Oil And Gas Companies Lock Up Millions Of Acres Of New Mexico For Drilling (And Polluting) While Racking Up Extra Profits Thanks To An Outdated Federal Leasing Program.

SUMMARY: Oil and gas corporations operating on federal public lands benefit from a "sweetheart deal" thanks to the outdated federal leasing program that favors big oil over taxpayers. In New Mexico, the state with the second most public lands leasing, oil giants and major polluters like Occidental Resources and Hilcorp Energy lock up millions of acres of public land for oil and gas development while depriving taxpayers of fair compensation for often harmful use of their public lands.

If the royalty rate were more in line with what states pay, Utah New Mexico may have seen **as much as $800 Million in additional revenue in 2019 Alone**.

New Mexico has 7,772 oil and gas leases totaling 4.3 million acres of federal land. The 19 biggest leaseholding corporations in the United States hold nearly 2.3 million acres of public land in the state – 53% of the state's federal acres - across 4,615 leases, where they benefit from outdated federal leasing terms. Top lessees in the state include:

-**Hilcorp Energy**, a billionaire-owned private company that leaks methane at a six times higher rate than biggest oil and gas companies, especially out of its San Juan Basin operations;

- **Occidental Petroleum,** an oil and gas giant that was ordered by courts to pay at $15 million for dodging royalties in 2020 alone on top of billions in environmental violations;

- **EOG Resources**, a former Enron company that has faced millions in lawsuits over failing to pay royalties; and

- A **ConocoPhillips** subsidiary has paid $92.5M to settle lawsuits over unpaid royalty payments in New Mexico.

19 Big Oil Companies Hoard Nearly Half Of All New Mexico's Federal Oil And Gas Leases, Where Their Profits Benefit From Outdating Federal Leasing Laws.

New Mexico Has The Second Most Federal Oil And Gas Leases In The Country…

In New Mexico, 4,263,470 Acres Of Federal Managed Land Is Leased To Oil And Gas Companies As Of October 1, 2020. [BLM, Oil And Gas Statistics, National Totals By State, 10/01/20]

There Are 7,772 Leases Of Federal Managed In New Mexico As Of October 1, 2020. [BLM, Oil And Gas Statistics, National Totals By State, 10/01/20]

New Mexico Has The Second Most Federal Oil And Gas Leases In The Country. [BLM, Oil And Gas Statistics, National Totals By State, 10/01/20]

...With 19 Of The Biggest Leaseholders Nationwide Locking Away Nearly 2.26M Acres Of Public Land In New Mexico For Oil And Gas Development.

19 Of The Top Federal Leaseholders In The Country Are Active In Utah, Holding Nearly 2.26M Acres Of Land For Oil And Gas Development.

New Mexico		
Company	Number Of Leases	Acreage
Hilcorp Energy	1,028	740,843
Occidental Petroleum	848	280,286
EOG Resources	590	268,184
ExxonMobil	552	277,373
Devon Energy/ WPX	358	128,135
Chevron	335	131,283
ConocoPhillips	283	107,345
Dugan Production	241	140,335
Simcoe LLC	219	129,889
R&R Royalty LTD	71	29,070
Robert L Bayless Production	28	16,823
Magnum Producing LP	17	4,985
Merit Energy	17	520
Chesapeake Energy	13	2,098
Ovintiv	8	452
Citation O&G	3	805
Continental Resources	2	240
Liberty Petro Corp	1	160
Samson Resources	1	160
Total	4,615	2,258,986

Source: Bureau of Land Management

The 100-Year-Old Royalty Rate Has Long Made Federal Oil And Gas Leasing A "Sweetheart Deal" To Big Oil And The Expense Of Taxpayers.

When Oil Corporations Drill On Public Lands, They Compensate The Mineral Owners (The Public) With Royalty Payments, An Important Revenue For State And Local Governments.

