PUBLIC NOTICE

SALE OF OIL AND GAS LEASES

Office of the Commissioner of Public Lands
P.O. Box 1148
Santa Fe, New Mexico  87504-1148

Public Notice is hereby given pursuant to New Mexico Law 1929, Chapter 125, Section B, as amended, and rules and regulations of the State Land Office, that the Commissioner of Public Lands will hold a sale of oil and gas leases at Morgan Hall, Edward J. Lopez State Land Office Building, Santa Fe, New Mexico, at 9:30 a.m., on February 16, 2016 for the tracts of land herein described. The sale will be held and conducted in accordance with the following terms and conditions:

No bids will be considered for less than the whole of any tract, nor for less than the specified minimum acceptable bid. Separate bids must be made for each tract, and a separate remittance made for each bid.

Sealed bids must be plainly marked, "Oil and Gas Sealed Bid" on the outside of the envelope, along with the date and hour to be opened. Sealed bids may be submitted by mail or otherwise to the Commissioner of Public Lands. All bids submitted will be opened at 9:30 a.m. for the Regular Sale, and at the specified time for the Special Sale on said date. The lease will be awarded to the highest bidder, if the offer made is deemed to be satisfactory.

Sealed bids must be on the proper form issued by the New Mexico State Land Office, complete, and notarized, and must be accompanied by a check, money order, or certified check drawn on a solvent bank. This payment must include the amount bid, plus the application fee of $30.00.

Each tract on which no sealed bid is received in the Sale may be offered for oral bidding at the public auction, and awarded to the highest bidder.

The successful bidder in every case of oral bidding will be required to deposit forthwith, in cash or by check, money order or certified check drawn on a solvent bank, the amount bid, plus the application fee of $30.00, and to file application in due form before the close of business on said date.

The applications received pursuant hereto will be deemed to have been filed simultaneously. In all cases, leases will be made on the specified Lease Form as set forth in the Sale Notice. Application forms will be furnished upon request. Form 0-00 (formerly No. OG-57) Bid Application, is applicable to all Lease Forms advertised in this Sale Notice.

Disabled individuals who require aids to participate in the Oil & Gas Lease Sale may call (505) 827-5744, or contact Relay New Mexico at (505) 292-0454 or the AT&T Operator Service for TTY at (800) 855-1155.

The State Land Office makes no warranty as to the conditions of the lands. Lessees must comply with all applicable federal and state laws or regulations.

THE COMMISSIONER RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS. ENVELOPES CONTAINING BIDS SHOULD BE MARKED, "OIL AND GAS SEALED BID."

[Signature]
AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS
NOTICE OF SALE

OIL AND GAS LEASES

BY AUTHORITY VESTED IN ME, I, AUBREY DUNN, COMMISSIONER OF PUBLIC LANDS, WILL OFFER FOR SALE TO THE HIGHEST BIDDER, OIL AND GAS LEASES ON THE TRACTS OF LAND LISTED BELOW, UNDER THE FOLLOWING CONDITIONS:

1. NO BIDS WILL BE CONSIDERED FOR LESS THAN THE MINIMUM ACCEPTABLE BID AS LISTED IN THE SALE NOTICE, PLUS A $30.00 APPLICATION FEE.

2. EACH BID MUST BE SUBMITTED FOR THE WHOLE OF ANY TRACT HEREIN DESCRIBED.

3. SEPARATE BIDS MUST BE MADE ON EACH TRACT, ACCOMPANIED BY A SEPARATE REMITTANCE.

4. PAYMENT SHALL BE MADE THE DAY OF THE SALE IN CASH, BY CHECK, MONEY ORDER, OR CERTIFIED CHECK ON A SOLVENT BANK. 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. Please be advised that payments will be drafted from your account immediately upon receipt. (“The successful bidders shall file proper applications for the leases purchased and shall complete the payment of any balance due on their bids before the closing of the office of the commissioner on the day of the sale.” §19-10-17 NMSA 1978.)

5. ENVELOPES CONTAINING BIDS SHOULD BE PLAINLY MARKED “OIL AND GAS SEALED BID,” GIVING DATE AND TIME OF SALE.

6. IN ALL CASES, LEASES WILL BE ISSUED ON THE APPROPRIATE STATUTORY LEASE FORM AS SET FORTH IN THE SALE NOTICE.

7. APPLICATION FORMS WILL BE MAILED UPON REQUEST. THE APPLICATION FORM MUST ACCOMPANY EACH SEALED BID.

8. ALL MONEY TENDERED BY BIDDERS WILL BE RETURNED IF THEIR BIDS ARE UNSUCCESSFUL.

9. SALE WILL BE HELD IN MORGAN HALL, EDWARD J. LOPEZ STATE LAND OFFICE BUILDING, 310 OLD SANTA FE TRAIL, SANTA FE, NEW MEXICO.

