

This is an amendment to 19.1.3 NMAC, Sections 7, 12, 13 and 14, effective 8/26/2025.

19.1.3.7 DEFINITIONS:

A. “Agricultural easement” means a less than fee simple interest in land that is granted in perpetuity, which creates a legally enforceable land protection or preservation agreement and restricts or prohibits the future development, including subdivision, or alteration of the land or the permanent severance of any appurtenant water rights for a purpose other than agricultural production or the natural values of the land. The fee simple ownership remains with the landowner and the landowner continues uses of the land that are consistent with the provisions of the easement with no requirement for public access although the landowner may allow such access.

B. “Agricultural production” means the production for commercial purposes of crops, livestock or livestock products, including the processing or retail marketing of crops, livestock or livestock products that are primarily produced on site by an operator of a working farm, ranch or other agricultural land. The term includes use of land that is devoted to and meets requirements and qualifications for soil conservation programs under an agreement with an agency of the federal government and may include periodic fallowing and practices that promote conservation of land and water on and near the property.

C. “Applicant” means a qualified entity.

D. “Committee” means the natural lands protection committee established pursuant to Subsection A of Section 75-5-4 NMSA 1978.

E. “Conservation easement” means a less than fee simple interest in land granted in perpetuity, which creates a legally enforceable land protection or preservation agreement that restricts or prohibits further subdivision and may restrict or prohibit development, commercial and industrial uses or other activities, or alteration of the land or any appurtenant water rights necessary to maintain or preserve certain conservation values (*e.g.*, natural resource, wildlife habitat, scenic, open space, cultural, historic or recreational and educational) on the subject property. The fee simple ownership remains with the landowner and the landowner continues uses of the land that are consistent with the provisions of the easement with no requirement for public access although the landowner may allow such access.

F. “Conservation entity” means a private nonprofit charitable corporation or trust authorized to do business in New Mexico that has tax-exempt status as a public charity pursuant to the internal revenue code of 1986 and that has the power to acquire, hold or maintain land or interests in land.

G. “Conservation project” means the acquisition of conservation or agricultural easements from a willing seller or a land restoration project that protects the state’s natural heritage, customs and culture through action that preserves and conserves water quality and quantity to conserve and restore natural ecosystem function and processes; protects agricultural production on working farms, ranches and other agricultural lands; protects and restores New Mexico’s forests and watersheds; conserves and restores wildlife habitat; maintains natural areas; provides outdoor recreation opportunities, including hunting and fishing and trails; or preserves cultural and historic sites with natural resources heritage value.

H. “Department” means the energy, minerals and natural resources department.

I. “Fund” means the natural heritage conservation fund.

J. “In-kind” means property or services that benefit a grant-supported conservation project that are contributed without charge or at less than fair market value. In-kind contributions for purposes of land restoration projects may consist of the cost of operating equipment or equipment rental, goods or services, including labor, directly benefitting the land restoration project and specifically identifiable to the land restoration project. Labor costs included as in-kind shall be documented as reasonable and reference rates applicable to the local area and type of service. In-kind contributions for purposes of agricultural or conservation easements means the donation of interests in real property or the payment of transactional costs such as appraisals, environmental assessments, title insurance [ø], surveys, mineral remoteness reports, baseline documentation reports, reasonable contributions to restricted stewardship funds held by the qualified entity or conservation entity, or labor costs required to produce these items.

K. “Land restoration project” means actions intended to renew a degraded, damaged or destroyed natural land area and associated vegetation or water features through active intervention, where the action is founded upon science-based technical information and prediction of the intervention’s outcome such that it stimulates or accelerates natural system health, integrity and sustainability toward a specified outcome. Restoration includes an array of actions including erosion control, reforestation, forest thinning, re-vegetation of disturbed sites, repair of

aquatic systems, removal of non-native species of animals and plants and the related sustainable re-establishment of native species, re-establishment of extirpated native species, measures taken to restrict disturbance to areas of crucial habitat or to develop and restore more suitable habitat and improved outdoor recreation opportunities and overall habitat and range improvements for native species benefit. A project includes related assessment and monitoring to judge long-term effectiveness and determine and implement periodic corrective or additional actions needed to achieve objectives.

L. “Natural resource heritage value” means a vegetation community component, animal species assemblage or combination thereof; other naturally occurring representation of biological diversity; or esthetically appealing vistas of natural landscape that are significant or important.