There Are Three Main Sources Of Revenue From Federal Lands Oil Production That Go To State Governments; Royalties, Rents, And Bonuses. "Companies pay a wide range of fees, rates, and taxes to extract natural resources in the U.S. The amounts differ depending on the ownership of the resources. We'll cover some of the major types of payments companies make here. They are usually called "revenue" because they represent revenue to the American public. When companies extract natural resources on federal onshore lands and the Outer Continental Shelf, they pay revenue to the Department of the Interior (DOI). In general, companies pay bonuses, rents, royalties, or fees and penalties (if incurred) to ONRR, and in some cases bonuses and rents to the Bureau of Land Management." [Interior Office Of Natural Resource Resources, accessed 02/25/21]

- **Energy Royalties Are "An Integral Component Of Many Western States' Budgets."** "While a small portion of federal government revenue, energy royalties are important to resource-rich states in the mountain west that receive about half of what Washington collects inside their borders. 'These oil and gas royalties are an integral component of many western states' budgets, and suspending their collection would have a direct negative effect on states,' the Western Governors' Association wrote in early April to David Bernhardt, a former oil lobbyist who serves as interior secretary." [*Financial Times*, 06/28/20]

The Mineral Leasing Act Of 1920 Set The Current Public Lands Oil And Gas Royalty Rate At 12.5%.

The Mineral Leasing Act Set The Royalty Rate AT 12.5% Of The Market Value Of The Product To Be Paid To The Mineral Owners. On Public Lands, That's The Public. "The Mineral Leasing Act (MLA) defines the minimum royalty rate on oil and natural gas produced on federal lands to be 12.5%. Royalties (i.e., revenue from the application of the royalty rate to production) reflect the product of the royalty rate and the market value of the commodity produced. Royalty rates are defined in the terms of each lease and are not expected to change during the term of the lease." [Congressional Research Service, 09/22/20]

- **The Royalty Rate Is Unchanged Since The Mineral Leasing Act Was Passed In 1920.** "The current royalty rate, 12.5%, was established in 1920. Changing the royalty rate for new leases would not be expected to affect an operator's production from producing wells, but it could influence interest in future leases and impact bonus payments received during lease sales." [Congressional Research Service, 09/22/20]

The Artificially Low Royalty Rate Is Characterized By Some In Congress As A "Sweetheart Deal" For Oil Companies

Senator Chuck Grassley: Artificially Low Royalty Rate Is A "Sweetheart Deal" For Oil Companies. "The law no longer reflects fair market value. It has become a sweetheart deal for legacy energy companies. It's shortchanging the taxpayer and depriving public coffers from their fair share of revenue generated from public lands." [Senator Chuck Grassley, 03/06/20]

The Federal Royalty Rate Is Substantially Lower Than What Western States Charge On State Public Lands…

The GAO Found That States Get A Better Return On Public Lands Oil Royalties Because They Charge Higher Rates For Oil Production. "Also, preliminary observations from GAO's ongoing work indicate that selected states charge royalty rates for oil and gas produced on state lands at a higher rate than the federal government charges for production on federal lands." [Government Accountability Office, 09/24/19]

New Mexico's Royalty Rate Is 12.5, 16.67, 18.75, Or 20% Compared To The Federal Government's Onshore Rate Of 12.5%. [Government Accountability Office, 09/24/19]

Table 1: Federal and State Lease Terms and Practices for Onshore Oil and Gas Leases, as of September 2019

	Primary Term years)[a]	Minimum bonus bid[b] (per acre)	Rental rate[c] (per acre)	Royalty Rate (percent)
Federal Lease Terms				
Onshore	10	$2.00	$1.50 or $2.00[d]	12.5[e]
Selected State Lease Terms				
Colorado	5	None	$2.50	18.75 or 20[f]
Montana	10	None	$1.50/2.75/4.00[g]	16.67
New Mexico	5	Varies[h]	$0.25 – 1.00	12.5, 16.67, 18.75 or 20[i]
North Dakota	5	$1.00	$1.00	16.67 or 18.75[j]
Oklahoma	3	$5.00	$1.00	18.75
Texas	3	$10.00[k]	$10.00	25
Utah[l]	5	$2.00	$2.00[m]	16.67[n]
Wyoming	5	$1.00	$1.00	12.5 or 16.67[o]

Sources: GAO analysis of federal and state laws and regulations, and state officials. | GAO-19-718T

Source: GAO

...And Boosting The Federal Royalty Rate Could Bring In Millions Annually.