10. THE COMMISSIONER OF PUBLIC LANDS RESERVES THE RIGHT TO REJECT ANY AND ALL BIDS.

AUBREY DUNN
COMMISSIONER OF PUBLIC LANDS
SANTA FE, NEW MEXICO
### NEW MEXICO STATE LAND OFFICE

**LEASE SALE NOTICE**

***************************************************************************

**SEALED TRACTS**

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**Regular Sale - DEADLINE FOR SEALED BIDS IS 9:30 AM - FEBRUARY 16, 2016**

**NOTE:** THE FOLLOWING TRACTS WILL BE OFFERED FOR SEALED BID PURSUANT TO THE NOTICES. LEASES FOR THE FOLLOWING TRACTS WILL BE ISSUED ON SECTION 19-10-4.3 NMSA 1978, DEVELOPMENT LEASE FORM, FIVE(5) YEAR TERM, 3/16TH ROYALTY, AND HAVE BEEN CLASSIFIED AND CATEGORIZED IN COMPLIANCE WITH 19-10-3 NMSA 1978.

<table>
<thead>
<tr>
<th>TRACT #</th>
<th>COUNTY</th>
<th>SEC TWP RGE</th>
<th>DESCRIPTION</th>
<th>ACRES</th>
<th>PRIMINARY RENTAL</th>
<th>ACCEPTABLE BID</th>
</tr>
</thead>
<tbody>
<tr>
<td>001 VB-001</td>
<td>Eddy</td>
<td>23 24S 28E</td>
<td>SW4SW4</td>
<td>40.00</td>
<td>$1.00</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>002 VB-002</td>
<td>Lea</td>
<td>04 09S 32E</td>
<td>LOT(S) 1, 2, 3, 4, S2N2</td>
<td>321.12</td>
<td>$0.50</td>
<td>$10,000.00</td>
</tr>
<tr>
<td>003 VB-003</td>
<td>Lea</td>
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<td>S2</td>
<td>320.00</td>
<td>$0.50</td>
<td>$10,000.00</td>
</tr>
<tr>
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<td>$0.50</td>
<td>$10,000.00</td>
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<tr>
<td>005 VB-005</td>
<td>Lea</td>
<td>34 18S 37E</td>
<td>W2NE4, SE4NE4, N2SE4, SW4SE4</td>
<td>240.00</td>
<td>$1.00</td>
<td>$8,000.00</td>
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<td>$1.00</td>
<td>$8,000.00</td>
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<tr>
<td>007 VB-007</td>
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<td>$1.00</td>
<td>$10,000.00</td>
</tr>
<tr>
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<td>$9,000.00</td>
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<td>$10,000.00</td>
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<tr>
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<td>Roosevelt</td>
<td>36 08S 34E</td>
<td>E2</td>
<td>320.00</td>
<td>$0.50</td>
<td>$10,000.00</td>
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</tbody>
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**Regular Sale - ORAL BID FEBRUARY 16, 2016**

**NOTE:** THE FOLLOWING TRACTS WILL BE OFFERED FOR ORAL BID PURSUANT TO THE NOTICES. LEASES FOR THE FOLLOWING TRACTS WILL BE ISSUED ON SECTION 19-10-4.3 NMSA 1978, DEVELOPMENT LEASE FORM, FIVE(5) YEAR TERM, 3/16TH ROYALTY, AND HAVE BEEN CLASSIFIED AND CATEGORIZED IN COMPLIANCE WITH 19-10-3 NMSA 1978.

