APPLICATION FOR REDUCED ROYALTY RATE FOR OIL WELLS
NMSA 19-10-5.1 (1994 Repl. Pamp.)

All requested information is mandatory for consideration of this application.

I. Operator: ____________________________________________________________
   Address: __________________________________________________________________
   Contact Person: ___________________________________ Phone: ____________________
   E-mail address: __________________________________ Fax: ______________________

II. Well and Production Data

   A) Complete the following for each well applied for under this application. If there is more than one well, attach additional sheets for each well with the same info as requested for the first.

   1) Well Name: ____________________________________________________________
   ** 2) Record Title Owner of State Oil and Gas Lease: ____________________________
   3) State Lease Number and Assignment Number: _____________________________
   4) API Number: __________________________________________________________
   5) Legal Description-Subdivisions _________________________________________
      Sec ______, Twp ______, Rge ______, NMPM. ____________________________ County NM
   6) Completion Formation and Dedicated Acreage as per OCD Form C-102: __________
      ____________________________
   7) Pool: __________________________________________________________________
      Please indicate gross perforation interval: _________________________________

   ** If communitized or unitized leases are involved with this application, list Record Title Owner(s) for the acreage that is pertinent to each qualified well.
   If Record Title Owner is unknown, to verify ownership please contact Anchor Holm at (505) 827-5759 in the Oil, Gas, & Minerals Division, 7:00 am – 4:00 pm Mountain Time.

   If applicant is not record title owner, an assignment of Record Title Ownership of the lease may be an option for the applicant. Assignment Forms are available on www.nmstatelands.org. If you need Assignment Forms or have any questions, please contact the Oil, Gas, & Minerals Division, Leasing Group at (505) 827-5749 or (505) 827-5730.

   B) Operator Monthly Reports: Attach either copies of actual OCD C-115 reports or a spreadsheet showing oil production for a minimum of the preceding twelve (12) months prior to the application date.
III. Additional Information:

A) A summary of attempts made and successes achieved in negotiating lower rates paid to other royalty and overriding royalty owners specific to each oil well. __________________________________________________________
________________________________________________________________________
_______________________________________________________________________________________________
_______________________________________________________________________________________

B) A summary of all other steps taken to minimize the costs of operating the oil well. _______________________
_______________________________________________________________________________________________
_______________________________________
_________________________________________________________
________________________________________________________________________________________________
________________________________________________________________________________________________

C) A statement that, to the best of the applicant's knowledge and experience, the well is not capable of sustained production over the production limits specified in the rule. _____________________________________________
_____________________________________
___________________________________________________________
_______________________________________________________________________________________________
________________________________________________________________________________________________

D) Any other facts that may help to justify a reduction in the State royalty rate from the current rate to 5.0%. 
________________________________________________________________________________________________
_____________________________________________
___________________________________________________
________________________________________________________________________________________________

IV. Application fees:
  o Initial Application: $150.00 must be remitted with the initial application for oil royalty rate reduction per lease or unit.
  o Request for Renewal: A formal letter is required in order to request an extension/renewal of the reduced royalty rate for an additional three-year period. Please reference the initial application number and remit the renewal fee of $100.00.

  ▪ NOTE: The above mentioned fees are nonrefundable

V. Certification: The information above is submitted to the Commissioner of Public Lands as an application for a lower royalty rate under NMSA 19-10-5.1 (1994 Repl. Pam.)

As applicant, I, _________________________________, representing _________________________________ Type Name Company Name
hereby certify that the information submitted with this application is true and correct to the best of my knowledge and belief.

Signature _______________________________ Title _________________________ Date ___________

Note:
Complete Item VI (next page) for each lease or unit, and submit it along with this initial application. Please, place this application form and Item VI in front of all other information you are submitting.
VI. Record Title Owner Ratification

Record title information for well(s) within a single oil and gas lease or unit. Attach additional sheets if necessary with information requested below.

Record Title Owner(s):__________________________________________________________________________________________

Lease Number _______ and Assignment Number(s) _______ _______ _______ _______ _______ _______

Legal Description(s):
Subdivisions __________________________________________ Sect _____ Twp _______ Rng ______
Subdivisions __________________________________________ Sect _____ Twp _______ Rng ______
Subdivisions __________________________________________ Sect _____ Twp _______ Rng ______
Subdivisions __________________________________________ Sect _____ Twp _______ Rng ______
Subdivisions __________________________________________ Sect _____ Twp _______ Rng ______
Subdivisions __________________________________________ Sect _____ Twp _______ Rng ______

I/We, _________________________________________________________________________________________

Type Name(s) of Record Title Owner(s) representing __________________________________________________________________________________________________

Company Name(s)

Record Title Owner(s) of the above-mentioned lease, do hereby certify the information submitted with this application to be true and correct to the best of my knowledge. The oil well(s) applied for in this application do meet the criteria as set forth regarding a lower royalty rate. Therefore, I/we request a lower royalty rate pursuant to NMSA 19-10-5.1 (1994 Repl. Pamp.) and the rules and regulations of the State Land Office, as may apply to the oil well(s) production from the subject lease.

Record Title Owner Signature:________________________________________ Title _________________________

Date__________________

Record Title Owner Signature:________________________________________ Title _________________________

Date__________________
APPLICATION CHECKLIST

THIS FORM DOES NOT NEED TO BE SUBMITTED WITH THE APPLICATION. IT IS FOR THE APPLICANT'S RECORDS/USE ONLY.

After completing the application, please use the following checklist to expedite the review and approval process.

_____ 1) Complete Item I.

_______ Operator's Name, Address, Contact Person and Numbers

_____ 2) Include all information in Item II for each applicable well.

_______ Well Name
_______ Record Title Owner
_______ State Lease Number and Assignment Number
_______ API Number
_______ Legal Description
_______ Completion Formation and Dedicated Acreage as per OCD Form C-102
_______ Pool. If the perforations in the well are 5000 feet or deeper, please indicate perforation depths
_______ Forms C-115 for the well for a minimum of twelve months prior to the application date

_____ 3) Include all information in Item III.

_______ A summary of all attempts made and successes achieved in negotiating lower rates paid to other royalty and overriding royalty owners specific to each oil well.
_______ A summary of all other steps taken to minimize the costs of operating the oil well.
_______ A statement that, to the best of the applicant's knowledge and experience, the well is not capable of sustained production over the production limits.
_______ Any other facts which may help to justify a reduction in the State royalty rate from the current rate to 5.0%.

_____ 4) Enclose application fee, Item IV.

_______ Pay the initial application fee of $150.00

_____ 5) Complete certification in Item V.

_____ 6) Complete Item VI and obtain signature(s) from the Record Title Owner(s) of lease(s) in application.

If you have any questions, please call Anchor Holm at the Oil, Gas, and Minerals Division at (505) 827-5759 or e-mail aholm@slo.state.nm.us 7:00am – 4:00pm Mountain Time