

New Mexico State Land Office

Patrick H. Lyons, Commissioner of Public Lands



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Rebounding Oil Field Activity is Good News for Public Schools and Universities

SANTA FE – A resurgence of oil field activity in the Permian Basin has improved the State Land Office’s second quarter lease sale revenues, however royalty earnings are flat, Land Commissioner Patrick Lyons announced today.

“Oil and gas revenue dominates business activity at the Land Office, and the public schools and universities we support count on it to meet their budgets,” Lyons said. “The real money comes in only when the product is extracted, so the good news is we are starting to see prices strengthen, which encourages drilling, which in turn increase our revenues.”

The Land Office collected \$95.7 million during the second quarter of fiscal year 2010, bringing total earnings for the first half of the fiscal year to \$186.3 million – *half of last year’s mid-point earnings*.

In October, royalty and interest earnings totaled \$22.7 million and the monthly regular lease sale brought in \$4.6 million. Rentals for the month came in at \$152,000.

November royalty and interest earnings earned \$26.3 million and the regular November lease sale generated \$7 million. The only special sale this quarter for frontier – or unexplored – areas brought in \$3,500. Rentals earned \$178,000.

The quarter wrapped up with \$23.6 million in royalty and interest earnings for the month of December and regular lease sale earnings totaled \$5 million. Lessees paid \$160,000 in rent.

During the second quarter, mining on trust lands for sand and gravel, potash, caliche, salt, and coal, along with geothermal (considered a mineral because it is extracted from the ground), generated \$2 million in royalties and \$91,000 in rentals.

Agricultural leases brought in \$740,000; business leases, \$538,500; land sales, \$1.8 million; rights-of-way, \$400,000; and water resources, \$299,000.

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Royalties earned from oil, gas and mineral development on trust lands are paid into the Land Grant Permanent Fund for distribution to public schools and seven universities, as well as the New Mexico Military Institute, the New Mexico School for the Deaf, and the School for the Blind and Visually Impaired. The Land Office's trust beneficiaries also include three hospitals, correctional facilities, public building repair and construction, and water projects.

Rentals are deposited into the Land Maintenance Fund, which covers the Land Office's operating expenses. The agency spends about two cents of every dollar it earns. The remaining 98 percent is distributed to the beneficiaries.

Commissioner Lyons and the State Land Office manage 13 million acres of mineral estate and nine million surface acres held in trust primarily for public education. Three million acres of trust lands are leased for oil and gas development, and oil and gas earnings generate 95 percent of the revenue collected by the Land Office.

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