



New Mexico State Land Office

Oil, Gas & Minerals Division

Industry Day

2025



Disclaimer

This presentation is guidance and not binding on the NM State Land Office (NMSLO). It does not provide legal advice and should not be construed as stating NMSLO's legal interpretation or position. Any reliance on this presentation does not limit NMSLO in its compliance activities or in the appealable decisions and orders it may issue.



Oil, Gas & Minerals Division

Greg Bloom

Assistant Commissioner
(505) 827-5746
gbloom@nmslo.gov

Allison Marks

Director
(505) 827-5745
amarks@nmslo.gov

John Winscott

Deputy Director
(505) 827-5759
jwinscott@nmslo.gov

Baylen Lamkin

Petroleum Specialist
Supervisor
(505) 231-0420
blamkin@nmslo.gov

Hailee Thompson

Petroleum Specialist
(505) 476-4652
hthompson@nmslo.gov

Joseph Thompson

Petroleum Specialist
(505) 827-5750
jthompson@nmslo.gov

Dylan Rose-Coss

Petroleum Specialist
(505) 827-5791
drosecoss@nmslo.gov



New Mexico State Land Office

Communitization Agreements



Comm Agreement pre-authorization

- Submit CA plans to the SLO for review via email to ogmdcoms@nmslo.gov
- CA plans will include land description of desired CA spacing (signatures not yet required)
- The SLO will review the surrounding acreage, to prevent waste and ensure proper development (i.e. Stranded State acreage)
- Identify if a subsurface agreement will be needed
- Discuss unique situations (i.e. Enlarged spacing, U-turn wells)
- Please communicate any issues and questions with the SLO in advance

An approved Communitization Agreement must be in place before drilling across lease boundaries.



Final Submission Checklist

- CA submitted on the most recent version of the form, found on our website
- Include Fee - \$100/Section or portion thereof (Subject to current fee schedule)
- All lessees of record signed and notarized
- Operator signed and notarized
- Effective date before first production of well
- Recapitulation adds up to 100%
- Acreage of CA matches OCD permit for well spacing
- Self-Certification form for Federal/Fee interests
- Subsurface agreement in place (if required)



Self-Certification form for Federal/Fee interests

NMSLO Communitization Agreement Self-Certification for Federal, Fee or Tribal Interests

Approval of this Communitization Agreement does not constitute an adjudication of any federal, Tribal or private interests, and neither the Commissioner of Public Lands nor the State Land Office warrant or certify that the information supplied by the party submitting this agreement is accurate with regard to all private, Tribal or federal interests. The responsibility of the Commissioner and State Land Office is to protect and adjudicate only the State Land Office interests during the processing of Communitization Agreements. The State Land Office will only verify the accuracy of state leases in the proposed Communitization Agreement. All nonstate interests must be certified by the Operator.

As Operator of [Communitization Agreement Well Name/API], [Individual Name and Title] on behalf of [Operator Name] hereby certifies that all lessees and/or working interest owners that are parties to this Communitization Agreement, as shown on Exhibit A, have the legal rights and interests they claim to the private or federal or Tribal leases subject to this Communitization Agreement and [Operator Name] has obtained written consent and authority to enter into this Agreement on their behalf. Written consent/signatures of lessees and/or other interest owners will be made available to the State Land Office immediately upon request. Any misrepresentation or material omission by the Operator in this respect will be grounds to void the Communitization Agreement.

