 2024.[71] Company employees spoke at the conference at sessions titled “Partnerships in the Permian: The Evolution of Water Technology & Future Pathways to Commercialization” (along with a Chevron project manager) and “Academia, Regulators & Industry Working Together to Address Water Injection Challenges in the Permian Basin.”[72] XTO Energy, an ExxonMobil subsidiary, was the title sponsor in 2023. XTO Energy and Pioneer were both sponsors in 2022.

Lujan Grisham’s public calendar indicates five meetings with ExxonMobil representatives going back to May 2019, four of them with CEO Darren Woods.[73] Lujan Grisham boasted of the first of these meetings at an event in Carlsbad a few days later, claiming that she and Exxon were building the state’s energy economy “as a partnership.”[74] Two ExxonMobil representatives were included in the list of participants for the governor’s Oil and Gas Act meetings in the fall of 2023.[75] One of these, Jennifer Bradfute, was previously an attorney for Marathon Oil and was involved in Marathon’s support for the Produced Water Act.[76] Bradfute also joined the governor on an October 2023 trip to the Asia Pacific Hydrogen 2023 Summit in Australia.[77]

ConocoPhillips (\$42,300). ConocoPhillips has plans to grow Permian Basin production by 7 percent annually over the next 10 years and has characterized its operation there as “an asset that keeps getting better and better.”[78] The company acquired Shell’s Permian position for \$9.5 billion in December 2021.[79] It acquired Permian producer Concho Resources in January 2021.[80]

ConocoPhillips is a member of the New Mexico Produced Water Research Consortium. It was a “silver” sponsor of the 2023 PBWIEC and was also a sponsor in 2022. It is represented on the PBWIEC board[81] as well as the board of the Produced Water Society.[82] Karl Fennessey, ConocoPhillips’ vice president of corporate and public policy, gave a presentation on the “Role of Hydrogen in the Energy Transition” at a January 2023 meeting of the New Mexico Legislative Finance Committee.[83]

Lujan Grisham’s public calendar indicates three meetings with ConocoPhillips dating back to October 2019.[84] (No individual employees are named.) Five ConocoPhillips representatives were included in the list of participants for the governor’s Oil and Gas Act meetings in the fall of 2023.[85] ConocoPhillips served on NMED’s Methane Advisory Panel in 2019.[86]

Occidental Petroleum (\$32,160). Occidental acquired Permian producer CrownRock in December 2023 for \$12 billion, boosting its Permian production by 30 percent.[87] It is a member of the New Mexico Produced Water Research Consortium and is represented on the PBWIEC board.[88]

Lujan Grisham’s public calendar indicates two meetings with ConocoPhillips dating back to July 2019.[89] (No individual employees are named.) Two Occidental representatives were included in the list of participants for the governor’s Oil and Gas Act meetings in the fall of 2023.[90]

Marathon Oil (\$31,000). Marathon Oil helped write the Produced Water Act.[91] It boasts on its website of having “spearheaded a law that removes barriers to using millions of barrels of produced water in the New Mexico Permian Basin” and on social media of having “led a legislative initiative to remove barriers to using produced water in New Mexico.”[92] The Produced Water Act, it claims, “enables Marathon and other operators to recycle produced water and transport it across lands for hydraulic fracturing operations instead of having to buy fresh water from landowners.”

Marathon opposed a 2021 bill (SB 86) that would have made it illegal for oil and gas operators to spill produced water, arguing that it would conflict with the 2019 Produced Water Act and would threaten oil and gas operations in the state. Marathon lobbied alongside Chevron, COG Operating and NMOGA at a New Mexico Senate Judiciary Committee meeting, where public comment was not allowed and where the bill subsequently died.[93]

Marathon has entered into long-term water recycling contracts with Solaris Water Midstream, a member of the New Mexico Produced Water Research Consortium.[94]

Marathon served on NMED’s Methane Advisory Panel in 2019.[95]

Chevron (\$27,195). Chevron has announced plans for around \$5 billion in capital expenditures in the Permian Basin in 2024.[96] This is on the heels of two major acquisitions in 2023: \$60 billion for Hess Corporation in October,[97] an acquisition that is “expected to produce revenue quickly to fund an expansion in the Permian Basin,”[98] and PDC Energy Inc. in August, a deal that included 25,000 net acres in the Permian Basin.[99]

Chevron was one of four founding sponsors of the New Mexico Produced Water Research Consortium (\$275,000 contribution) and is a current member.[100] It was a “silver” sponsor of PBWIEC in 2023 and was also a sponsor in 2022. A company project manager (along with an ExxonMobil employee) spoke at the conference on “Partnerships in the Permian: The Evolution of Water Technology & Future Pathways to Commercialization.”[101]