M. “Partner” means a conservation entity or other individual or entity cooperating or assisting a qualified entity with planning, applying for and executing a conservation project, which is specifically identified in an application, and will be a participant in a public-private conservation project.

N. “Qualified entity” means a state agency, a state educational institution named in Article 12, Section 11 of the constitution of New Mexico, a political subdivision of the state; or, for conservation projects wholly within New Mexico, an Indian tribe or pueblo.

O. “Working farm, ranch or other agricultural land” means land that has been primarily devoted to active agricultural production for at least two of the five years immediately prior to consideration for an agricultural easement or other conservation project.

[19.1.3.7 NMAC - N, 7/30/2010; A, 8/26/2025]

19.1.3.12 APPLICATION REVIEW:

A. The committee shall review applications that are timely, that are complete and that comply with the Natural Heritage Conservation Act and 19.1.3 NMAC and evaluate them against the criteria in Subsection B of 19.1.3.12 NMAC. The committee may reject untimely applications, incomplete applications or applications that do not comply with the Natural Heritage Conservation Act or 19.1.3 NMAC. The department secretary, upon request by the committee, may provide technical assistance through staff assignment or a group of public agency and private individuals selected to assist during a specified review cycle. After review, the committee shall make its recommendations on all evaluated conservation projects to the department.

B. The committee shall evaluate applications for conservation projects based upon the following criteria:

(1) the degree to which the conservation project serves the purposes of the Natural Heritage Conservation Act;

(2) the extent of cash and in-kind matching financial support for the conservation project from sources other than the state, in context with the amount of funding requested and available overall;

~~(3)~~ (3) the degree to which transaction costs are reasonable and justified;

~~(4)~~ (4) the applicant's and partner's technical qualifications and its ability to complete and maintain the proposed conservation project;

~~(5)~~ (5) the degree to which the conservation project fosters and integrates with existing conservation plans, strategies and initiatives;

~~(6)~~ (6) the potential for benefits at the landscape and ecosystem scale;

~~(7)~~ (7) the potential for improved public access for outdoor recreation opportunities, including hunting and fishing;

~~(8)~~ (8) the potential for economic benefits, including direct commerce and ecosystem services, of the completed conservation project;

~~(9)~~ (9) complementary or strategic values through proximity to other conservation actions, priorities or projects;

~~(10)~~ (10) conservation project readiness for completion on a timely schedule;

~~(11)~~ (11) degree and extent of partner involvement;

~~(12)~~ (12) the likelihood that the conservation project as proposed will have long-term success in achieving its purposes and will have long-term sustainability, including involvement of land dedicated to conservation purposes and an explicit monitoring plan;

~~(13)~~ (13) degree to which water quality and quantity protect, restore, and manage watershed to maintain healthy waterflows

C. The committee will evaluate and categorize applications according to the following matrix of factors and relative values and base its assessment and recommendations on the matrix. The committee has discretion to determine how to use the information from the matrix to determine value assignments among features

of each application, in consideration of any limitations identified in the application cycle announcement as provided for in Subsection A of 19.1.3.11 NMAC.

Factor	Level 4	Level 3	Level 2	Level 1
Serves purposes of the Natural Heritage Conservation Act	Clearly serves all purposes	Clearly serves multiple purposes	Clearly serves one purpose and may serve others	Questionable if any purposes are adequately served
Extent of matching cash and in-kind financial support	Applicant/Partner provide more than 75% of project costs	Applicant/Partner provide 50 to 75% of project costs	Applicant/Partner provide 25 to 49% of project costs	Applicant/Partner provide less than 25% of project costs
<u>Transaction costs are reasonable and justified</u>	<u>Documentation of transaction costs is complete and within the allowable amount</u>	<u>Partial documentation of costs is provided and the amount requested is allowable</u>	<u>Partial documentation of costs is provided and the amount requested is not allowable</u>	<u>No documentation of costs</u>
Qualifications and ability of applicant and partners to complete and maintain proposed project	Substantial past experience and continuing capability to do proposed work and follow-up	Demonstrated completions of similar work and is fully structured to do similar work	Demonstrates some past ability and basic documented qualifications and infrastructure	Indicates uncertain capability or has no prior experience and necessary infrastructure
Degree of fostering existing conservation plans, strategies and initiatives (PSIs) specified in the cycle announcement	Project has substantial relation to most PSIs and directly fosters several	Project clearly fosters multiple PSIs and directly relates to several	Project has clear relation to one PSI and possible service to others	Project has uncertain relation to any PSIs or no clear degree of fostering
Potential for benefits at landscape or ecosystem scale	Substantial landscape and ecological scale benefits are evident in completed work	Substantial landscape or ecological scale benefits are evident in completed work	Desired scale benefits are evident, but are judged minimal	No clear benefits are evident at desired scale
Potential for improved public access to outdoor recreation opportunities on or off project site	Multiple enhanced recreation opportunities are evident, including hunting and fishing	Some enhanced outdoor recreation opportunities are evident and have prospect for growth	Some enhanced outdoor recreation opportunities are evident but are limited	Proposal has no discernible outdoor recreation elements
Potential economic benefits of completed project	Project has multiple economic benefits at multiple scales	Project has some economic benefits locally and broader	Project shows economic benefits, at least locally	Project has no discernible economic benefits

