Aubrey Dunn, Commissioner of Public Lands
State of New Mexico

Information Sheet Regarding Produced Water and Fracturing Fluids

Special Considerations for Operation on State Trust Lands:

The State Land Office is dedicated to generating revenue to support New Mexico's public schools and institutions while ensuring the long-term health and productivity of the land. In keeping with this ongoing commitment we have evaluated the operations of containments, pits or ponds involving produced water and/or fracturing fluids. In the following two areas the NMSLO requires precautions in addition to compliance with the regulations set forth by the New Mexico Oil Conservation Division as well as all other federal, state and local requirements.

1. **Design and Construction Specifications** In addition to compliance with all federal, state and local regulations Lessee shall
    a. use factory welded seams whenever possible for the primary and secondary liners shall; and
    b. use wildlife netting for all open containments, pits or ponds.

2. **Surface Operations** In addition to compliance with all federal, state and local regulations
    a. Lessee shall remove all surface trash and debris caused by their operations from the Leased Premises and shall keep such premises free and clear of such trash and debris. "Surface trash and debris" means all nonoperation and/or nonessential equipment resulting from the operations permitted pursuant to this Lease and includes, but is not limited to, garbage, rubbish, junk or scrap.
    b. Lessor requires that a fence be present from the time the liner is installed in the pit through the satisfaction of closure and site reclamation requirements and the terms of the lease. Fencing shall be maintained with the intent to keep persons, livestock and wildlife out of the pit. The type of fence used shall be specific to the class of livestock in the area (either a site perimeter fence or pit fence). All fences shall be braced or constructed in such a manner as to keep wires tight with no sagging between posts. The Lessor will inspect and, if necessary, notify the Lessee of necessary repairs or requirements for maintaining the required condition of all fences associated with this Lease.
    c. All releases and spills over one half barrel shall be reported to the Lessor within forty-eight (48) hours. All major and minor releases shall be treated and cleaned up pursuant to OCD regulations. All spills over one half barrel and less than five barrels shall be treated and cleaned up to the reasonable satisfaction of Lessor.

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APPLICATION CHECKLIST

When submitting your application for a **frac pond, multi-well fluid management pit or recycling containment facility** please use the following list to ensure you have included all necessary documentation with your application packet. Incomplete applications will not be processed.

Application Form – completed, signed and notarized, labeled Exhibit _____.

Metes and Bounds Survey – refer to survey criteria, labeled Exhibit _____.

Copy of Access Survey *(optional)*, labeled Exhibit _____.

Site Plan – showing placement of improvements, labeled Exhibit _____.

List of Equipment and Improvements *(if extra space needed)*, labeled Exhibit _____.

$500.00 Non-Refundable Application Fee.*

T&E Reports *(if required)*, labeled Exhibit _____.

A.R.M.S. Survey or Cultural Survey *(if required)*, labeled Exhibit _____.

Copy of NMOCD Forms *(i.e. C-144, C-147, etc., if applicable)*, labeled Exhibit _____.

Copy of the Environmental Assessment *(if conducted by BLM or otherwise required by an outside agency)*, labeled Exhibit _____.

Contacted NMSLO Commercial Resources Division to determine what forms will be required to obtain consent or partial relinquishment from existing surface lessee(s).

If you have any questions regarding the application procedure please contact the Commercial Resources Division at (505) 827-5754.

* Please make checks payable to "*Commissioner of Public Lands*". When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

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APPLICATION FOR A BUSINESS LEASE TO CONSTRUCT/OPERATE A FRAC POND, MULTI-WELL FLUID MANAGMENT PIT, OR RECYCLING CONTAINMENT FACILITY

To: Commissioner of Public Lands
Attn: Commercial Resources Division
P.O. Box 1148, Santa Fe, New Mexico 87504
310 Old Santa Fe Trail, Santa Fe, New Mexico 87501

New Lease No. _____
(assigned by NMSLO)

Existing Lease No. _____

I, _____ State of_____,
(Name of the legal entity, or if applying as an individual, the personal name) *(State of incorporation)*

a citizen over the age of twenty-one years (or a corporation authorized to do business in New Mexico) do hereby make application for a business lease upon the following described lands, or such portion thereof as may be available for leasing, situated in the County of _____, State of New Mexico. I submit herewith a $500.00 non-refundable application processing fee upon the following described lands:

DESCRIPTION OF LAND (*Enter amount of acreage in each Quarter Quarter Subdivision.)*

TOWNSHIP	RANGE	SECTION	ALIQUOT (Subdivision)	ACRES

Attach a metes and bounds survey with legal description when submitting the application.

*Please give general location or address of property if applicable:

1. Please check the box that matches the lease term you are requesting:

☐ 5-year lease.

