

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 on 16 July 2019, for the tracts of land herein described.

The sale will be held online, in sealed and open bidding formats. The sealed bid portion will close at 8:30 am MDT on July 16. Open bidding closes sequentially by tract, with bidding for the first tract closing at 10:30. Bidding will commence one week prior to lease sale day.

The sale will be held and conducted in accordance with the following terms and conditions:

The online auction will be conducted by the State Land Office contract auction house, EnergyNet. To view the online tract listing go to www.energynet.com. Prospective bidders must register with EnergyNet at https://www.energynet.com/govt_listing.pl and abide by the terms and conditions therein.

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. Leases will be awarded to the highest bidder, if the offer made is deemed to be satisfactory.

The successful bidder in every case of bidding will be required to deposit forthwith, the amount bid, plus the application fee of \$100.00, and to file application in due form before the close of business on said date. The successful bidder in online bidding will be required to make the deposit via electronic fund transfer, as specified on the EnergyNet auction site.

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.

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.



STEPHANIE GARCIA RICHARD
COMMISSIONER OF PUBLIC LANDS

LEASE NOMINATIONS

Please note the State Land Office's previous restriction requiring nominators to ensure at least a minimum bid is submitted, is suspended until further notice. If a nominated tract receives no bids, the nominator may still nominate tracts for subsequent lease sales.

July oil & gas lease sale

The New Mexico State Land Office Oil & Gas lease sale for 16 July 2019 will be held online in sealed and open bidding formats. Online bidding will commence July 9, one week prior to the lease sale date. Sealed bidding will close at 8:30 am MDT on July 16. Open bidding closes sequentially by tract, with bidding for the first tract closing at 10:30 am.

The online auction will be conducted by the State Land Office auction house contractor, EnergyNet. When posted, the online tract listing can be viewed at www.energynet.com. Prospective bidders must register with EnergyNet at https://www.energynet.com/govt_listing.pl and abide by the terms and conditions therein.

PAYMENT FOR ALL WINNING ONLINE LEASES SHALL BE MADE THE DAY OF THE SALE, BY WIRE TRANSFER, OR

IN-PERSON AT THE NEW MEXICO STATE LAND OFFICE BY CASH, CHECK, MONEY ORDER, CERTIFIED CHECK, OR ELECTRONIC TRANSFER ON A SOLVENT BANK.

LATE PAYMENTS WILL BE REJECTED AND NO LEASE WILL BE ISSUED FOR THAT TRACT

("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.)

"Applications" are the lease information sheets as provided by EnergyNet. To verify wire transfer payment, submit copies of the dated wire instructions (sent to your bank) to swust@slo.state.nm.us; msena@slo.state.nm.us; dmsandoval@slo.state.nm.us by COB of the State Land Office on the day of the sale.

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.)

NEW MEXICO STATE LAND OFFICE
LEASE SALE NOTICE

***** ONLINE SEALED TRACTS *****

Regular Sale - ONLINE SEALED BIDDING COMMENCES 9 JULY 2019. BIDDING FOR THE SEALED TRACTS WILL CLOSE 8:30am MDT ON 16 JULY 2019. THE ONLINE AUCTION WILL BE CONDUCTED BY THE SLO CONTRACTOR ENERGYNET.

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.

TRACT #	COUNTY	SEC TWP RGE	DESCRIPTION	ACRES (MORE OR LESS)	PRIMARY RENTAL	MINIMUM ACCEPTABLE BID
001 VB-001	Eddy	18 21S 26E	SE4NE4	40.00	\$1.00	\$14,000.00
002 VB-002 (D)	Lea	29 13S 34E	S2	320.00	\$0.50	\$40,000.00

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TRACT #	COUNTY	SEC TWP RGE	DESCRIPTION	ACRES (MORE OR LESS)	PRIMARY RENTAL	MINIMUM ACCEPTABLE BID
003 VC-001	Chaves	36 15S 28E	N2SW4	80.00	\$0.50	\$24,000.00
004 VC-002	Eddy	19 20S 27E	LOT(S) 1, 2, 3, N2NE4, SW4NE4, E2NW4, NE4SW4	359.67	\$1.00	\$260,000.00
005 VC-003 (B)	Eddy	24 21S 30E	NW4	160.00	\$1.00	\$800,000.00
006 VC-004 (B)	Eddy	05 22S 31E	S2S2	80.00	\$1.00	\$400,000.00
007 VC-005	Eddy	19 23S 26E	SE4NE4, E2W2, E2SE4	280.00	\$1.00	\$70,000.00
008 VC-006	Lea	13 18S 34E	S2	320.00	\$1.00	\$190,000.00
009 VC-007	Lea	13 18S 34E	W2NE4	80.00	\$1.00	\$37,500.00
010 VC-008	Lea	08 18S 35E	W2SW4	80.00	\$1.00	\$37,500.00
011 VC-009	Lea	17 18S 35E	NE4SW4, S2SW4	120.00	\$1.00	\$50,000.00