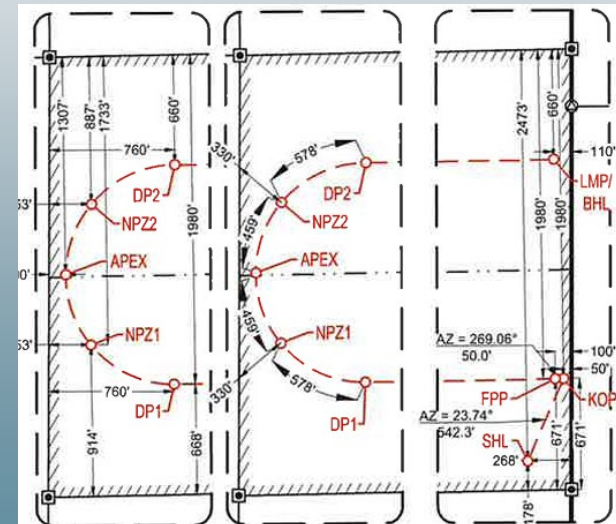
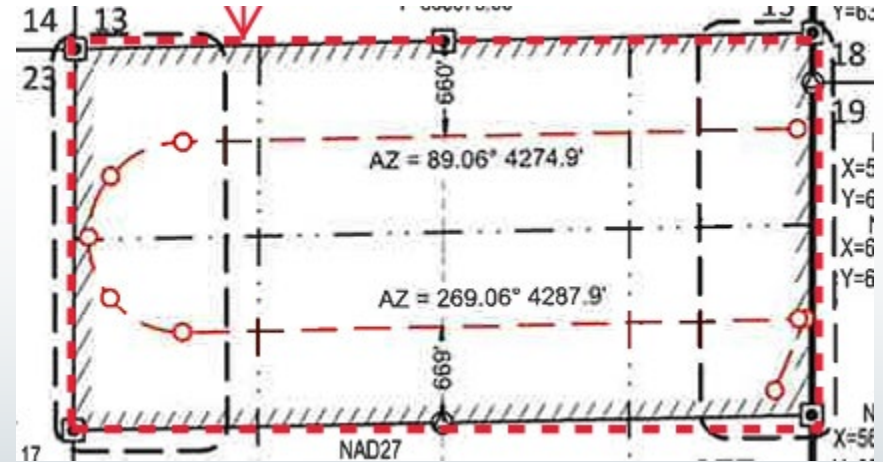
OPERATOR: _____
BY: _____ (Name and Title of Authorized Agent)

_____ (Signature of Authorized Agent)



U-turn well development

- The SLO requires all operators to discuss U-turn well plans that include state lands with the SLO *prior to filling plans with the OCD*
- SLO will review plans in order to maximize the development of State Trust Lands
- Contact Joseph Thompson at jthompson@nmslo.gov to discuss U-turn development





Communitization Compliance – Extensions

- Submit a CA's extension if the well is anticipated to be down for more than 60-days and the CA is not otherwise held by production
- CA's will terminate after 60-days with no production
- Production is determined from current OCD records
- CA's will not be reinstated due to out of date production reporting; make sure your midstream provider is correctly reporting production
- New CA extension templates can be found on our website at nmslo.gov

Time Frame	Production			
	Oil (BBLs)	Gas (MCF)	Water (BBLs)	Days P/I
Aug	0	0	0	31
Sep	0	0	0	30
Oct	0	0	0	31
Nov	0	0	0	30
Dec	0	0	0	0



Communitization Compliance – Well Naming

- All wells included in a CA must have the same naming convention
- All wells included in a CA must have the same spacing ID #

CMD : ONGARD 10/10/23 11:34:58
 OG5COM2 COMM WELL COMPLETION DETAILS OGSBLL -PROD
 Page No: 1
 : 240.00

Comm Agr Name :
 Curr Operator :
 Comm Location :

S :
 Property Name : 9 16 B2IP STATE COM

Well Number : 001H Sec : 16 Twp : 21S Rng : 34E UL : P Lot-Idn :
 Well Compl Status : A

Pool Name : BERRY;BONE SPRING, SOUTH API Well# : 30 025
 Pun : 1390799

S :
 Property Name : 9 16 B3IP STATE COM

Well Number : 002H Sec : 16 Twp : 21S Rng : 34E UL : P Lot-Idn :
 Well Compl Status : A

Pool Name : BERRY;BONE SPRING, SOUTH API Well# : 30 025
 Pun : 1392203

E0005: Enter data to modify or PF keys to scroll
 PF01 HELP PF02 PREV PF03 EXIT PF04 GoTo PF05 DELETE PF06 CONFIRM
 PF07 BKWD PF08 FWD PF09 INXX PF10 PF11 PF12 COM3