An Independent Watchdog Estimates Raising Royalty Rates Could Bring In Tens Of millions More Revenue Annually To New Mexico

GAO Found That Modest Royalty Increases Could Boost Revenues By $38 Million Annually. "The oil and gas studies that GAO reviewed estimated that raising the federal royalty rate could increase net federal revenue between $5 million and $38 million per year. One of the studies stated that net federal revenue would increase under three scenarios that modeled raising the royalty rate from the current 12.5 percent to 16.67 percent, 18.75 percent, or 22.5 percent, while the other study noted that the effect on federal revenue would initially be small but would increase over time." [Government Accountability Office, 06/20/17]

- **The GAO Found That Increasing Royalty Rates Would Boost Revenue With A Minimal Impact To Production**. "In June 2017, we reported that raising federal royalty rates for onshore oil, gas, and coal resources could decrease oil and gas production on federal lands by either a small amount or not at all but could increase overall federal revenue, according to studies we reviewed and stakeholders we interviewed." [Government Accountability Office, 09/24/19]

If The Federal Rate Were More In Line With What States Charge, New Mexico Might Have Seen $800 Million More In Revenue In 2019

2019 Cost Of Low Royalty Rate In Western States*			
	2019 Royalty Revenue (actual)**	2019 Royalty Revenue (at proposed 20% rate)	2019 cost to state of low royalty rate

New Mexico	$1,340,557,753.87	$2,144,892,406.19	$804,334,652.32
Wyoming	$668,180,446.01	$1,069,088,713.61	$400,908,267.60
North Dakota	$318,929,799.71	$510,287,679.53	$191,357,879.82
Colorado	$124,657,581.71	$199,452,130.73	$74,794,549.02
Utah	$87,768,202.08	$140,429,123.32	$52,660,921.24
California	$75,459,265.98	$120,734,825.56	$45,275,559.58
Montana	$21,246,305.55	$33,994,088.88	$12,747,783.33
	$2,636,799,354.91		**$1,582,079,612.91***

Source: Interior Office Of Natural Resource Revenue

**These total cost is calculated from actual share of onshore oil and gas production revenues received by states under the low 12.5% rate and extrapolating them to the amount that states' share would have been had the royalty rate been 20%, all other factors equal. This cost is a conservative estimate because it only reflects the royalty rate change in the reconciliation package; it does not include new royalties for vented methane or increased revenues from updated rents and bonus bid increases.*

***The actual royalty revenue figures are from the Interior Office of Natural Resource Revenue. They reflect each state's 50% share of the standard 12.5% royalty rate.*

Major Oil And Gas Companies Pollute New Mexico, Hoarding Millions Of Acres Of The State For Oil And Gas Development, While Benefitting From Outdated Leasing Program.

Privately Owned Hilcorp Energy Emits Huge Amounts Of Methane From Its New Mexico Operations While Its Billionaire Owner Saves Big Thanks To Outdated Royalty Rates.

Billionaire-Owned Hilcorp Energy Is Known For Buying Oil And Gas Assets From Publicly-Owned Companies Attempt To Make Their Portfolios Appear Greener.

Hilcorp Is The "Largest Privately Held Independent Exploration & Production Company In The United States." "Founded in 1989, Hilcorp is the largest privately held independent exploration & production company in the United States." [Hilcorp, Our History, accessed 12/07/21]

Hilcorp Founder Jeffery Hildebrand's Net Worth Is Estimated To Be $2.9 Billion. [*Forbes*, 06/26/20]

Hilcorp Buys Aging Assets From Public Oil And Gas Companies Facing Pressure To Divest, Including The Purchase Of ConocoPhillips' Operations In New Mexico's San Juan Basin. "When ConocoPhillips sold off its old gas wells in the San Juan Basin in northwestern New

Mexico to Hilcorp Energy in 2017, it offloaded a struggling and aging operation that had weighed on its bottom line. The fossil fuel giant also rid itself of heavily polluting assets. […] The offloading of aging, high-polluting assets by big fossil fuel companies will very likely intensify. Rystad Energy, an Oslo-based energy consultancy, forecast that, by the end of the decade, the world's largest oil and gas companies will divest from more than $100 billion of assets as they adjust to the energy transition. Last year, Hilcorp bought BP's oil and gas business in Alaska." [*New York Times*, 06/02/21]

Of The Top Leasers Of Federal Land, Hilcorp Energy Controls The Most Leases In New Mexico, Hoarding 740,843 Acres For Oil And Gas Development.

Of The Top Leasers Of Federal Land, Hilcorp Energy Is The Largest Leaser Of Federal Land In New Mexico, Controlling 1,028 Leases Totaling 740,843 Acres. Hilcorp Energy leases 17% of federally-managed oil and gas leases in New Mexico. [Data From The Bureau Of Land Management]

Hilcorp Energy Is The Biggest Methane Emitter In The Fossil Fuel Industry, Dumping Six Times As Much Methane As Its Much Bigger Peers Largely Due To Its Aging Assets In New Mexico.

