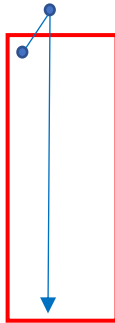


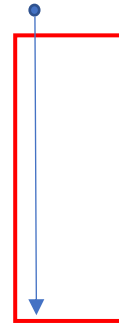
## Backbuild and Subsurface Pipe before First Takepoint Guidance

The Oil, Gas and Minerals Division (“OGM”) is working with industry to allow for subsurface pipe on state trust land. There are two scenarios of subsurface pipe--backbuilds and off-lease surface locations. The Commercial Division calls the instrument for both scenarios a ROW-BB (or, collectively calls them both, backbuilds), but this is just a nomenclature, as the latter is not a backbuild. The intent for both scenarios is to prevent collisions and ensure maximum development of Land Office acreage. Until further guidance is developed, adhere to the instructions below to avoid trespass penalties and com delays by OGM.

### Backbuild



### Off-lease surface location



### Backbuilds

If a well backbuilds off-lease, outside of the dedicated acreage of the com (project area), an operator needs a commercial instrument from the Land Office for the back build. The first step in obtaining said instrument is to work with OGM. OGM will provide initial review and guidance prior to referring the instrument to the Land Office’s Commercial Division. Note, an instrument shall be required for a backbuild if the Land Office has *any* interest in the offsetting lease (e.g. mineral or full estate).

### Off-lease Surface Location

If a well proposes to have the surface location off lease, outside of the dedicated acreage of the com (project area), an operator needs a commercial instrument from the Land Office. Again, the first step is to work with OGM on obtaining the instrument, but the ultimate instrument will be issued by the Commercial Division. An instrument will be required if the SLO has *any* interest in the offsetting lease (e.g. mineral or full estate).

### Timing

It is essential to allow ample time in your drilling plans if you require a commercial instrument in one of the scenarios noted above. OGM recommends allowing at least 100 additional days for regular processing with the Commercial Division and OGM.

### Point of Contact

Within OGM, please work with Joseph Thompson ([jthompson@nmslo.gov](mailto:jthompson@nmslo.gov)) and/or Allison Marks ([amarks@nmslo.gov](mailto:amarks@nmslo.gov)) if you require one of these instruments.