CLR PA1 PA2 PA3

Property	Well Number
[325085] <input type="text"/> B2IP STATE COM	#001H
[326220] <input type="text"/> B3IP STATE COM	#002H



New Mexico State Land Office

Unit Agreements



Unit Updates

- Surface use presentation required prior to approval
- New State Unit form forthcoming (Exhibit F for State-Fed Unit Agreement is already published)
- Updated Exhibit F to the State-Fed Unit Agreement (additional stipulations may be included)
- New Unit change of operator form implemented (2-part process)
- Exploratory Units should be diligently drilled in all commercial formations
- We may reach out for additional information to bring our records up to date
- Keep track of lease segregations and contraction terms
- SLO staff can always meet to discuss development plans
- All Unit submissions (applications, POD's, etc...) need to be submitted (physical copies) via mail to the SLO



Unit Change of Operator and Name Change

- **If an operator acquires a unit, the operator cannot change the wells' ownership in a unit until the change of unit operator is approved by the SLO**
- Change of Operators (C-145) are filed with OCD after unit transfers have been approved by the SLO
- Unit operator needs to change everything associated with entire sale
- By law, an operator that changes its name cannot have the name change approved with OCD until SLO signs off.



Unit Change of Operator and Name Change

- Part 1 Preliminary Approval Notice must be issued by the SLO prior to the operator submitting the C-145 to the OCD

INSERT BOTH OPERATORS NAMES AND ADDRESSES

RE: UNIT NAME CHANGE OF OPERATOR PART 1 PRELIMINARY APPROVAL

Dear [REDACTED]:

The New Mexico State Land Office ("NMSLO") has reviewed Part 1 of the Unitization Change of Operator Checklist jointly submitted by [insert both operators names] (collectively, the "Operators") and hereby grants preliminary approval for the Operators to now submit to Notice of Unit Operator Transfer (a/k/a Resignation/Designation form) to NMSLO. Operators may also now submit a C-145 to the Oil Conservation Division at this time.

Kind regards,

Gregory B. Bloom



Unit Change of Operator and Name Change

- Checklist
 - Part 1 of checklist is submitted
 - Review by Environmental Division
 - Once the environmental review is complete and any issues found are addressed to the satisfaction of the Commissioner, then the SLO pre-approval letter is issued. (Do not transfer unit assets prior to SLO approval of unit transfer)
 - After pre-approval is issued, operator submits 2nd part of unit transfer checklist along with resignation/designation forms.
 - Checklist must be executed by the Resigning Unit operator and the Designated Unit operator
- Notice of Unit Operator Transfer form
 - Unit Resignation form (signed and notarized)
 - Unit Designation form (signed and notarized)
 - The Current Unit operator must resign. The Successor operator must accept the duties and responsibilities as the successor operator in writing



Unit Transfers of designation of operator

	API	Well	Type	Mineral Owner	Surface Owner	Status	ULSTR	OCD Unit Letter	Last Production	Spud Date	Plugged On	Current Operator
View	30-015-25774	RED LAKE UNIT #001	Oil	State	State	Active	I-24-16S-28E	I	8/2023	07/27/1987		[33086] [REDACTED]
View	30-015-25681	RED LAKE UNIT #002	Injection	State	State	Active	O-24-16S-28E	O	3/2022	12/02/1988		[33086] [REDACTED]
View	30-015-25747	RED LAKE UNIT #003	Oil	State	State	Active	P-24-16S-28E	P	11/2022	04/29/1987		[33086] [REDACTED]

CMD : [REDACTED] ONGARD 10/20/23 11:18:06
OG5UNIT MAINTAIN/INQUIRE UNITIZATION AGREEMENT OGSBLL -PROD

Unit Name : RED LAKE UNIT
Rec Eff Date : 01-25-2021 UNIT NUMBER : 300170
Unit Operator : 329487 [REDACTED] LLC
Oper Eff Date : 08-01-2019
Unit Type : FWTFL Federal Waterfl Allc Type : 1 (1: By Tract, 2: By PA)
Unit Stat : AC Active Segregation Clause(S/M/E) : E