Hilcorp's Methane Leak Rate Is Six Times Higher Than The Average Of The Top 30 Oil And Gas Producers, Largely Due To Aging San Juan Oil Basin Operations. "According to the new analysis, Hilcorp, which has grown by buying up decades-old oil and gas assets, has the highest methane emissions in the country, despite being the 13th-largest gas producer. Hilcorp's methane emissions intensity, or leak rate, was almost six times higher than the average of the top 30 producers, largely caused by high emissions from its aging San Juan operations." [*New York Times*, 06/02/21]

- **Hilcorp Is The Largest Methane Emitter In The Fossil Fuel Industry, Reporting 50% More Methane Emissions Than The US's Largest Fossil Fuel Producer, ExxonMobil.** "According to a new analysis of the latest emissions data disclosed to the Environmental Protection Agency, five of the industry's top ten emitters of methane, a particularly potent planet-warming gas, are little-known oil and gas producers, some backed by obscure investment firms, whose environmental footprints are wildly large relative to their production. […] The largest emitter, Hilcorp Energy, reported almost 50 percent more methane emissions from its operations than the nation's largest fossil fuel producer, Exxon Mobil, despite pumping far less oil and gas." [*New York Times*, 06/02/21]

Methane Has 80 Times The Planet Warming Potential Than Carbon Dioxide. "The main component of natural gas, methane can warm the planet more than 80 times as much as the same amount of carbon dioxide over a 20-year period if it escapes into the atmosphere before being burned." [*New York Times*, 06/02/21]

Hilcorp Energy Has A History Of Dodging Royalty Payments Despite Saving Tens Of Millions Of Dollars Thanks To The Federal Government's Industry-Friendly Royalty Rates.

In 2020, Hilcorp Was Penalized By Alaska Regulators For Failing To Submit Meter Performance Report Used To Calculate Royalties. "The Alaska Oil and Gas Conservation Commission said in a May 14 order that Hilcorp failed to submit required meter performance reports for the Beaver Creek unit in the Kenai National Wildlife Refuge, Alaska's Energy Desk reported. The reports detail how accurately meters measure the volume of oil or gas leaving a field. The state uses the readings to calculate royalties owed to the government." [*AP*, 06/01/20]

- **Hilcorp Was Fined $30,000, With Regulators Citing Hilcorp History Of Violations As A Factor In Setting The Penalty.** "Alaska regulators have fined Hilcorp Energy Co. $30,000 for meter-related violations at an oil and gas field on the Kenai Peninsula, citing the company's history of violations as a factor for the penalty." [*AP*, 06/01/20]

Hilcorp Energy Paid $71.4 Million In Oil And Gas Royalties In 2020, But Would Have Paid As Much As $35.7 Million More If It Was Subject To New Mexico's Higher Royalty Rates For State Land. Hilcorp Energy paid the Department of the Interior $71 million in oil and gas royalties in 2020. It paid $107 million in 2019. Had Hilcorp paid the same higher royalty rates for state land in New Mexico (18.75%), it would have additionally paid $35.7 million in 2020 and $53 million in 2019. [U.S. Department of the Interior, Office of Natural Resources Revenue]

Hilcorp Energy Oil and Gas Royalties - 2020	
Federal Rate	*New Mexico Rate*
$71,399,076	$107,098,613
Cost To Taxpayers	**$35,699,538**

Hilcorp Energy Oil and Gas Royalties - 2019	
Federal Rate	*New Mexico Rate*
$106,733,291	$160,099,937
Cost To Taxpayers	**$53,366,646**

Hilcorp Has Incurred Millions In Environmental Fines, Including One Case Of Dredging Coastal Zones Without A Permit.

Hilcorp Has Been Fined $2,017,622 For Environmental Violations Since 2000. [Good Jobs First, Violation Tracker, accessed 12/07/21]

- **Hilcorp Has Been Fined $99,673 For Safety Violations Since 2000.** [Good Jobs First, Violation Tracker, accessed 12/07/21]

Hilcorp Energy, In 2018, Paid Nearly $1 Million To Settle A Lawsuit Brought By Louisiana Oystermen "For Dredging In The Coastal Zone Without A Permit." "The Louisiana Oystermen Association and Hilcorp Energy Company filed a consent judgment that, if approved by the court, will settle the association's lawsuit against Hicorp for dredging in the coastal zone without a permit, according to a news release. The Texas-based oil and gas exploration company has agreed to pay $920,000 toward development of an alternative oyster fishing method, mitigation, monitoring and restoration." [*The Times-Picayune*, 06/15/18]

Occidental Petroleum Has Tried To Skirt Royalty Payments And Been Fined $34M For Filing False Claims With The Government On Top Of $5.4B In Environmental Violations.