<table>
<thead>
<tr>
<th>TRACT #</th>
<th>COUNTY</th>
<th>SEC TWP RGE</th>
<th>DESCRIPTION</th>
<th>ACRES</th>
<th>PRIMINARY RENTAL</th>
<th>ACCEPTABLE BID</th>
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<tbody>
<tr>
<td>012 VB-001</td>
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<td>31 23S 28E</td>
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<td>320.00</td>
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<tr>
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<td>23 26S 36E</td>
<td>N2</td>
<td>320.00</td>
<td>$1.00</td>
<td>$10,000.00</td>
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<tr>
<td>018 VB-007</td>
<td>Lea</td>
<td>26 26S 36E</td>
<td>NE4, N2SE4</td>
<td>240.00</td>
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<td>$8,000.00</td>
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<tr>
<td>019 VB-008</td>
<td>Lea</td>
<td>34 26S 36E</td>
<td>LOT(S) 1, 2, 3, 4, N2N2 (ALL)</td>
<td>294.60</td>
<td>$1.00</td>
<td>$10,000.00</td>
</tr>
</tbody>
</table>

E: SUBJECT TO 3/2012 CONSERVATION AGREEMENT

ALL HIGH BIDS ARE SUBJECT TO APPROVAL BY THE COMMISSIONER OF PUBLIC LANDS

Page 1 of 2

www.nmstatelands.org
Regular Sale - ORAL BID FEBRUARY 16, 2016

NOTE: THE FOLLOWING TRACTS WILL BE OFFERED FOR ORAL BID PURSUANT TO THE NOTICES. LEASES FOR THE FOLLOWING TRACTS WILL BE ISSUED ON SECTION 19-10-4.3 NMSA 1978, DEVELOPMENT LEASE FORM, FIVE(5) YEAR TERM, 3/16th ROYALTY, AND HAVE BEEN CLASSIFIED AND CATEGORIZED IN COMPLIANCE WITH 19-10-3 NMSA 1978.

<table>
<thead>
<tr>
<th>TRACT</th>
<th>COUNTY</th>
<th>SEC TWP RGE DESCRIPTION</th>
<th>ACRES</th>
<th>PRIMARY</th>
<th>MINIMUM</th>
<th>(MORE OR LESS) RENTAL</th>
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<td>Roosevelt</td>
<td>36 ORS 34E W2</td>
<td>320.00</td>
<td>$0.50</td>
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</table>

ALL HIGH BIDS ARE SUBJECT TO APPROVAL BY THE COMMISSIONER OF PUBLIC LANDS

www.nmstatelands.org
Filling out the Bid Application Form

This guide follows the blanks on the Bid Application Form from top to bottom.

**OGRID No.** Enter your OGRID number here. If you do not have one, contact Paulette Lucero-Romero at (505) 827-5714 or plucero@slo.state.nm.us.

**Name of legal entity or personal name** – This is the name in which the lease will be issued; it will be the lessee of record. This can be the name of a company or of an individual.

**Mailing address** – This is the address of the potential leaseholder.

The following five blanks require information to be recorded exactly as you find in the SLO monthly Oil and Gas Lease Sale Notice. The information includes the tract number in the sale, the name of the county in which it lies, the legal land description describing the tract on which you are bidding, whether it is a regular sale or special sale, and how many acres the tract contains. Note that some of the portions are already filled in, to give you a guide to proper annotation.

**EXAMPLE:** 001 S12 T13S R28E
Sealed: V0-001 Description W2NW4, SE4NW4, SW4

Notice the V0 –type lines are different for sealed and oral bids.

The amount of dollars that you enter in the next blank is your bid. Notice that your first year’s rental is included in your bid. Your bid on a 320-acre tract may be $10,000; if the rental rate on that tract is $1/acre, we will apply $320 of your $10,000 to the first year’s rental.

The amount of dollars that you enter in the “Total remittance” blank is your bid plus the $30.00 application fee. In the above example, you would remit $10,030.

**Name of applicant or agent** – This blank is for the printed name of either the applicant or the agent of the applicant.

**Signature** – The form must be signed in the presence of a notary public. The signature here is of the person named in the previous, “printed name” blank.

**Acknowledgment section** – Your notary public will complete the remainder of the form.

Remember that the bid application and your remittance must be in the Accounting office of the State Land Office before 9:30 a.m. the day of the oil and gas lease sale.
TO: Commissioner of Public Lands  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148  

OGRID No. ____________________________

( Please print the name of the legal entity, or, if applying as an individual, the personal name.)

whose address is ____________________________ ( mailing address )  
_________________________ ( city )  
_________________________ ( state )  
_________________________ ( zip code )

a corporation qualified to do business in New Mexico, OR a citizen (or eligible to become a citizen) of the United States, over the age of twenty-one years hereby makes application for an oil and gas lease for the exploration, development and production of oil and natural gas thereon, upon the following described land situated in the County of ____________________________, State of New Mexico, to-wit:

<table>
<thead>
<tr>
<th>TRACT NUMBER</th>
<th>LAND DESCRIPTION</th>
<th>REGULAR SALE</th>
<th>SPECIAL SALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 ___</td>
<td>S ___ T ______ R ___</td>
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<td></td>
</tr>
</tbody>
</table>

Sealed: ___ ___ - 0 ___ ___  
Oral: ___ ___ - 0 - 0 ___ ___

Description ____________________________

containing _____________________ acres, more or less.  