Unit Eff Date : 05-06-1991 Unit Expn Date : [REDACTED]
SLO Apprvl Date : 05-06-1991 OCD Apprvl Date : 05-06-1991
BLM Apprvl Date : 05-06-1991 Auto Elimn Date : [REDACTED]
Contraction Date : [REDACTED]
Termn Date : [REDACTED] Termn Reason : [REDACTED]
Federal Acreage : 331.24 State Acreage : 757.55
Fee Acreage : 40.00 Indian Acreage : 0.00
Total Acreage : 1,128.79
Remarks : NO AUTO ELIM

E0009: Enter data to modify record
PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 DELETE PF06 CONFIRM
PF07 PF08 PF09 PF10 TERMN PF11 REINST PF12

CLR PA1 PA2 PA3

Received by OCD: 4/20/2022 9:09:10 AM C-145 Page 1 of 4

District I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720
District II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-0720
District III
1000 Rio Brazos Rd., Artesia, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170
District IV
1220 S. St Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3470 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals and Natural
Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505
Change of Operator

Form C-145
Revised May 19, 2017
Permit 314294

Previous Operator Information
OGRID: 329487
Name: [REDACTED]
Address: [REDACTED]
SUITE 475
City, State, Zip: HOUSTON, TX 77079

New Operator Information
Effective Date: Effective on the date of approval by the OCD
OGRID: 330662
Name: [REDACTED]
Address: [REDACTED]
City, State, Zip: ARTESIA, NM 88211



Cross Unit Well Compliance

Per the horizontal well spacing rule, 19.15.16.15.B.6 NMAC,

“No horizontal spacing unit may be designated that lies partly within, and partly outside of, a state exploratory unit, or a federal exploratory unit or participating area if the horizontal spacing unit includes state trust lands, without the written consent of the commissioner of public lands.”

It is imperative to obtain the prior consent of the Commissioner.



Cross Unit Well Compliance

- Non-unit operators are not allowed to operate wells in a unitized interval unless they are non-commercial wells in a divided unit
- If a non unit operator drills a well in a unitized interval, and the well is in an approved PA – or is deemed commercial where a PA hasn't been established, then the unit operator must assume control of the well
- SLO discourages cross unit well development without prior discussions with technical staff



Unit Compliance – Non unit operators

[324932] CO YETI 15 22 FEDERAL COM

#053H

[432]

CMD : ONGARD 10/12/23 11:46:07
OG5UNIT MAINTAIN/INQUIRE UNITIZATION AGREEMENT OGSBL -PROD

Unit Name : COTTON DRAW UNIT (CONTRACTED)
Rec Eff Date : 09-01-2004 UNIT NUMBER : 300107
Unit Operator : 6108
Oper Eff Date : 09-01-2004
Unit Type : FEXPL Federal Explora Allc Type : 2 (1: By Tract, 2: By P
Unit Stat : AC Active Segregation Clause(S/M/E) : M

Unit Eff Date : 07-28-1958 Unit Expn Date : 06-18-2012
SLO Apprvl Date : 07-28-1958 OCD Apprvl Date : 07-28-1958
BLM Apprvl Date : 07-28-1958 Auto Elimn Date :
Contraction Date :
Termn Date : Termn Reason :
Federal Acreage : 8,586.64 State Acreage : 1,517.88
Fee Acreage : 0.00 Indian Acreage : 0.00
Total Acreage : 10,104.52
Remarks : AUTO ELIM;EDDY LEA COS

E0009: Enter data to modify record

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 DELETE PF06 CO
PF07 PF08 PF09 PF10 TERMN PF11 REINST PF12

CLR PA1 PA2 PA3

CMD : ONGARD 10/12/23 1
OG5UNPL MAINTAIN UNIT POOLS OGSBL Page

Unit Name : COTTON DRAW UNIT (CONTRACTED)
Unit Type : Federal Explora As of Date : 10-12-2023