Occidental Petroleum Made Over $16 Billion In 2020, Bumping Its CEO's Multi-Million Dollar Compensation As A Result.

Occidental Petroleum's Annual Revenue Was $16.26 Billion In 2020 And $21.75 Billion In 2019. [Occidental Petroleum Form 10-K, U.S. Securities and Exchange Commission, 02/26/21]

Occidental Petroleum President And CEO Vicki Hollub Made $14.1M In Total Compensation In 2020. [Occidental Petroleum Schedule 14A, U.S. Securities and Exchange Commission, 03/26/21]

- **Occidental's Vicki Hollub Received A Pay Cut In 2020 During The Onset Of The Coronavirus Pandemic, But Her Salary Was "Restored To $1 Million" In Early 2021.** "Occidental Petroleum Corp said on Thursday it had restored a major portion of its chief executive officer's base salary, nearly a year after its management and employees were to forced to take a pay cut to battle one of the industry's worst downturns. CEO Vicki Hollub's salary was restored to $1 million, effective Jan. 1, 2021, with the move coming at a time when U.S. crude prices have touched a year high and are near $60 per barrel." [*Reuters*, 02/11/21]

- **Occidental Petroleum President And CEO Vicki Hollub Made $16M In Total Compensation In 2019.** [Occidental Petroleum Schedule 14A, U.S. Securities and Exchange Commission, 03/26/21]

Of The Top Leasers Of Federal Land, Occidental Petroleum Controls The Second Most Leases In New Mexico, Hoarding 280,286 Acres For Oil And Gas Development.

Of The Top Leasers Of Federal Land, Occidental Petroleum Is The Second Largest Leaser Of Federal Land In New Mexico, Controlling 848 Leases Totaling 280,286 Acres. [Data From The Bureau Of Land Management]

Despite Saving Millions Thanks To The Federal Government's Low Royalty Rate, Occidental Petroleum Has Still Been Sued For Underpaying Royalties For Years And Been Fined Over $34M For Making False Claims To The Government.

Occidental Petroleum Paid $398 Million In Oil And Gas Royalties In 2020, But Would Have Paid As Much As $199 Million More If It Was Subject To New Mexico's Higher Royalty Rates For State Land. Occidental Petroleum paid the Department of the Interior $389 million in oil and gas royalties in 2020. It paid $656 million in 2019. Had Occidental paid the same higher royalty rates for state land in New Mexico (18.75%), it would have additionally paid $199 million in 2020 and between $328 million in 2019. [U.S. Department of the Interior, Office of Natural Resources Revenue]

Occidental Petroleum Oil and Gas Royalties - 2020	
Federal Rate	*New Mexico Rate*
$398,282,871	$597,424,306
Cost To Taxpayers	**$199,141,435**

Occidental Petroleum Oil and Gas Royalties - 2019	
Federal Rate	*New Mexico Rate*
$656,310,976	$984,466,465
Cost To Taxpayers	**$328,155,488**

Occidental Petroleum Tried To "Dodge Paying The U.S. Government Nearly $2 Million In Gas Royalties For Leases In Northeastern New Mexico" It Was Ordered To Pay In 2016. "Oxy USA Inc can't dodge paying the U.S. government nearly $2 million in gas royalties for leases in northeastern New Mexico despite the company's efforts to whittle down the price, a federal judge has ruled." [*Law360*, 12/17/20]

- **Occidental Has Attempted To Get Out Of Their $2M Royalty Obligation As Recently As July 2021.** "Occidental Petroleum Corp. on Wednesday urged the Tenth Circuit to wipe out an order that it pay $2 million in federal gas royalties for leases in northeastern New Mexico, saying a lower court rubber-stamped the government's erroneous conclusion that the company needed to pay up." [*Law360*, 07/22/21]

