

## Obtaining a Lease

### Water Easements

There are three **water well categories**;

- 1) A Production well produces water only for the benefit of the easement holder
- 2) A Commercial well produces water for sale to persons other than the easement holder
- 3) A Monitoring well produces no water and is often required for spill remediation plans by the New Mexico Oil Conservation Division.

A water easement consists of the right to use a small parcel of land for the placement and operation of a well. There is an annual rent for an easement, and in the case of a commercial well easement an additional rent per barrel for all water diverted from the well.

There are five types of **water easements**;

1. Production well, 'W0' prefix
2. Monitoring or Delineation well, 'WM' prefix
3. 30-day soil boring permit 'WP' prefix
4. Commercial well, 'WR' prefix
5. Temporary Easement for a one-time 90-day sale of water, "WT" prefix. For temporary sales from an agricultural livestock or irrigation well, and **only for agricultural or domestic purposes**. There are no water sales to be made for oil and gas production activities from agricultural wells.

Each easement must have a surface damage and contract **performance bond**.

**Water Rights Agreement** The Agreement gives the right to place a well on State Trust Lands and agree that the ownership of the water rights belongs with the NM Commissioner of Public Lands. This is **required** for all well easements. In the case where water rights are moved from other locations on to Trust Lands a Water Rights Agreement for those water rights is not required.

Water Rights related issues are handled by the Office of the State Engineer, Water Rights Division: (505) 827-5789.

See Water easement Application forms [here](#).

## **Salt Water Disposal Easements**

### **Easements**

Salt water easements are issued for up to 2.50 acres for up to 5 years with a preference right of renewal. There is a \$250.00 non-refundable easement application fee.

Easements are required for all SWD wells placed on State Trust Lands with some exceptions. If the injection well is located within the boundary of an O&G Unit or Com on State Trust land an easement is not required as long as no off-unit or off-com produced water is injected.

### **Rent and Disposal charges**

A disposal rent will be charged for each barrel of produced water disposed of in the easement well(s), regardless of whether the produced water was produced on-lease or off-lease. The disposal rent is based on whether operation of Salt Water Disposal wells is Applicant's "Primary Business," defined herein as transportation, movement and/or disposal of produced water generating 50% or greater of Grantee's annual gross revenues.. Applicant or Applicant's Representative represents and warrants that the following information is true and correct:

1. **Tier One** easement: Operation of Salt Water Disposal wells **is not** Applicant's Primary Business.  
\$10,000.00 per year per well rent + \$0.05 for each barrel of disposed fluids
2. **Tier Two** easement: Operation of Salt Water Disposal wells **is** Applicant's Primary Business  
\$10,000.00 per year per well rent + \$0.11 for each barrel of disposed fluids.

**Bonds** New applicants and existing easement holders must submit 2 bonds;

1. \$10,000.00 Single Easement Bond or other surety -For contract performance and surface damage.
2. \$250,000.00 Reclamation Bond or other surety- Each well must have this reclamation bond filed with and accepted by the NM Commissioner of Public Lands prior to commencing disposal.

See Salt Water Disposal Easement Application forms [here](#).