S	Pool#	Pool Name	Eff Date	Termn Date
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	96641	PADUCA;BONE SPRING	07-28-1958	
	96715	WC-025 G-06 S253209L;BONE SPRING	09-28-2020	
	96757	COTTON DRAW;DELAWARE SOUTH	07-28-1958	
	97899	WC-025 G-06 S253206M;BONE SPRING	04-04-2012	
	97903	WC-025 G-08 S253235G;LWR BONE SPRIN	09-28-2020	
	98220	PURPLE SAGE;WOLFCAMP (GAS)	02-01-2017	
	98270	WC-025 G-08 S253216D;UPPER WOLFCAMP	03-01-2022	

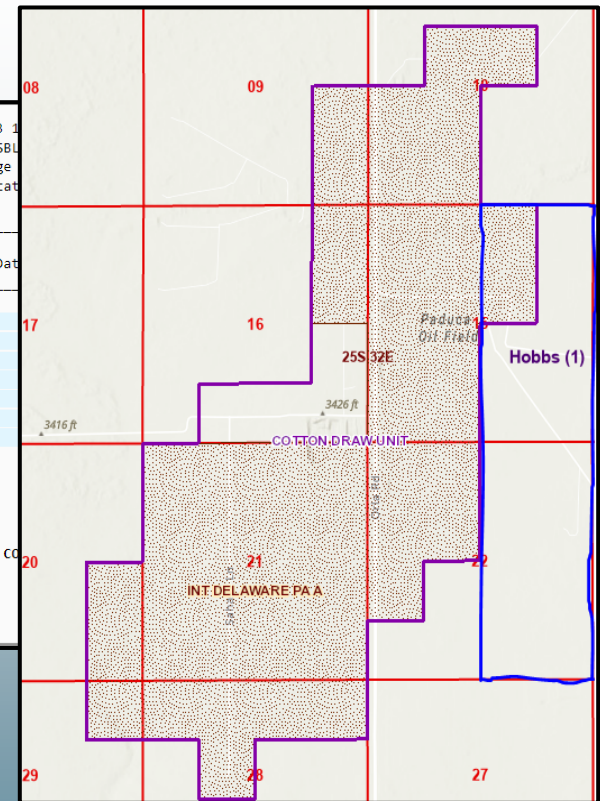
M0001: This is the last page

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CO
PF07 PF08 PF09 PF10 PF11 PF12

Well Completions

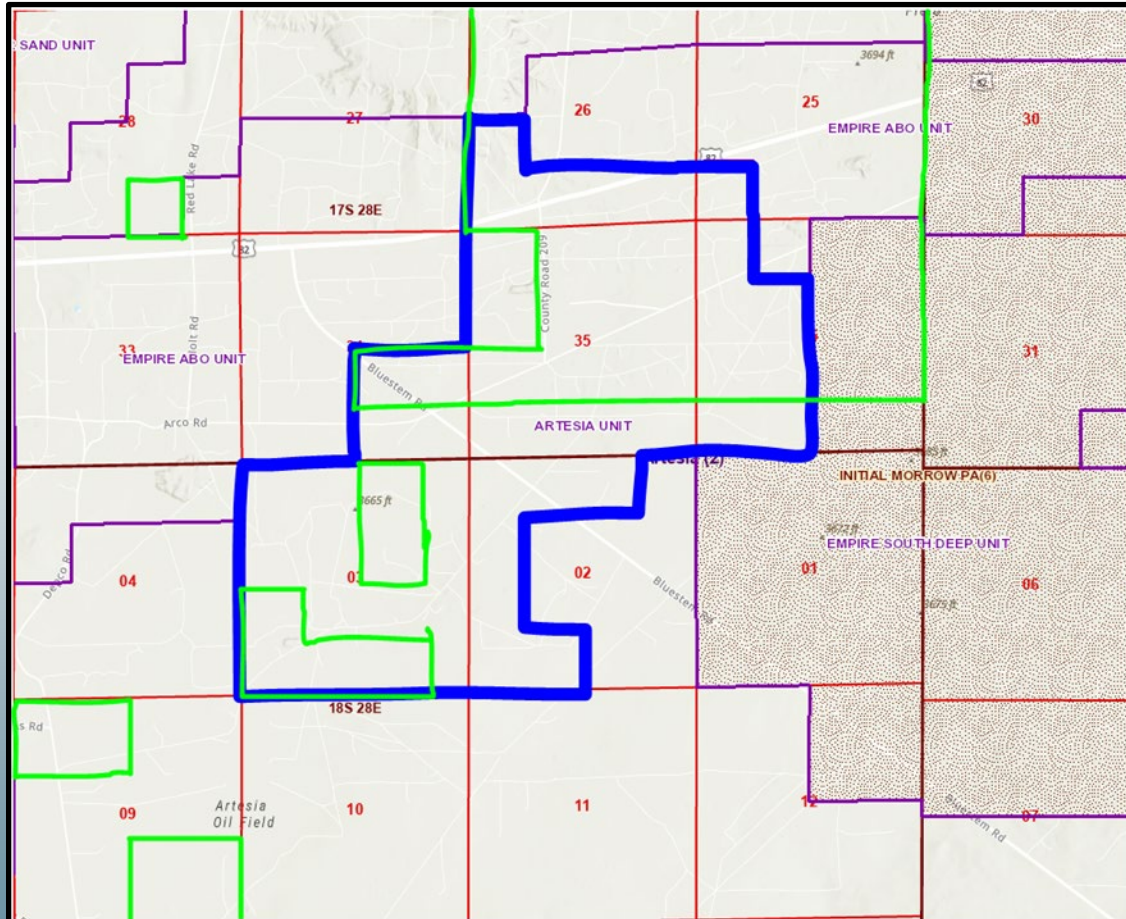
[96715] WC-025 G-06 S253209L; BONE SPRING