Tendered herewith as bonus and first year's rental thereon is the sum of $ ___________________, plus an application fee of $36.00;

(a) $ ___________________

(b) $ ___________________

Total remittance sum of (a) and (b) $ ___________________

I, ____________________________, ( Please print name of applicant or of attorney in fact/authorized agent),

do solemnly swear that every statement made in this application is true and correct to the best of my knowledge and belief.

(Signature of individual or of attorney in fact/authorized agent)

Acknowledgment in an Individual Capacity:

State of __________________________, SS)  
County of __________________________

This instrument was acknowledged before me on _______________________.  
Date _______________________.  

By __________________________________  
Name of Person

(Seal)

Signature of Notarial Officer

My commission expires: __________________________

Acknowledgment in a Representative Capacity:

State of __________________________, SS)  
County of __________________________

This instrument was acknowledged before me on _______________________.  
Date _______________________.  

By __________________________________  
Name(s) of Person(s)

as ___________________________ of ___________________________  
Type of authority, e.g., officer, trustee, etc.  
Name of party on behalf of whom instrument was executed

(Seal) ___________________________  
Signature of Notarial Officer

My commission expires: __________________________

Revised September 2013
HOW TO MAKE A FEDWIRE DEPOSIT
TO
NEW MEXICO STATE LAND OFFICE

Direct any questions concerning this type of payment to Margaret Sena in the State Land Office Accounting Office at 505-827-5705

When you intend to pay by a wire transfer, please let the SLO Accounting Office know by filling out the form below. You can include the form inside any sealed bid you offer to the SLO. You can get copies of the form by calling the Accounting Office at (505) 827-5700.

NEW MEXICO STATE LAND OFFICE
DRAFT FOR OIL & GAS SALE

DATE ___________________________ 20____

PAY TO THE ORDER OF COMMISSIONER OF PUBLIC LANDS $ ___________________________ DOLLARS

TRACT # _______________________

Wells Fargo COMPANY NAME ________________________________
For the Account of State Land Commissioner

_____________________________ AUTHORIZED AGENT

Change in Fiscal Agent effective May 5, 2010
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<th>TRACT #</th>
<th>LEASE #</th>
<th>SEC</th>
<th>TWP</th>
<th>RGE</th>
<th>DESCRIPTION</th>
<th>ACRES</th>
<th>BIDDER</th>
<th>BID AMOUNTS</th>
<th>PRICE/ACR</th>
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<td>V8-S-001</td>
<td>VB2641 00</td>
<td>32</td>
<td>23S</td>
<td>25E</td>
<td>N2</td>
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<td>JUSTIN MCCLELLAND</td>
<td>$40,500.00</td>
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<td>N2</td>
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<td>$337.00</td>
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<td>DHA, LLC</td>
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<td>V0-O-001</td>
<td>V09966 00</td>
<td>26</td>
<td>14S</td>
<td>33E</td>
<td>N2SW4, SE4SW4, SE4</td>
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<td>CROWN OIL PARTNERS V, L.P.</td>
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<td>36</td>
<td>23S</td>
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<td>3</td>
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<td>S2</td>
<td>320.00</td>
<td>DOUG J. SCHUTZ</td>
<td>$64,000.00</td>
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<td>33E</td>
<td>LOT(S) 1, 2, 3, 4, E2W2</td>
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<td>V0-O-006</td>
<td>VB2653 00</td>
<td>16</td>
<td>08S</td>
<td>34E</td>
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<td>CONTINENTAL LAND RESOURCES, L</td>
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<td>LH-O-001</td>
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<td>36</td>
<td>05N</td>
<td>32E</td>
<td>ALL</td>
<td>WITHDRAWN</td>
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</table>

**** END OF REPORT ****
HIGHEST BID ANALYSIS
REGULAR SALE and SPECIAL SALE 19 January 2016

Total $959,113.00 for 14 tracts covering 4,078.33 Acres...$235.17 per acre.
Sealed $573,113.00 for 7 tracts covering 2,081.60 Acres...$275.32 per acre.
Oral $386,000.00 for 7 tracts covering 1,996.73 Acres...$193.32 per acre.

Total of 15 tracts were offered....14 tracts were sold.