Lujan Grisham’s public calendar indicates three meetings with Chevron dating back to February 2019.[102] (No individual employees are named.) One Chevron representative was included in the list of participants for the governor’s Oil and Gas Act meetings in the fall of 2023.[103] Chevron served on NMED’s Methane Advisory Panel in 2019.[104]

APPENDIX D: KEY PLAYERS – HYDROGEN

Sandel Family/ Jason Sandel (\$22,700). The Sandels operate the Aztec Well family of companies, which provide drilling, well servicing, trucking, rentals, equipment, support services and supplies to the oil and gas industries. The business is based in Aztec, in the San Juan Basin (in the northwest corner of the state), and is one of the region’s largest employers, with a satellite office in Hobbs, in the Permian Basin.[105] Jason Sandel, executive vice president of the family business, is a former chairman of the New Mexico Oil and Gas Association and currently sits on its board.[106] In 2021 he was named chairman of Western States and Tribal Nations Natural Gas Initiative, created to develop pipelines and export hubs to ship the region’s natural gas to Asian markets.[107]

In total, the Sandel family has made at least \$22,700 in contributions to Lujan Grisham since 2017. Of this money, \$7,000 came from Jason Sandel; \$14,700 from his parents, Jerry and Claire; and another \$1,000 from the company. Three meetings with Jason Sandel are listed on the governor’s public calendar going back to 2019.[108] One of these, in August 2019, was followed by dinner with Sandel’s family as well as a family breakfast the following day. Another is referred to as a “pop-in visit.” Clearly, Sandel and the governor are close.

Sandel’s activity in New Mexico government – particularly in Michelle Lujan Grisham’s administration – is extensive. In 2019 he was a lead convener of the Energy Transition Act Committee, formed to help the state distribute funds PNM was required to make available following the closure of its coal plant.[109] He served on NMED’s Methane Advisory Panel in 2019, along with representatives from Chevron, Devon, EOG, Marathon Oil, ConocoPhillips and numerous other oil and gas companies.[110] He was appointed by the governor to the Economic Recovery Council in 2020, along with Staale Gjervik, president of XTO Energy, and Jeremy Turner, a director of project development for Pattern Energy.[111] He has been vice chair of the New Mexico Medical Insurance Pool, vice chair of the New Mexico Health Insurance Exchange and a member of the New Mexico Economic Development Commission. He also served two terms on the Farmington City Council.

Jerry Sandel is a major figure in the governor’s Hydrogen Hub initiative. In January 2022 he received a no-bid, \$59,000 contract (\$1,000 shy of the total requiring a bid) from NMED to confer with stakeholders, recommend a work plan for a hydrogen advisory committee, and develop a Hydrogen Hub strategy, identifying commercialization opportunities.[112] The resulting report – suspiciously dated the very same month as the contract – lists numerous hydrogen and natural gas players as contributors.[113]

A 2022 investigation by The Candle revealed that as early as June 2021, months before environmental organizations became aware of the Hydrogen Hub initiative, Sandel was collaborating with NMED secretary James Kenney on an agenda for a governor-sponsored Hydrogen Roundtable in Farmington, with companies including BayoTech, Escalante Power and Kinder Moran Midstream. The gathering coincidentally aligned with campaign contributions from several of these players, including Sandel.

McWilliams Family (\$19,000). Jay Paul McWilliams is the CEO of LOGOS Energy in Farmington. [114] McWilliams founded the company in 2012 with funding from ArcLight Capital Partners (at least \$150 million as of 2017) and Consolidated Asset Management.[115] He previously worked with LINN Energy, Burlington Resources and Resolute Natural Resources, and he was on the board of Iron Bridge Resources.[116]

His wife, Krista McWilliams, is a vice president at LOGOS.[117] In 2008, prior to joining LOGOS, she founded Diamond Derrick Consulting, a provider of oil and gas project and data management services. Clients included ConocoPhillips, LINN Energy and Pioneer Resources, in addition to LOGOS. She also worked as an engineer for ConocoPhillips and Burlington Resources. She serves on the board of the Four Corners Economic Development Center[118] along with Dave Zeller, CEO of Navajo Agricultural Products Industry (NAPI), a Hydrogen Hub partner.[119] Also on the board are representatives of the Navajo Transitional Energy Company/Bisti Fuels Company (Andy Hawkins), the Arizona Public Service Company (Terry Dayish) and ConocoPhillips (Louis Salazar).[120] In 2023 she was elected to the Farmington School Board.[121]

In 2019 Lujan Grisham appointed Krista McWilliams to the state's Water Quality Control Commission, the agency charged with adopting NMED's produced water regulations. McWilliams was also among those included in the 2023 stakeholder meetings concerning the update of the Oil and Gas Act.[122]

McWilliams and LOGOS have extensive ties to Jason Sandel and his company, Aztec Well.[123] Jay Paul McWilliams is listed as a contributor to the hydrogen report commissioned from Jason Sandel by NMED.[124]

Tallgrass Energy (\$10,200). Kansas-based Tallgrass Energy, one of the nation's largest pipeline operators, owns and operates more than 7,000 miles of natural gas pipelines, as well as a smaller portion of oil pipelines.[125] It is also engaged in hydrogen and carbon sequestration development. The Tallgrass contributions were made by Damon Daniels, executive vice president and chief commercial officer at Tallgrass.

