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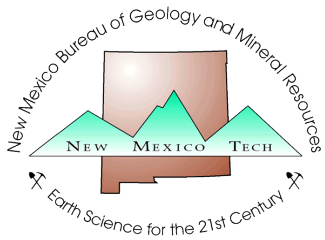

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New Mexico's extractive minerals industries—a three-year summary

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New Mexico's extractive minerals industries have undergone many profound changes during the three-year period ending December 31, 1986. Overall value of mineral and mineral-fuel production dipped a modest 8% between 1984 and 1985 followed by a whopping 35% decrease between 1985 and 1986 (Table 1). The latter represents the largest production value decrease in New Mexico's history of which I am aware—certainly the largest decrease since accurate records have been kept.

The lion's share of the decrease is due, of course, to the dramatic decline in both production and value of petroleum products (oil, gas, and distillate), which, for many years, have accounted for some 83–85% of total mineral production dollars. During 1984 petroleum products contributed $5.7 billion or 83% of the total value of New Mexico's mineral production; for 1986, primarily because of the collapse of the OPEC cartel, this dropped to $2.9 billion or just 71% of the total. Price collapses of this magnitude are a mixed blessing: while all citizens may enjoy lower prices at the fuel pump, revenues and royalties accruing to the state decline in roughly the same proportion. The shortfall is made up with tax increases (which no citizen enjoys).

The reader should be aware that even during the severely depressed 1986 production year, New Mexico's oil and gas industries still paid nearly $100 million in direct royalties and taxes to the state (New Mexico Oil and Gas Accounting Division, summary report for 1986). New Mexico's share of federal royalty receipts from the petroleum sector came to an additional $91 million. Total taxes and other revenue from oil and gas production, including earnings from the permanent and severance tax fund, was nearly $750 million (Maurice Trimmer, pers. comm. 1987).

Declines were also registered by major nonfuel mineral industries such as potash and uranium. The potash producers have experienced constant production cutbacks, layoffs, mine closures, and most recently outright sale of properties. For example, no less than four of Carlsbad's seven mines changed hands during 1985 due to the many problems facing the industry. Only one operating property, International Minerals and Chemical Corp., escaped the sales block. Except for a slight rally during the 1984 crop year, demand for U.S. potash has been steadily declining since the peak year of 1980, primarily due to insurmountable competition from foreign producers.

Uranium production increased significantly to 1.8 million lb in 1986 (up 39% from the previous year) as a result of renewed activity by Chevron Minerals at Mt. Taylor. However, as older, higher priced contracts were retired, average per-lb value continued to drop, from $32.38/lb in 1984 to $21.16/lb in 1986. Total value produced in 1986 was little more than one-third of that for 1984.

The coal sector continued its slow but steady growth (regardless of the state of the economy, demand for electricity continues to grow) and, happily, the copper industry appears to have turned the corner toward prosperity. Both commodities were produced in record-high quantities; the average price of a short ton of coal also reached an all-time high of $23.65.

The copper industry is experiencing something of a comeback from the depression-like conditions so prevalent for the last few years, thanks to many improvements geared toward increasing efficiency at Hurley, Playas, Santa Rita, and Tyrone. Phelps Dodge Corp. purchased Kennecott's Chino mine, mill, and smelter complex near Silver City, effective January 1, 1987. Phelps Dodge will thus become the largest copper producer in both the state and the nation. Mitsubishi still retains its one-third interest in Chino. The expanded solv-ex plant at Tyrone and a planned unit at Santa Rita will likely contribute to another record year in 1987. □

TABLE 1—Mineral and mineral-fuel production in New Mexico for the three-year period ending December 31, 1986. Units are thousand short tons unless otherwise noted. **NA**, not available; **XX**, not applicable; **W**, withheld to avoid disclosing individual company data; **P**, preliminary (subject to revision); **E**, estimated (subject to revision); **R**, revised. Data sources: U.S. Bureau of Mines; U.S. Department of Energy; Oil Conservation Division, New Mexico Department of Taxation and Revenue. *1 bbl = 42 gal.

Mineral commodity	1984		1985		1986[P]	
	Quantity	Value, thous. $	Quantity	Value, thous. $	Quantity	Value, thous. $
Carbon dioxide, natural (million ft³)	13	5,999	101	50,613	127	62,455
Clays	67	143	60	161	72	209
Coal	21,223	412,784	20,909	494,572	21,891	496,264
Gem stones	NA	200[E]	NA	200[E]	NA	W
Gold (oz troy)	W	W	45,045	14,309	W	W
Gypsum	318	1,622	350	1,570	387	3,022
Helium (grade A, million ft³)	W	W	39	1,456	36	1,320
Humate (Leonardite)	19	NA	NA	NA	NA	NA
Lime	NA	NA	NA	NA	NA	NA
Natural gas (million ft³)	946,756	2,622,516	893,291	2,376,155	692,856	1,330,284
Natural gas liquids (thous. bbls*)	48,462	823,850[E]	40,456	606,847[E]	38,817	436,692[E]
Perlite	416	14,115	419	14,521	386	14,209
Petroleum, crude (thous. bbls*)	79,335	2,293,581	78,529	2,105,376	75,712	1,131,893
Potash	1,563	204,100	1,235	156,000	1,059	124,600
Pumice, incl. cinder and scoria	132	1,269	152	1,114	109	959
Sand and gravel	8,363	22,389	8,400[E]	22,800[E]	7,600	20,600
Stone, crushed	4,700	17,000[E]	3,641	15,232	3,500	14,900
Stone, dimension	19[E]	149[E]	20	277	22	378
Sulfur	69	4,245	60	4,281	NA	NA
Uranium, recoverable U_3O_8 (thous. lbs)	2,916	94,420	1,329[E]	45,329[E]	1,852[E]	39,200[E]
Combined value of cement, copper, lead, mica (scrap), molybdenum, salt, silver, vanadium, and values indicated by W	XX	358,157	XX	429,249[R]	XX	428,170
Total value		6,876,539		6,339,972		4,105,155