***** ONLINE OPEN BIDDING TRACTS *****

Regular Sale - ONLINE OPEN BIDDING COMMENCES 9 JULY 2019. BIDDING FOR THE ONLINE OPEN BIDDING TRACTS WILL CLOSE SEQUENTIALLY ON 16 JULY 2019, WITH BIDDING FOR THE FIRST TRACT CLOSING AT 10:30 AM MDT. THE ONLINE AUCTION WILL BE CONDUCTED BY THE SLO CONTRACTOR ENERGYNET.

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, 1/5th royalty, AND HAVE BEEN CLASSIFIED AND CATEGORIZED IN COMPLIANCE WITH 19-10-3 NMSA 1978.

TRACT #	COUNTY	SEC TWP RGE	DESCRIPTION	ACRES (MORE OR LESS)	PRIMARY RENTAL	MINIMUM ACCEPTABLE BID
012 VC-0-001	Lea	34 18S 35E	NE4, E2NW4	240.00	\$1.00	\$281,250.00

B: DRILLING RESTRICTED DUE TO POTASH

D: ALL OR PORTION OF SURFACE NON-STATE

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

www.nmstatelands.org

POLICY ON COMMUNICATIONS REGARDING OIL & GAS LEASE SALE NOMINATIONS

Because the listing of oil & gas lease tracts to be offered for bid is neither finalized nor public prior to publication, the State Land Office will not provide notification of whether submitted or internal nominations will be included in a lease sale prior to publication. Notification of inclusion will be in the form of the published lease sale listing.

Acknowledgement of receipt of nominations does not constitute a notification that such nominations will or will not be included in a lease sale.

The State Land Office does not track submitted nominations beyond the month they are submitted. Nominated tracts will only be considered for the following month's lease sale. If a nominated tract does not appear in the lease listing, it must be resubmitted the next month in order to be considered for a subsequent lease sale.

To nominate, submit a locational description of the nominated tract to swust@slo.state.nm.us. To be considered for the next month's lease sale, nominations must be submitted two Fridays before the current month's lease sale date. Lease sales are held the third Tuesday of each month.