Factor	Level 4	Level 3	Level 2	Level 1
Complementary or strategic values through proximity to other ongoing or completed conservation actions, including any priority areas formally identified by the committee	Project is within a priority area or directly links to nearby completed or ongoing conservation actions and provides added heritage values	Project is within a priority area but has limited relationship to other conservation actions that will provide synergistic heritage values	Project is not within a priority area but has proximity to other actions that may provide synergy or economy of scale or cost effectiveness	Project has no proximity to other conservation endeavors and is not otherwise distinctive as a starting point
Degree of readiness to start and complete project on timely schedule	Readiness and time schedule are clear and background work is complete; timely execution is essentially assured	Readiness and time schedule are clear and reasonable to the project, but could experience some delay	Readiness and time schedule are clear, but have acknowledged or likely delays inconsistent with the nature of the project	Readiness and completion scheduling is unspecified, unclear or uncertain
Degree and extent of partner involvement	Multiple entity project where reasonable partnering is included with clear and substantive involvement and contribution	Multiple entity project where reasonable partnering is included beyond minimal but is not extensive	Single or multiple entity project where partnering is included, but is minimal	Single entity project with no partner involvement when such partnership is possible and advised
Likely long-term success and sustainability	Project is well-described and accomplishable with substantive provisions for sustained maintenance and routine outcome assurance	Project is well-described and accomplishable with basic provisions for sustained maintenance and periodic outcome assessment	Project is inherently achievable but contains limited provisions for maintenance over the long-term	Project appears basically achievable, but long-term outcome is questionable or uncertain
<u>Degree of water quality and quantity benefit</u>	<u>Project is well-described with substantive provisions to protect, restore, and manage watershed to maintain healthy waterflows, including the protection of transferable water rights</u>	<u>Project is well-described with basic provisions to protect, restore, and manage watershed to maintain healthy waterflows</u>	<u>Project identifies some provisions, but insufficient</u>	<u>Does not address</u>

D. A summary of committee judgments, without attribution to individual committee members, among factors described in Subsection C of 19.1.3.12 NMAC will be made public regarding all applications that are recommended to the department for funding and those that are not recommended to be funded.

E. Any changes to the scope, budget, or expected outcome of a project that has been recommended for funding shall be reported by the qualified entity to the department in writing and in detail for each individual change. Changes will be reviewed by the department and either approved or referred to the committee for further review based on whether the department determines that the committee's original evaluation may receive a more negative assessment.

[19.1.3.12 NMAC - N, 7/30/2010; A, 8/26/2025]

19.1.3.13 GRANT AWARDS:

A. A conservation project involving acquisition of a conservation or agricultural easement requires an appraisal that establishes the fair market value of the conservation or agricultural easement and meets United States treasury regulations and the uniform standards of professional appraisal practice before the department will disburse the funds to the qualified entity.

B. In addition, for conservation projects involving acquisition of a conservation or agricultural easement, the qualified entity or partner conservation entity shall provide as specified by the department documents including a title commitment; phase I environmental site assessment and, if needed based on phase I environmental site assessment, a phase II environmental site assessment; a title opinion certifying that the landowner owns the minerals rights or a report, satisfactory to the department, from a professional geologist that the probability of surface mining occurring on such property is so remote as to be negligible; a baseline documentation report; and if deemed necessary by the department, a property boundary survey. If the landowner owns the mineral rights, an easement shall prohibit subsequent sale or development of mineral rights by the landowner granting the conservation or agricultural easement. ~~[A baseline documentation report of the property shall be recorded with the deed of conservation easement or agricultural easement in the office of the applicable county clerk.]~~

