

## **Procedures for Placing and Maintaining a Salt Water Disposal Injection Well on State Trust Lands**

- Salt Water (Produced Water) is a byproduct of oil and gas production. Oil and gas reservoirs have a natural water layer (formation water) that lies under the hydrocarbons. Oil reservoirs frequently contain large volumes of water, while gas reservoirs tend to have smaller quantities.
- Salt water is disposed of by injecting it back into underground rock formations that are not productive of oil & gas or into the same reservoir it originated from for secondary oil recovery,
- Salt Water Easements are normally issued for up to 2.5 acres.
- Salt Water Disposal Easements are covered under NMAC 19.2.11.  
Single Easement: \$10,000.00 per year plus \$0.11 per barrel.
- A Special Use Agreement for Reclamation/Remediation/Revegetation is granted when the site is no longer accepting salt water for disposal and must be returned to its original condition. \$500.00 per year plus \$100.00 non-refundable application fee.

### **Salt Water Disposal Injection Well Easement Application Procedures**

1. Term: 5 years or less with preference right of renewal
2. Application Fees: \$250.00 non-refundable
3. Easement Rent: \$10, 000.00 + \$0.11 per barrel per year

#### **Required with Application:**

- API#
- Survey plat of easement site
- Copy of OCD order
- Financial Assurance – Contract Performance & Surface Damage Bond
- Cultural Resources Acknowledgement

#### **Other:**

1. Assignment fee is \$50.00 per Salt Water Disposal Easement. Assignee must have proper financial assurance on file with SLO before the assignment will be approved.
2. Options to meet Contract performance & surface damage bond requirement:
  - Cash Bond: \$10,000.00 single lease. A check or money order to be remitted to this office and will be held in a suspense account for the life of the lease or as long as it remains under the same name that the bond is under.
  - Surety Bond: Purchased from an insurance company in the amount of \$10,000.00.
  - Megabond: A \$25,000.00 bond (megabond) covering obligations under multiple permits or other instruments pertaining to the use of State Trust Lands.

Standard processing time – Approximately 6 weeks.