Status: New, Not Drilled
Bottomhole Location: O-22-25S-32E 25 FSL 1430 FEL
Lat/Long:
Acreage: 640 15-25S-32E Units: A B G H I J O P
22-25S-32E Units: A B G H I J O P





Unit Compliance – Lease segregation




■ - Unit Boundary
■ - X0-0647-417

(f) Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto shall be segregated as to that portion committed and that not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the Effective Date hereof.



Unit Compliance – Lease segregation

- The SLO is currently auditing all units for lease segregation compliance
- Lease segregation will be enforced moving forward and will be retroactively enforced as well


State of New Mexico
Commissioner of Public Lands
310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

Stephanie Garcia
Richard
COMMISSIONER

COMMISSIONER'S
OFFICE
Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

April 8, 2025

LESSEE NAME
LESSEE ADDRESS

Re: UNIT NAME - Lease Segregation
LESSEE NAME
Lease No. _____

Dear LESSEE NAME:

Upon review of the [INSERT UNIT NAME] Unit ("Unit"), the following lands within Lease No. _____ are outside the Unit boundaries and should have been segregated when the Unit was formed:

- W2, Sec ____ T ____ S R ____ E
- E2, Sec ____ T ____ S R ____ E
- SW4, E2NE4, Sec ____ T ____ S R ____ E
(____ acres)

Under the Unit Agreement, Unit production does not hold the lease acreage that is outside the Unit boundaries and not committed to the Unit. The portion of the Lease No. _____ acreage that is not committed to the Unit has no production, and therefore the Lease has automatically expired as to these lands. This action will become non-appealable unless _____ initiates a contest proceeding within 30 days from the date of this letter (19.2.15 NMAC). Please note that pursuant to 19.2.100.67 NMAC, lessees must responsibly close out lease operations, which includes plugging, and surface remediation/reclamation for leases located on surface lands managed by the Commissioner. Please contact the State Land Office, Right-of-Way bureau, to receive the appropriate authorization to re-enter the formerly leased area. Reclamation obligations continue until satisfied.