☐ Long-term "bid lease"**.** ***Enter the number of lease years requested: _____

***A "bid lease"** means a business lease entered into by the commissioner after the public advertisement and public auction required by the Enabling Act. If you are requesting a "bid lease" please indicate the number lease years you are requesting.

2. State the proposed access to the site. *(Please note that a separate right-of-way easement must be obtained for any access over state trust lands.)*

3. The primary proposed use is for:

☐ Fresh Water Only Frac Pond; ☐ Existing ☐ New Construction
☐ Multi-Well Fluid Management Pit; ☐ Existing ☐ New Construction
☐ Recycling Containment and Facility; ☐ Existing ☐ New Construction

4. The secondary proposed use includes: *(Please list all additional uses to be performed on the land.)*

5. Will this operation include facilities for recycling of produced water? ☐ Yes ☐ No

6. If this application is part of a larger project that will involve additional state trust lands and other instruments besides this lease please provide a summary of the project.

7. Will there be multiple operators using this facility? ☐ Yes ☐ No

8. Are there any existing improvements on the land: (If so, give type and description):

9. List all improvements and equipment you intend to place on the land and the approximate value of same, and attach a "Site Plan" showing improvements to be constructed and their location on the trust land: *(A separate sheet may be attached with this information.)*

10. Estimated completion of improvements installation (month day, year): _____

11. If you are required to file any permitting documents with the New Mexico Oil Conservation Division regarding this facility please provide a copy with the application.

12. Cultural Resource Protection Please indicate that you (Applicant) have read the **T&E and Cultural Resources Notice to Applicants** and that you understand and agree to abide by the terms and conditions set forth therein.

    ☐ Yes ☐ No

    An Archaeological Survey is strongly recommended. If no survey is provided an Archaeological Records Management Section Inspection (ARMS Inspection) in accordance with NMAC 4.10.15.9 is required. If the ARMS Inspection is not provided by the applicant, the Land Office will provide the ARMS Inspection in the order applications are received.

    An Archaeological Survey is attached with a cover page labeled Confidential Exhibit ____: ☐ Yes ☐ No

    An ARMS Inspection is attached with a cover page labeled Confidential Exhibit _____: ☐ Yes ☐ No

    The Applicant would like the NMSLO to provide the ARMS Inspection: ☐ Yes ☐ No

13. Shape files are required with all applications.

    Please indicate if shape files for this project are available: ☐ Yes ☐ No

    If yes, the NMSLO lease analyst will request the files from the applicant shape file custodian listed here:

14. If this application is part of a larger project involving federal land please provide a copy of the Environmental Assessment prepared by BLM.

15. If there is an existing surface lessee you will be required to furnish a *"Partial General Relinquishment"* or *"Consent to Lease Land Currently Leased"* granting permission to lease trust land under existing lease. ***Please contact the Commercial Resources Division to verify you are using the proper form and obtain contact information for the existing lessee***.

16. Please attach your proposed "Close-out Plan." You may be required to post a bond to assure reclamation of the site. You will also be required to remove all your improvements upon termination of the lease.

17. Please provide contact information for the application process and the field contact for operations at the site.

Required Applicant Contact Information	**Required Field Contact Information**
Applicant Contact: _____	Field Contact: _____
Applicant Phone: _____	Field Phone: _____
Applicant Email: _____	Field Email: _____

Affirmation on the following page.

I, _____ , the above applicant, do solemnly swear, or affirm,
(Please print name of applicant or of attorney in fact / authorized agent)
that each and every statement made in this application is true and correct to the best of my knowledge and belief.

_____
Signature of Applicant

_____
Printed Name of Signatory

_____
Attorney in Fact or Authorized Agent

State of Parent Corporation & Incorporation No.

_____
Street Address

_____
City, State and Zip Code

Acknowledgment for an individual capacity:

State of _____

County of _____

This instrument was acknowledged before me on the _____ day of _____(month),

20_____ by _____ (name(s) of

person(s).

(Seal)

_____

Signature of notarial officer

My commission

expires:_____

For an acknowledgment in a representative capacity:

State of _____

County of _____

This instrument was acknowledged before me on the _____ day of _____(month),

20_____ by _____ (name(s) of person(s)) as

_____ (type of authority, e.g., officer, trustee, etc.) of

_____ (name of party on behalf of whom

instrument was executed.)

(Seal)

_____

Signature of notarial officer

My commission

expires:_____

$500.00 NON-REFUNDABLE APPLICATION FEE*

* Please make checks payable to "*Commissioner of Public Lands*". When you provide a check as payment, you authorize the State of New Mexico to either use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.