Occidental Petroleum, In 2020, Paid $13 Million To Settle A Lawsuit Brought By Gas Royalty Owners Who Accused The Company Of Shorting Them On Payments. "Some 1,800 gas royalty owners have reached a confidential settlement with Oxy USA Inc. in their $13 million suit accusing the company of shorting them on payments, according to court documents filed Monday. The settlement announced in Kansas federal court ends a two-year battle that started when lead plaintiff Hitch Enterprise Inc. claimed the oil and gas business shouldn't have subtracted processing costs from the royalties it paid out." [*Law360*, 06/08/20]

An Occidental Petroleum Subsidiary, In 2021, Was Sued By Colorado Landowners For Underpaying Royalties For Seven Years. "A trio of Weld County landowners are suing the local affiliates of oil giants Chevron Corp. (NYSE: CVX) and Occidental Petroleum Inc. (NYSE: OXY), saying that they have underpaid on mineral royalties for more than seven years. […] The three plaintiffs sued the drillers in April 2020, claiming that their mineral royalties had been diluted over the course of at least six years after Noble and Kerr-McGee allegedly deducted payments to cover the cost of moving oil from a remote well to refineries for processing." [*Greely Tribune*, 05/20/21]

Occidental Petroleum Was Forced To Pay Over $34 Million In Penalties For Multiple Violations Of The False Claims Act. [Good Jobs First, Violation Tracker, accessed 12/06/21]

- **The False Claims Act Prohibits Submitting Knowingly False Claims To The Government.** "The FCA provided that any person who knowingly submitted false claims to the government was liable for double the government's damages plus a penalty of $2,000 for each false claim. The FCA has been amended several times and now provides that violators are liable for treble damages plus a penalty that is linked to inflation." [US Department Of Justice, The False Claims Act, 01/14/21]

Occidental Is Responsible For $5.4B In Environmental Violations, Including Dumping Toxic Waste And Oil In Indigenous Communities In Peru For Three Decades And Causing The Infamous Love Canal Toxic Dump Case.

Occidental Petroleum Has Been Fined $5.4B In Environmental Violations Since 2000. [Good Jobs First, Violation Tracker, accessed 12/06/21]

- **Occidental Petroleum Has Been Fined $1.3M for Competition-Related Offenses And $541,643 For Safety-Related Offenses.** [Good Jobs First, Violation Tracker, accessed 12/06/21]

Occidental Petroleum Paid $129M To Cleanup Love Canal, "The Most Notorious Toxic Dumping Case Of The 1970s." "Occidental Chemical Corp. agreed Thursday to pay $129 million in cleanup costs for Love Canal, all but ending 16 years of legal battles with the federal government over the most notorious toxic dumping case of the 1970s." [*AP*, 12/22/95]

- **The Settlement Was A Results Of A 16-Year Lawsuit Filed By The U.S. Department Of Justice.** "The agreement results from a Justice Department lawsuit filed 16 years ago after a toxic waste nightmare forced the evacuation of more than one thousand homes, an elementary school and an entire neighborhood in Niagara Falls, New York." [U.S. Justice Department, Press Release, 12/21/95]

Occidental Petroleum Paid An "Undisclosed Sum" To Settle A Lawsuit From Indigenous Communities In Peru Over Three Decades Of Dumping Oil And Toxic Byproducts In Their Territory. "Occidental Petroleum agreed to pay "an undisclosed sum" to settle a lawsuit brought by indigenous communities in Peru that alleged that "the company spilled oil and dumped toxic byproducts in their territory over three decades ending in 2001, causing premature deaths, birth defects and other health problems." The case was brought by "five Achuar communities, along with the environmental group Amazon Watch," in 2007. The settlement "was reached in 2013 in Los Angeles federal court" but was not announced until 2015. […] Five Achuar communities, along with the environmental group Amazon Watch, sued Occidental in 2007, alleging the company spilled oil and dumped toxic byproducts in their territory over three decades ending in 2001, causing premature deaths, birth defects and other health problems." [*Los Angeles Times*, 03/05/15]

EOG Resources Hoards 390 Leases In New Mexico While Repeatedly Failing To Hundreds Of Thousands In Royalties.

EOG Resources, An Enron Off-Shoot, Enjoyed $11B In Revenue In 2020 While Its CEO Made $7.9M During The First Year Of The COVID-19 Pandemic.