Tallgrass is one of seven project partners in Lujan Grisham's Hydrogen Hub project, along with fellow Lujan Grisham contributors Xcel Energy (\$9,300), New Mexico Gas Company (\$21,900) and Avangrid (\$27,500).[126] Tallgrass is 75 percent owner of Escalante H₂ Power (EH₂ Power), which aims to convert a former coal plant west of Grants into a hydrogen-fired power-generation facility. Through a subsidiary called GreenView, Tallgrass is also pushing a controversial hydrogen pipeline, separate from the Escalante project, that would run through the Navajo Nation into Arizona, reportedly destined for Mexico.[127]

Tallgrass appears three times on the governor's public calendar; all three meetings were in 2023. [128] One of these was a virtual meeting that also included Wyoming governor Mark Gordon.

Adelante Consulting (\$8,800). This consulting firm also secured a no-bid hydrogen-related contract in September 2021 to provide "technical and economic support in developing legislation, rules, policies, and guidance" in relation to the Hydrogen Hub project.[129] Then-president Virginia Smith[130] made more than \$8,000 in contributions to Michelle Lujan Grisham between 2017 and 2022. COO Amy Brown made an additional \$800 in contributions between 2018 and 2022. Brown is on the board of the Low Carbon Fuels Coalition, which includes several individuals with ties to natural gas and propane.[131]

FOOTNOTES

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- 12) Adrian Hedden, "Shaky Ground: The Link Between the Permian Basin's Fossil Fuel Industry and Earthquakes," Carlsbad Current Argus, July 12, 2023.
- 13) Carlos Nogueiras Ramos, "Texas Regulators Limit Oil and Gas Disposal Wells in Bid to Reduce Earthquakes in West Texas," Texas Tribune, January 10 2024.
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- 23) Adrian Hedden, "New Mexico Governor Michelle Lujan Grisham Vows to Collaborate With Oil and Gas During Boom," May 20, 2019.
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- 26) These totals include company contributions as well as employee contributions, where identified.
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METHODOLOGY

For our analysis of Gov. Michelle Lujan Grisham's campaign contributions, we began by obtaining records of all campaign contributions made to the governor's campaigns between 2017 and 2022 through public databases maintained by the New Mexico Secretary of State's Office. (Note that we utilized these records exactly as they appear in the Secretary of State databases, and have not attempted to confirm individual contributions through any other source, or identify errors in the data itself.) This list includes roughly 94,000 individual contribution records, totaling around \$23.9M.

Separately, we identified individuals, companies and organizations with ties to New Mexico's energy sector through a number of different sources, including: press reports; agendas and other records from state agencies (including the New Mexico Environment Department, Water Quality Control Commission, New Mexico Legislative Finance Committee, Produced Water Research Consortium); agendas and board membership information from industry trade groups (including the Produced Water Society and the Permian Basin Water in Energy Conference); Common Cause New Mexico's 2020 report on the state's oil and gas industry; the F Minus database of state-level energy lobbyists; and New Mexico lobbying indices maintained by the Secretary of State's Office. We defined "energy sector" as including all activities pertaining to oil and gas, electric power, renewable energy, hydrogen, and nuclear energy. This list included more than 1,000 names. It is far from exhaustive but nonetheless provided a solid basis on by which to begin parsing the campaign contributions.

We then cross checked the list of energy sector entities with the database of campaign contributions to identify contributions made by any of these entities. We identified additional energy sector contributions through the "occupation" and "employer" data contained in the contributions. For example, if an individual contributor identified himself as an "oil and gas producer" or identified his employer as "PNM," we included this contributor within the energy sector designation. In some cases, we searched company names individually on Google to determine their primary activity— for example, when the name itself suggested an energy sector affiliation.

To determine "top energy sector contributors" we included company contributions as well as contributions made by that company's employees (in most cases, executives). We also included contributions made to the governor's two inauguration committees, which are not regulated or tracked the by Secretary of State. (These records were obtained through press reports.

Because this dataset is extremely large, and the state's energy sector is vast and exceedingly complex, this methodology is necessarily imperfect. There are undoubtedly energy sector entities that we have failed to identify. Also, there was a degree of subjectivity involved in our categorization of entities by industry. For example, many of these companies engage in activities across industry categories. We've made an effort to identify each entity with the industry with which it primarily engages. When in doubt, we have attempted to err on the side of exclusion rather than inclusion. We believe, therefore, that our estimate is a conservative one. If anything, the governor's total energy sector contributions are likely to be more than the total represented here, not less.



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