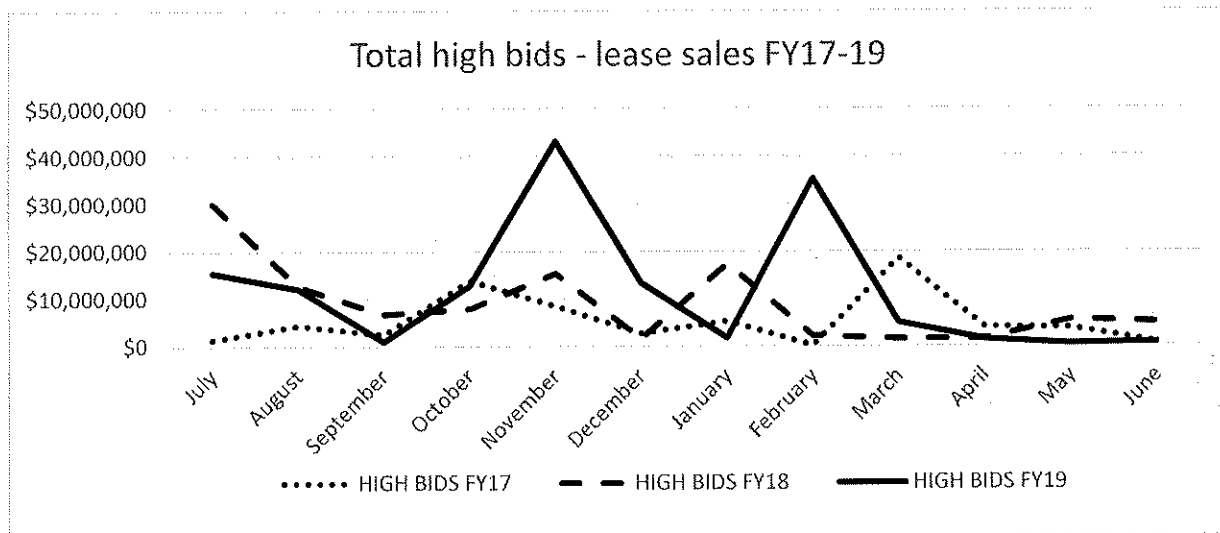
June 2019 Oil & Gas Lease Sale

The June lease sale was held online, in sealed and open bidding formats.

There were eight tracts offered, for a total of 1800.81 acres, in Lea and Eddy Counties. Two tracts were sold.

Total high bids: \$645,869. One tract sold for a per-acre price of \$1525, and one for a per-acre price of \$1255.84 There were 22 registered bidders from seven states.

Sale Month	Total sale	High tracts	Bid type	Rest	S	T	R
18-Jun	\$645,869	\$244,000	S		8	21S	27E
		\$401,869	S		29	17S	36E
Total		\$645,869					
	% Total	100%		\$0			



TRACT #	LEASE #	SEC	TWP	RGE	DESCRIPTION	ACRES	HIDDER	BID AMOUNTS	PRICE/ACR
VC-S-001	VC0631 00	8	21S	27E	SE4	160.00	PREMIER OIL & GAS INC	\$244,000.00	\$1,525.00
VC-S-002		2	23S	25E	LOT(S) 1, 2, S2NE4, SE4		WITHDRAWN		
VC-S-003	VC0632 00	29	17S	36E	S2	320.00	MANZANO ENERGY PARTNERS III,	\$401,869.00	\$1,255.84
VC-S-004		1	19S	36E	NW4SW4		WITHDRAWN		
VC-S-005		10	19S	36E	E2		WITHDRAWN		
VC-S-006		32	23S	36E	NW4		WITHDRAWN		
VC-S-007		32	23S	36E	S2S2		WITHDRAWN		
VC-O-001		36	22S	26E	W2		WITHDRAWN		

**** END OF REPORT ****

CONSERVATION EASEMENTS

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.

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.

CALICHE PITS ON OIL & GAS LEASES

FROM SLO MINERALS RULE 5:

19.2.5.11 USE OF NECESSARILY DISTURBED CALICHE FROM OIL AND GAS LEASE ACREAGE. The commissioner shall make no charge for caliche necessarily moved within the roadbed or within the perimeter of a specific well pad while in the process of developing oil and natural gas under a state oil and gas lease, subject to the following conditions.

A. Only caliche derived from the cellar and reserve pit or cut and fill, which is necessarily disturbed in the process of building an access road and/or that oil and gas well location, may be used without charge.

B. Caliche necessarily disturbed during construction must remain within the boundaries of the oil and gas lease. If excess caliche exists from a necessary disturbance, that caliche may only be moved from that location to another well site within the lease once an operator or lessee of record obtains a permit and compensates the commissioner pursuant to the terms of a community caliche pit permit.

C. Only caliche excavated during cut and fill construction of a well pad or roads built to 19.2.20 NMAC standards will be considered necessarily disturbed.

[5/14/99; 19.2.5.11 NMAC - Rn, 19 NMAC 3. SLO 5.11, 09/30/02]

~~~~~*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](http://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

**Reduced Royalty, Engineering,**  
**Reservoir Analysis**

Anchor Holm 505-827-5759

**Communitization,**  
**Units, Commingling**

Niranjan Khalsa 505-827-6628  
Maria Pruett 505-827-5746  
Scott Dawson 505-827-5791

**Water Easements, SWD**

Faith Crosby 505-827-5849  
Ramona Marcus 505-476-0378

**Bonds, Shut-In Royalty, OGRIDS,**  
**Lease Expirations, Cancellations,**  
**Rentals, Assignments,**  
**Miscellaneous Instruments**

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

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

Jack Yates 505-827-5750  
Jason Smith 505-827-5743  
Chris Gonzales 505-827-5783

**OGMD Office Procedures, Division Administration**

Allison Marks, Division Director 505-827-5745  
Jordan Kessler, Assistant Commissioner 505-827-5746  
Samantha Romero 505-827-5744