If we may be of further assistance, please contact Oil and Gas Lease Manager, Denise A. Gallegos at (505) 827-5749 or email dagallegos@nmslo.gov



Unit Compliance – POD's

Previous Year Operations:

Drilling

Well Name and API#	Legal Location	Target Formation	Status

Completions/Recompletions:

Well Name and API#	Legal Location	Target Formation	Status

Plug Back:

Well Name and API#	Legal Location	Description of Plug-Back	Status

Conversion

Well Name and API#	Legal Location	Description of Conversion	Status

Plug and Abandoned:

Well Name and API#	Legal Location	Description of Conversion	Status

Participating Areas

Paying Well Determination submitted or approved

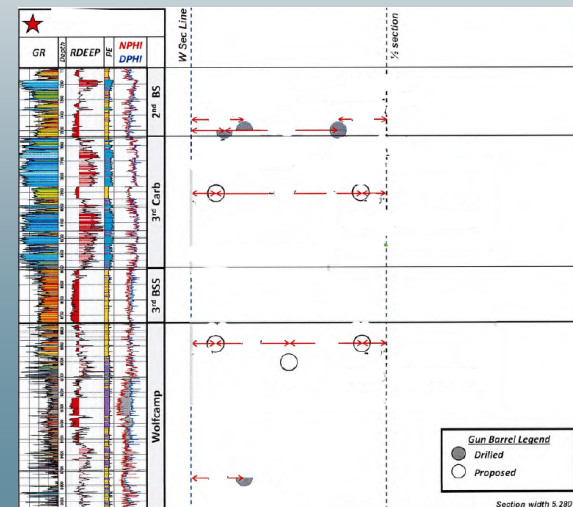
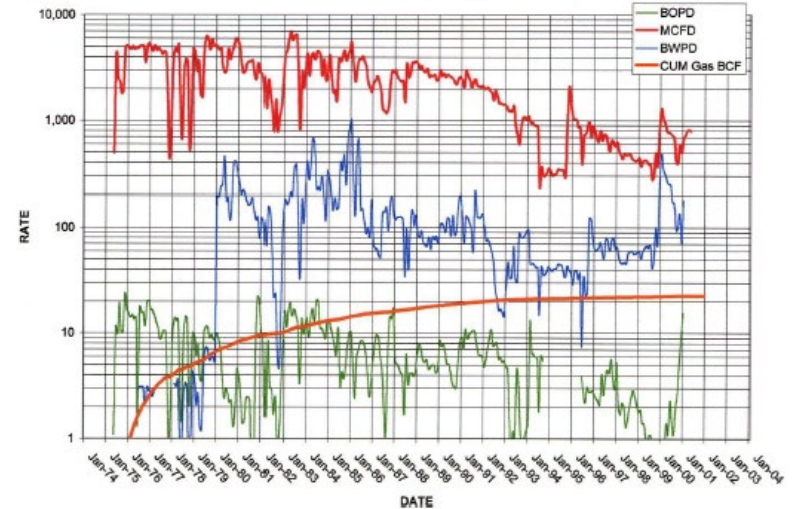
Well Name and #	Legal Location	Target Formation	Status

PA Application submitted or approved

Pay Well Name and Number	Well Legal Location	Target Formation	Status

Other: any surface disturbing activities completed

Legal Location	Type	Description with an area of disturbance (acres)



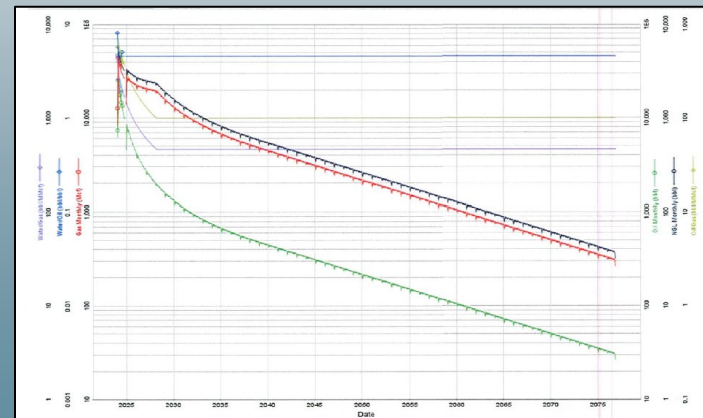


Unit Compliance – Commercial Determinations

- At least 6 months of production, unless justified through IP analysis including offset producers
- Should include a decline curve along with cash flow analysis
- PA's should be established to include the earliest production from development areas