EOG Resources Spun Off From Enron Corp In 1999. "EOG, spun off from the now-defunct Enron Corp. in 1999, has 2,800 employees, including about 600 in the Houston area." [*Houston Chronicle,* 11/12/20]

EOG Resources Had An Annual Revenue Of $11 Billion In 2020 And $17.4 Billion In 2019. [EOG Resources Form 10-K, U.S. Securities and Exchange Commission, 02/25/21]

EOG Resources Chairman And CEO, William R Thomas, Made $7.9M In Total Compensation In 2020. [EOG Resources Schedule 14A, U.S. Securities and Exchange Commission, 03/19/21]

- **Thomas Made $12.7M In Total Compensation In 2019.** [EOG Resources Schedule 14A, U.S. Securities and Exchange Commission, 03/19/21]

Of The Top Leasers Of Federal Land, EOG Resources Controls The Third Most Leases In New Mexico, Hoarding 268,184 Acres For Oil And Gas Development.

Of The Top Leasers Of Federal Land, EOG Resources Is The Third Largest Leaser Of Federal Land In New Mexico, Controlling 390 Leases Totaling 268,184 Acres. [Data From The Bureau Of Land Management]

EOG Resources Has A History Of Royalty Violations Despite Already Saving Tens Of Millions Under The Outdated Federal Leasing Program.

EOG Resources, "The Largest Oil And Gas Operator In Laramie County," Was Sued In Federal Court For Failing To Pay Royalties On Time. "A federal lawsuit was filed last month in Wyoming alleging EOG Resources, the largest oil and gas operator in Laramie County, has failed to pay royalty proceeds on time, as well as the accompanying interest from failing to meet those deadlines, to those who are owed them." [*Wyoming Tribune Eagle,* 10/08/20]

EOG Resources, In 2018, Was Ordered To Pay Over $700,000 After It Was Sued Over Royalties By A Texas Family And Another Oil Company. "Justices sided 6 to 3 with U.S. Shale Energy II LLC and three members of the Roush family, awarding them 10 percent of royalties on eight oil wells drilled by EOG Resources Inc. (NYSE: EOG) on two leases southeast of Gillett. Under the ruling, U.S. Shale Energy and the Roush family are expected to receive more than $700,000 in royalties and attorneys fees in a case that provides legal guidelines and clarifications on how to interpret royalties and deeds in dozens of similar cases." [*San Antonio Business Journal*, 07/02/18]

EOG Resources, In 2003, Paid $6 Million To Settle A Class-Action Lawsuit That Alleged That The Company Failed To Properly Pay Royalties From Oil And Gas Development In Violation Of The Wyoming Royalty Payment Act. "Whereas, the Plaintiffs made claims int eh Class Suit against EOG for alleged violations of the Wyoming Royalty Payment Act, Wyo. Stat, § § 30-5-301 to 30-5-305 (the "Act") […] Whereas, Plaintiffs advised EOG of their intention to amend the Complaint to make claims in the Class Suit for alleged undervaluation of gas, condensate and natural gas liquids and, accordingly, EOG provided certain information to the Plaintiffs regarding revenues (as described in Paragraphs 2.8.1, 2.8.2, and 2.8.3 of this

Agreement) so that the parties could evaluate and settle valuation claims as well […] Whereas , Plaintiffs made claims int eh Class Suit against EOG for alleged interest, including without limitation Wyo. Stat. § 30-5-303(a) (collectively "Statutory Interest") on all production revenues which we not timely paid for EOG. […] "EOG Settlement Amount" shall be Six Million Dollars." [Madsen et. al. v. EOG Resources, Wyoming Third Judicial District Court, Civil Action No. 10,548, Court Order and Settlement Agreement, 07/05/05]

EOG Resources Paid $204 Million In Oil And Gas Royalties In 2020, But Would Have Paid As Much As $102 Million More If It Was Subject To New Mexico's Higher Royalty Rates For State Land. EOG Resources paid the Department of the Interior $204.5 million in oil and gas royalties in 2020. It paid $228.6 million in 2019. Had EOG Resources paid the same higher royalty rates for state land in New Mexico (18.75%), it would have additionally paid $102 million in 2020 and $114 million in 2019. [U.S. Department of the Interior, Office of Natural Resources Revenue]

EOG Resources Oil and Gas Royalties - 2020	
Federal Rate	*New Mexico Rate*
$204,472,727	$306,709,091
Cost To Taxpayers	**$102,236,364**

EOG Resources Oil and Gas Royalties - 2019	
Federal Rate	*New Mexico Rate*
$228,611,366	$342,917,049
Cost To Taxpayers	**$114,305,683**

EOG Resources Was Forced To Pay Over $1.6 Million In Penalties For Numerous Violations Of Environmental And Safety Regulations.