**Highest Sealed Bid (Two tracts)**
- Tract No. VB-003
- Tract No. VB-007
- $107,840.00

**Highest Sealed Bid Per Acre (Two tracts)**
- Tract No. VB-003
- Tract No. VB-007
- $337.00

**Highest Oral Bid**
- Tract No. VB-O-006
- $84,000.00

**Highest Oral Bid Per Acre**
- Tract No. VB-O-006
- $262.50

January 2015 Regular Sale was $1,742,950.17 for 9,505.65 acres or $783,837.17 more than the January 2016 Regular Sale.

The one Special Sale tract, covering 640.00 acres with a ten-year term, was withdrawn due to no bids.
20 January 2015

To the representatives of the oil and gas industry:

In 2012, the New Mexico State Land Office entered into a Candidate Conservation Agreement with Assurances (CCAA) with the United States Fish and Wildlife Service (USFWS) and the Center of Excellence for Hazardous Material Management (CEHMM). The agreement was expanded in 2014.

The purpose of the CCAA is to provide protections for the Lesser Prairie Chicken and Dunes Sagebrush Lizard, while allowing industry activities to continue on State Lands. There are now 404,000 acres of State Lands enrolled in the program.

By enrolling State Lands, the New Mexico State Land Office has provided for program eligibility for lease holders on these lands. Enrolled lands are marked on the oil & gas lease sale tract listing with a footnote.

This is a voluntary program entered into by industry through CEHMM. Information on the program can be found at the CEHMM web site: www.cehmm.org/ccaccaa.

Aubrey Dunn
Commissioner of Public Lands
NOTICE:
CULTURAL RESOURCE PROTECTION

All oil & gas or mineral leases, assigns, and operators conducting drilling, production, injection, or related operations on state trust lands should be aware that it is a criminal offense for any person to knowingly excavate, injure, or destroy cultural property located on state land. [§ 18-6-9, NMSA 1978]. Applicants and lessees should exercise due caution to ensure that cultural properties are not inadvertently excavated, injured, or destroyed by any person. A cultural resource survey prior to any surface disturbing activity may assist in site identification and avoidance of criminal liability associated with disturbance or destruction of sites. Should any activity reveal suspected cultural property, the activity should cease until a site evaluation is made. For further information, please contact the New Mexico State Land Office Oil & Gas Division at 505-827-5774.
### 2016 Oil & Gas Lease Sale Calendar

<table>
<thead>
<tr>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
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#### New Mexico State Land Office

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<th>May</th>
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</tbody>
</table>

- **Regularly scheduled sale** (Third Tuesday of each month)
- **Last day to nominate tracts for following monthly sale**
Do you need New Mexico oil and gas info?

USEFUL NEW MEXICO OIL AND GAS LINKS

New Mexico State Land Office, leasing/royalty management agency for state trust lands: www.nmstatelands.org

New Mexico Tech site for State Land Office ONGARD data presentation to the public.
http://octane.nmt.edu/slo/

ONGARD database for open acres and a wealth of other state data you didn’t know you needed.
http://www.ongard.state.nm.us/

NM Bureau of Geology and Mineral Resources, subsurface geology for the state.
Their publications website: http://geoinfo.nmt.edu/

NM Oil Conservation Division, oil industry regulatory agency for operating in New Mexico, plus well and production data: http://www.emnrd.state.nm.us/ocd/
How may our Oil, Gas, and Minerals Division help you?

**Lease Sales, Nominations, Potash Enclave, Geophysical Permitting, Geology**

Stephen L. Wust, Ph.D. 505-827-5774
swust@slo.state.nm.us

**Unitization & Commingling**

Pete Martinez 505-827-5791
Sue Keelin 505-827-5783

**Communitization, Reduced Royalty, Engineering**

Niranjan Khalsa 505-827-6628
Anchor Holm 505-827-5759

**Lease Expirations, Cancellations, Rentals, Assignments, Miscellaneous Instruments**

Kenda Montoya 505-827-5749
Rubel Salazar 505-827-5730

**Bonds, Shut-In Royalty, OGRIDS.**

Kenda Montoya 505-827-5749

**Sand and Gravel, Caliche, General Mining**

Jason Smith 505-827-5743
Mario Rael 505-827-4739

**OGMD Office Procedures, Division Administration**

Patrick Padilla, Assistant Commissioner 505-827-4489
Terry Warnell, Division Director 505-827-5745
Ed Martin, Engineering Supervisor 505-827-5746
Chuck Sandoval, Office Administrator 505-827-5744