

New Mexico State Land Office

Patrick H. Lyons, Commissioner of Public Lands



FOR IMMEDIATE RELEASE

May 13, 2009

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STATE LAND OFFICE'S MAY OIL AND GAS LEASE SALE TO BE HELD IN ROSWELL

Land commissioner hopes for a big turnout after revenues tumble \$66 million in one month

SANTA FE – The State Land Office's Oil, Gas and Minerals Division will hold its May 19, 2009 lease sale at the New Mexico Military Institute in Roswell, Commissioner of Public Lands Patrick Lyons announced.

Revenues from oil and gas production on state trust lands fell in the third quarter, generating less than half of first and second quarter earnings. Royalties, interest, rentals and related revenue earned in the first quarter of the fiscal year totaled \$179,095,345 and \$169,585,798 in Q2, and then plummeted to \$83,107,048 in Q3.

April royalties fell to \$16 million – the lowest earnings since February 2004 – and the April lease sale generated only \$793,275.

“There is some good news and that is industry nominations for leasable land are up which indicates continued interest in exploration and production,” Lyons said.

Commissioner Lyons also noted that at the end of the third quarter the Land Grant Permanent Fund was valued at \$7.7 billion, down \$2.4 billion from one year ago.

“The Land Grant Permanent Fund is entirely the product of oil and gas royalties earned from production on trust lands. Further, the Land Grant Permanent Fund was created to sustain public schools and universities forever. Without one, you can't have the other,” he said.

Commissioner Lyons and the State Land Office manage nine million acres of surface estate and 13 million acres of mineral rights held in trust, primarily for public education. Revenues earned from oil, gas and mineral production, wind and solar power leases, agricultural leases, and business and community development on trust lands support public schools, seven universities, NMMI, the New Mexico School for the Blind and Visually Impaired, the New Mexico School for the Deaf, three hospitals, correctional facilities, public building repair and construction, and water projects.

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The New Mexico Military Institute is the trust's second highest-earning beneficiary and has been paid \$109 million during Commissioner Lyons' tenure. Distributions to NMMI amount to more than 70 percent of its annual operating budget.

LEASE SALE INFORMATION

DATE: May 19, 2009

TIME: 9:30 a.m.

PLACE: New Mexico Military Institute, Daniels Leadership Center
101 West College Blvd., Roswell