C. Agricultural and conservation easements shall contain a provision that if a qualified entity, other than the department, or a partner conservation entity fails to enforce the easement as determined by a court or if either the qualified entity or conservation entity cease to exist, that the easement will go to another qualified entity or partner conservation entity as specified in the easement and agreed to by that qualified entity, or otherwise the easement shall become vested in the department as recommended by the department and other extant easement right holders. Any qualified entity's interest in an easement shall only go to another governmental entity. The department shall have the option to provide similar rights of enforcement or possession to other governmental entities (e.g., federal partners) where such partners have similar rules, regulations or requirements and demonstrated capacity to manage or enforce easements.

D. Grant awards may be approved for use to pay transactional costs for easement projects such as appraisals, title insurance, title opinions, surveys, ~~[or]~~ environmental reviews, mineral remoteness reports, baseline documentation reports, reasonable contributions to restricted stewardship funds held by the qualified entity or conservation entity, or documented labor costs required to produce these items, up to ~~[three]~~ thirty percent of the total value of the conservation project funded ~~[or ten percent of the amount of the grant, whichever is less]~~. The committee and the department may consider and approve grant requests for paying only transaction costs for easement projects, subject to the grant being for up to ~~[three]~~ thirty percent of the total value of the conservation project ~~[or \$45,000, whichever is less]~~.

E. Overhead and administrative expenses used as in-kind contributions may be no more than ten percent of the total cost of a project.

F. A qualified entity or conservation entity may use contractors or subcontractors so long as their use is explained in the application, all applicable procurement requirements are met and the contractors or subcontractors are identified by name in the application, to the extent known. If contractors or subcontractors are identified in the application, the qualified entity or entities shall include documentation in the application that demonstrates all applicable procurement requirements were met. The qualified entity or entities associated with an approved project shall be wholly responsible for the project execution and performance, whether or not contractors or subcontractors are used. Use of contractors or subcontractors not identified in an application shall require the department's prior written approval.

G. Prior to commencing any work, any contractors or subcontractors may be required to furnish state certification from insurers for coverage in the minimum amounts as designated by the state. Appropriate coverage shall be maintained in full force and effect during the term of the project and shall not serve to limit any liabilities or any other contractor obligations. The state and the department must be added as additional insured as required by statute, agreement or other obligation.

[19.1.3.13 NMAC - N, 7/30/2010; A, 8/26/2025]

19.1.3.14 PUBLIC-PRIVATE CONSERVATION PROJECTS:

A. Conservation or agricultural easements. Conservation projects that are the joint acquisition of a conservation easement or agricultural easement by a qualified entity and a conservation entity and are funded in part with a grant to a qualified entity shall meet the following requirements.

(1) The qualified entity and conservation entity shall hold title to the conservation easement or agricultural easement as cotenants having undivided interests in proportion to each entity's share of the acquisition.

(2) The conservation entity shall acquire no less than ten percent of the easement as a percentage of the appraised easement value and may do so through cash or in-kind contributions to the total project value not paid by a qualified entity. ~~[If an in-kind contribution, no portion of that contribution shall be comprised of the portion of a donation by a landowner for which the landowner has been previously compensated through a state tax incentive or credit, but nothing in this provision shall diminish the ability for any landowner to be eligible to apply for any state tax incentive or credit.]~~

(3) The conservation entity, as part of the qualified entity's application, shall submit a plan for the conservation and stewardship of the lands for which the conservation entity and the qualified entity are responsible. The plan shall comply with the purposes of the Natural Heritage Conservation Act and shall specifically identify the entity responsible for ongoing monitoring and stewardship.

B. Land restoration. When a conservation entity has partnered with a qualified entity on a land restoration project that is funded in part with a grant to a qualified entity, the following requirements apply.

(1) The conservation entity shall provide at least ten percent of the cost of the conservation project and may do so, all or in part, through cash or in-kind contributions to the total project cost not paid by a qualified entity.

(2) The qualified entity shall submit a plan for management of the lands for which the qualified entity and conservation entity are responsible. A conservation entity partner may prepare the management plan. The management plan shall comply with the purposes of the Natural Heritage Conservation Act and shall specifically identify the entity responsible for ongoing management, stewardship and monitoring.

[19.1.3.14 NMAC - N, 7/30/2010; A, 8/26/2025]