Obtaining a Lease

Water Easements

There are three water well categories:

1) A Production well produces water only for the benefit of the easement holder
2) A Commercial well produces water for sale to persons other than the easement holder
3) A Monitoring well produces no water and is often required for spill remediation plans by the New Mexico Oil Conservation Division.

A water easement consists of the right to use a small parcel of land for the placement and operation of a well. There is an annual rent for an easement, and in the case of a commercial well easement an additional rent per barrel for all water diverted from the well.

There are five types of water easements:

1. Production well, ‘W0’ prefix
2. Monitoring or Delineation well, ‘WM’ prefix
3. 30-day soil boring permit ‘WP’ prefix
4. Commercial well, ‘WR’ prefix
5. Temporary Easement for a one-time 90-day sale of water, “WT” prefix. For temporary sales from an agricultural livestock or irrigation well, and only for agricultural or domestic purposes. There are no water sales to be made for oil and gas production activities from agricultural wells.

Each easement must have a surface damage and contract performance bond.

Water Rights Agreement The Agreement gives the right to place a well on State Trust Lands and agree that the ownership of the water rights belongs with the NM Commissioner of Public Lands. This is required for all well easements. In the case where water rights are moved from other locations on to Trust Lands a Water Rights Agreement for those water rights is not required.

Water Rights related issues are handled by the Office of the State Engineer, Water Rights Division: (505) 827-5789.

See Water easement Application forms here.
Salt Water Disposal Easements

Easements
Salt water easements are issued for up to 2.50 acres for up to 5 years with a preference right of renewal. There is a $250.00 non-refundable easement application fee.

Easements are required for all SWD wells placed on State Trust Lands with some exceptions. If the injection well is located within the boundary of an O&G Unit or Com on State Trust land an easement is not required as long as no off-unit or off-com produced water is injected.

Rent and Disposal charges
A disposal rent will be charged for each barrel of produced water disposed of in the easement well(s), regardless of whether the produced water was produced on-lease or off-lease. The disposal rent is based on whether operation of Salt Water Disposal wells is Applicant’s “Primary Business,” defined herein as transportation, movement and/or disposal of produced water generating 50% or greater of Grantee’s annual gross revenues. Applicant or Applicant’s Representative represents and warrants that the following information is true and correct:

1. Tier One easement: Operation of Salt Water Disposal wells is not Applicant’s Primary Business.
   $10,000.00 per year per well rent + $0.05 for each barrel of disposed fluids
2. Tier Two easement: Operation of Salt Water Disposal wells is Applicant’s Primary Business
   $10,000.00 per year per well rent + $0.11 for each barrel of disposed fluids.

Bonds
New applicants and existing easement holders must submit 2 bonds;

1. $10,000.00 Single Easement Bond or other surety - For contract performance and surface damage.
2. $250,000.00 Reclamation Bond or other surety - Each well must have this reclamation bond filed with and accepted by the NM Commissioner of Public Lands prior to commencing disposal.

See Salt Water Disposal Easement Application forms here.