



Aubrey Dunn, State Land Commissioner
State of New Mexico

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Contact:

Gerald Garner Jr., Public Relations Specialist

(505) 827-5760 (O)

(505) 489-0393 (C)

ggarner@slo.state.nm.us

State Investment Council-Backed Company Racks up \$3.2 Million in Trespass on State Trust Land

SANTA FE, NM – – New Mexico State Land Commissioner Aubrey Dunn today announced the settlement of a \$3.2 million civil trespass claims with Texas-based Salt Creek Midstream, LLC. Proceeds of the settlement will benefit New Mexico’s Common Schools.

The trespass violations occurred when the company engaged in unauthorized and significant construction activity on State Trust Lands in Lea County without securing required rights-of-way easements.

State Land Office (SLO) District Resource Managers discovered the trespass in September after encountering significant ground disturbance on Trust lands. The Lea County Sheriff and District Attorney subsequently filed a criminal complaint.

In addition to paying SLO \$3.2 million, Salt Creek Midstream, LLC must reclaim all disturbed (including yet-to-be-disturbed) areas and is required to provide an acceptable reclamation bond in the amount of \$250,000, among other requirements.

“The blatant disregard for State Trust Lands surface ownership is just part of the ongoing struggles Southeastern New Mexico is currently experiencing,” Commissioner Dunn said. “The oil boom has led to staffing challenges for the SLO and the Oil Conservation Division. Additionally, companies would rather get in and get out without going through established processes to legally access the land; it’s a huge problem down in the oil patch.”

Despite tripling his staff in the area, Commissioner Dunn said he hopes to fund a trio of additional positions in the upcoming budget cycle. He said Governor Susana Martinez’s administration has short-staffed the New Mexico Oil Conservation Division (OCD) and it is imperative the OCD be fully staffed. “The new administration will have their hands full addressing these shortcomings” said Dunn.

“Without enough people on the ground to monitor the boom’s activity and enforce OCD’s regulations, the conditions are ripe for increased trespass issues as well as environmental and health problems,” Commissioner Dunn added.

Contributing to the increased trespasses is the decline of state ranching lessees acting as the “eyes and ears” of the land – something they’ve historically done for the SLO, Commissioner Dunn said. He said large oil companies have paid millions to buy out ranchers in order to utilize the land for their industry activities.

Throughout his term, Commissioner Dunn has seen a multitude of trespass violations ranging from the dumping of produced water, archaeological damages, unauthorized pipelines, illegal water sales and even taco stands, along with a host of other trespass issues.

“The rush to make a quick buck is coming at the expense of New Mexico’s environment,” Commissioner Dunn said. “Our agency and the OCD need to step up to protect our state and its lands from being damaged by the California-style gold rush happening in Southeast New Mexico.”

To date, Salt Creek Midstream’s trespass is the largest Commissioner Dunn has encountered while in office.

Investment comes full circle

Each year, the SLO provides the State Investment Council with millions of dollars in oil and gas royalties to invest. In the past year, the SIC received \$690 million from the Land Office – \$7 million of which was invested with Salt Creek Midstream, LLC – a company that was formed and funded by Ares Management, L.P. out of New York.

“I find it highly ironic that we give the SIC hundreds of millions and one of the companies they invest in has turned around and trespassed on our land,” Commissioner Dunn said. “It’s come full circle: if Salt Creek would have followed the legal procedures to access State Trust Lands, they would have only had to pay just under \$217,000 instead of the \$3.2 million in trespass fines.

“I wish these companies would simply play by the rules instead of looking to make a quick buck at the expense of our lands and our beneficiaries,” Commissioner Dunn added. “I hope the new land commissioner will strive to protect the environment on Trust lands while continuing to generate substantial income to the Trust itself.”

Oil, gas, and mineral production, ranching and farming, and commercial development on State Trust Lands support public schools, seven universities, New Mexico Military Institute, New Mexico School for the Deaf, New Mexico School for the Blind and Visually Impaired, three hospitals, correctional facilities, water conservation projects, and public building construction and repair. In fiscal year 2017, the State Land Office collected \$664 million from lease payments, oil and gas lease sale earnings, rights-of-way, permits, interest, fees, and oil, gas, and mineral royalties.