Paying Well Determination	
Please fill out the parameters that are associated to the specific well. If you have additional data, you can attach them in a separate pdf.	
Well Information	
Well Name	
API	
Surface Hole Location (SHL)	
Bottom Hole Location (BHL)	
Well Economics	
First Production Date (mm/yyyy)	
Well Economic Limit Date (mm/yyyy)	
EUR Oil (bbl)	
EUR Gas (mcf)	
EUR BOE	
Recovery Factor (%)	
b-factor	
Discount Rate (%)	
Reservoir Parameters	
Porosity (%)	
Permeability (mD)	
Water Saturation (%)	
Net Pay (ft)	
Oil Formation Volume Factor (rb/stb)	
Gas Formation Volume Factor (ccf/scf)	
Reservoir Temperature (degree Fahrenheit)	
Reservoir Pressure (psi)	
Reservoir Depth (ft)	
Oil Gravity	
Gas Gravity	
Gas Oil Ratio (GOR)	

Price		
Yearly Oil Price (\$/bbl)	Year 1 =	
	Year 2 =	
	Year 3 =	
	Year 4 =	
	Year 5 =	
	Year 6 =	
	Year 7 =	
	Year 8 =	
	Year 9 =	
Yearly Gas Price (\$/mcf) or (\$/mmbtu)	Year 1 =	
	Year 2 =	
	Year 3 =	
	Year 4 =	
	Year 5 =	
	Year 6 =	
	Year 7 =	
	Year 8 =	
	Year 9 =	
BTU Content (btu/cf)		
Yearly Injection Price (\$/bbl)		
Expenses		
OPEX (\$/Well/Day)	/well/day	
OPEX Oil (\$/bbl)	From (mm/yyyy) - To (mm/yyyy)	\$
OPEX Gas (\$/mcf)	From (mm/yyyy) - To (mm/yyyy)	\$





New Mexico State Land Office

Commingles



Commingling Updates

- Make sure commingles that include State resources are being submitted to the SLO for approval in addition to the NMOCD.
- 19.15.12.10 (3) prohibits the commingling of production that involves State resources without the approval of the Commissioner of Public Lands.
- Ensure production segregation is clearly evident in instances where it is required
- Provide evidence of notice for diverse interests
- If necessary add a cover letter that explains any unusual circumstances in applications
- If access is needed for a fed/state well for BLM, contact Allison Marks.

September 2, 2025

Bureau of Land Management
Attn: Commingling Manager
301 Dinosaur Trail
Santa Fe, NM 87508

RE: Off-Lease Measurement / Off-Lease Storage - COMPANY Facilities on New Mexico State
Trust Land That Produce Federally Owned Minerals

To Whom It May Concern:

Pursuant to 43 CFR 3173.14(b)(5), the New Mexico State Land Office ("NMSLO"), as administrator of New Mexico state trust lands, hereby grants the Bureau of Land Management ("BLM") unrestricted access to off-lease measurement facilities and off-lease storage facilities located on state trust lands. This authorization includes access to the surface on which such facilities are located for the purpose of inspecting any production, measurement, water handling, or transportation equipment up to and including the Facility Measurement Point, and for otherwise verifying production accountability. BLM shall report to the NMSLO any violations of 43 CFR 3173.14(b)(5) that are noted.

This authorization remains valid unless revoked, in writing, or until ownership of the applicable surface or facilities changes. In the event of a change in ownership, the operator must obtain and provide updated concurrence in accordance with federal regulations to the New Mexico State Land Office, Attn: Oil, Gas, and Minerals Division, Commingling, 310 Old Santa Fe Trail, Santa Fe, NM 87501 within sixty days (60) of said change of ownership.

Respectfully,

Allison Marks, Director
New Mexico State Land Office

Acknowledged by: _____, _____, COMPANY
Name Title

Date: _____



Industry Day 2025

Questions?