EOG Resources Paid $1,484,637 For Environmental Violations Since 2000. [Good Jobs First, Violation Tracker, accessed 12/06/21]

EOG Resources Paid $131,869 In Safety-Related Violations Since 2000. [Good Jobs First, Violation Tracker, accessed 12/06/21]

ConocoPhillips, Devon Energy, And Southland Royalty Have Been Forced To Pay Upwards Of $141M For Attempting To Skirt Royalty Payments In New Mexico.

ConocoPhillips, In 2005, Paid $21.7 Million To Settle "A Royalty Dispute Involving Coalbed Methane (CBM) Produced From Federal Leases In New Mexico." "ConocoPhillips and the US Minerals Management Service negotiated a $21.7 million settlement of a royalty dispute involving coalbed methane (CBM) produced from federal leases in New Mexico. ConocoPhillips agreed to pay MMS for royalties from Jan. 1, 1989, through the end of this month. MMS will split the settlement equally with the state of New Mexico." [*Oil & Gas Journal*, 06/15/05]

A ConocoPhillips Subsidiary, In 2017, Paid $7.5 Million To Settle A Lawsuit Claiming That It "Underpaid Royalties On Gas Production From Certain Federal Leases" In New Mexico. "Compass Bank, as Trustee of the San Juan Basin Royalty Trust (NYSE:SJT) (the "Trust"), today announced that the Trust entered into a compromise settlement agreement (the "Settlement Agreement") with Burlington Resources Oil & Gas Company LP ("Burlington"), a wholly-owned subsidiary of ConocoPhillips, with respect to the lawsuit that the Trust filed against Burlington on July 31, 2014. […] The Settlement Agreement provides that Burlington pay the Trust $7.5 million to resolve the 2014 Litigation and all disputed and/or unresolved audit exceptions asserted by the Trust for the audit years January 1, 2007 through December 31, 2016. […] The Settlement Agreement includes a mutual release of each party and its affiliates for any claims or damages arising out of or related to any acts, events or omissions occurring prior to January 1, 2017, including with respect to any claims asserted by the Office of Natural Resource Revenue (the "ONRR") against Burlington and/or ConocoPhillips to pay additional royalties for production for periods prior to January 1, 2017." [*Business Wire,* 09/18/17]

Devon Energy And A ConocoPhillips Subsidiary Paid $27.75M And $85M, Respectively, To Settle A Lawsuit Alleging The Companies Underpaid Royalties In The San Juan Basin. "Two class action lawsuits have been settled in favor of New Mexico royalty and overriding royalty owners. Devon Energy Corporation and Burlington Resources have settled claims that they underpaid royalties in the San Juan Basin by improperly deducting costs of treating and transporting coalbed methane gas. In Davis v. Devon Energy Corp., New Mexico First Judicial District Court No. D-0101-CV-2003-01590, Devon settled the case for $27.75 million. In Ideal v. Burlington Resources Oil & Gas Company LP, New Mexico First Judicial District Court No. D-0101-CV-2003-02309, the defendants paid $85 million. In these class action cases, filed in 2003, the royalty owners plaintiffs claimed that the defendants improperly deducted certain transportation and treatment costs of to place coalbed methane gas in pipeline quality condition." [Texas AgriLife Extension Service Blog, 12/17/14]

In 2019, Southland Royalty Was Sued For Underpaying Royalties On 300 Leases In New Mexico. "This class action takes on Southland Royalty Company, LLC on the subject of royalties for some 300 gas leases in which it has an interest. The complaint alleges that Southland permits third-party operators to work its leases and that these third-party operators do not pay the full amount of what is owed in royalties. The complaint claims that Southland is ultimately responsible for the payments." [Class Action Reporter, accessed 12/07/21]

- **Claims Against Southland Royalty Exceed $5M.** "This Court has subject matter jurisdiction over this class action case pursuant to 28 U.S.C. § 1332(d)(2), because: (1) this lawsuit is a class action consisting of more than 100 members of the defined class; (2) there are multiple members of the defined Class who are citizens of a state different from the states in which Defendant Southland is deemed to be a citizen; and (3) the aggregate amount in controversy for the Class members' claims against Southland is in excess of $5,000,000, exclusive of interest and costs." [US District Court For The District Of New Mexico, Case No 1:19-cv-00946-JFR-LF, 10/09/19]