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New Mexico Ethics Watch Announces New Report on Oil And Gas Industry Political Contributions

The year 2020 will forever be synonymous with misery. Besides killing nearly 3,200 people in New Mexico, the COVID-19 pandemic forced the economy to shut down, causing tens of thousands to lose their jobs in this state in 2020. But according to a new report by New Mexico Ethics Watch, money from oil and gas interests to New Mexico politicians and political organizations continued to flow, with almost \$3.3 million from the industry going to political causes during this past election cycle.

Using campaign finance data from the New Mexico Secretary of State's Office and the National Institute on Money in Politics' FollowtheMoney.org, New Mexico Ethics Watch documented \$3,296,839 in direct contributions from the industry to candidates, committees, and PACs in the state during the primary and general elections last year. This amount is eye-popping in a small, low-income state like New Mexico, where the average annual income, according to the U.S. Census Bureau, is just over \$26,000. However, the totals would increase dramatically if lobbyist compensation were included. New Mexico does not require this disclosure, unlike many other states.

"Though the pandemic left many New Mexicans struggling to make ends meet, oil-friendly politicians didn't have to worry about their campaign coffers going dry," said Kathleen Sabo, executive director of New Mexico Ethics Watch. "Hopefully this report will encourage journalists, academic researchers and the general public to better scrutinize the political activities of this major industry. And we hope policy makers will take action to improve transparency and accountability in the area of campaign finance."

Sabo co-authored the report with New Mexico Ethics Watch's Lauren Hutchison, Tony Ortiz, Steve Terrell and Collin Troy.

Because of New Mexico's government being so dependent on oil revenues, it's not surprising that the industry remains a major source of funding for political campaigns.

In the most recent fiscal year that ended in June 2020, oil and gas revenues contributed \$2.8 billion or about 33.5 percent of the money that flows into the state government's general fund, according to a recent report by the New Mexico Tax Research Institute. And oil and gas revenues make up an even higher percentage of the state's two permanent funds, the Land Grant Permanent Fund and the Severance Tax Permanent Fund. In the midst of the pandemic, oil production in New Mexico was actually up more than 10 percent over the previous year and prices rebounded to nearly \$50 per barrel by mid-January. But the price of oil always is volatile and prone to boom-and-bust cycles. As recently as April 2020, the price of a barrel dropped into negative territory due to an oil glut and a pandemic-related decrease in demand.

But the sheer size of the political contributions of oil and gas creates a cynical impression that the industry is buying its way out of increased royalties and additional regulations.

In the new report, New Mexico Ethics Watch looked at campaign contributions and expenditures from 50 companies and 29 individual contributors, as well as dozens of political action committees and lobbyists from the oil and gas sector. The full report can be found, with a summary of key findings, at: <http://nmethicswatch.org/wp-content/uploads/2021/01/NMEW-Oil-and-Gas-Follow-Up-Report-Highlights-01292021.pdf>

As was the case in the previous election cycle, the California-based Chevron corporation overwhelmingly was the top source of political money for New Mexico politicians in 2020, spending almost \$1.8 million last year. Chevron lobbyists alone gave \$700,000 during the primary to a PAC called “New Mexico Strong,” which, despite its name, is based in Texas. The committee used most of its resources to produce ads, mailers and other campaign help for several conservative Democratic state senators, all but one of whom lost their primary races.

Individual donors from the oil and gas industry also contributed generously in 2020. For instance, members of the Yates family – which has been involved in New Mexico’s oil business for generations and has for years been a leading source of campaign cash for New Mexico Republicans - remained a major source of campaign funding for Republicans. Individual Yates family members and their companies gave more than \$400,000 during the entire election cycle. The top four individual oil and gas contributors in 2020 were members of the Yates family.

Just over 70 percent of the oil and gas contributions last year came from out-of-state companies, individuals and committees.

As usual, Republican candidates and organizations received the majority of oil and gas political contributions in 2020 – about 60 percent of the total. But oil and gas interests still were generous to Democrats, contributing heavily to Democratic leadership PACS in the Legislature, which help fund the campaigns of rank-and-file members. The industry gave more than \$182,000 to House Speaker Brian Egolf’s PAC and \$67,500 to the New Mexico Senate Democrats’ PAC. (During the recent election Ryan Flynn, president and CEO at the New Mexico Oil & Gas Association, got in trouble with New Mexico Republicans for saying nice things about some Democrats. State GOP Chairman Steve Pearce and other New Mexico Republican leaders have called for Flynn’s resignation because of this.)

Besides the campaign finance data, the new report tracks the relationship between industry donations to policymakers and the outcome of specific legislation during the 2020 legislative session. Among those proposals was House Bill 173, which would have imposed a new gasoline surtax and special fuel excise tax. Another proposal, HB 293, would have appropriated \$150,000 to the Environment Department for finalizing its evaluation of emissions trends and proposed policies to reduce carbon dioxide and other greenhouse gas emissions. Both bills were effectively killed in the House Appropriations and Finance Committee, whose chairwoman is a major recipient of oil and gas money.

One factor that possibly could affect oil and gas contributions in the future is the fact that some major energy companies, especially electric utilities, are starting to move away from fossil fuels and toward alternative energy sources. Southwestern Public Service Company, which provides electric service for much of eastern New Mexico, has been increasing its reliance on wind energy for years. The state’s

largest utility, Public Service Company of New Mexico, helped push the state's Energy Transition Act in 2019, and has pledged to be 100 percent carbon free by 2040.

Even Chevron announced in July that it's signed an agreement with a Canadian energy company to develop renewable power projects to provide electricity to its facilities around the world. The previous year, Chevron signed a 12-year power purchase agreement to provide its operations in the Permian Basin with about 65 MW of renewable electricity sourced from a new West Texas wind farm. Of course, this doesn't mean Chevron plans to stop pumping oil out of the ground in the near future. But when giant oil companies start bragging about their renewable energy efforts, something's in the air.

The full report and additional resources can be found on the [NM Ethics Watch](#) website.

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