



New Mexico State Land Office

Oil and Gas Division

# Industry Day

September 4, 2025



New Mexico State Land Office

# Extensions

# SLO Extension Guidance

**\*Going to be more than 30 days down\***

<b>Reason <u>Oil</u> Well is Down</b>	<b>Relief Needed-Use FORM Letters to SLO</b>
Mechanical Reasons at wellhead or facility	Invoke Rework
Offset Frac	Request 120-day Special Extension
Lack of gas take-away	Request 120-day Special Extension
Line rupture	Request 120-day Special Extension
Other Force Majure	Request 120-day Special Extension

# SLO Extension Guidance

1) Is the downed well an oil well that includes state production?

- a. If no, then is the well a gas well that includes state production?
- b. If yes, then fill out shut in gas royalty SLO form and pay shut-in royalty to SLO\*
  - \*Prior to submitting Shut-In Gas Royalty form, contact SLO as SLO may have an alternative solution.

2) If it's an oil well with state production, identify State Lease and State CA covering the spacing unit for the downed well.

3) Why is well down?



# SLO Extension Guidance

- 4) If for mechanical reasons, then notice letter MUST be sent to SLO within first 30 days of cessation of production to invoke the rework provision in a state lease or CA
- -Rework MUST begin by the 60th day of cessation.
  - -Pay \$500 administrative fee for invoking the rework provision per nonproducing lease and per CA
  - -Use form of SLO notice letter provided by NMOGA / SLO Oil and Gas Manual.
  - -Must send operational updates for CAs every 30 days to [ogmdcoms@nmslo.gov](mailto:ogmdcoms@nmslo.gov). For Leases, send operational reports to Denise Gallegos' and Meghan Bransford's email addresses. [dagallegos@nmslo.gov](mailto:dagallegos@nmslo.gov); [mbransford@nmslo.gov](mailto:mbransford@nmslo.gov)
  - -Must not have more than 19 days of cessation of operations to return well to production

# SLO Extension Guidance

5) If well is down for reasons outside of operator control or an offset frac, then must send letter to SLO by the 30th down day requesting 120-day extension of lease and/or CA if well will be down 60 or more days.

- Must send CA operational updates to SLO every 30 days to [ogmdcoms@nmslo.gov](mailto:ogmdcoms@nmslo.gov), Lease updates to Denise Gallegos and Meghan Bransford.
- If production is not resumed within 120 days, then must submit an additional extension request to SLO for another 120 days prior to 120th extension day.
- Pay \$500 administrative fee for extension per nonproducing lease and per CA

[www.nmstatelands.org/divisions/oil-gas-and-minerals/oil-and-gas-forms](http://www.nmstatelands.org/divisions/oil-gas-and-minerals/oil-and-gas-forms)

# SLO Extension Guidance

New Mexico  
State Land Office  
NMSLOConnect - Lease Portal

Back

Lease Information Details

Lease Number: VB-679-1

Lease Information

Company Name	Company ID	Assigned From	Total Acres	Prod Stat	
CONCHO OIL & GAS LLC/COG OPERATING LLC	277313	12/31/9999 12:00:00 AM	255.92	Held by Comm	

Lease Term

Lease Term	Issuing Date	Expiration Date	Termination Date	Termination Reason	Current Term	
five(5) year term, 3/16th royalty	7/1/2005 12:00:00 AM	7/1/2010 12:00:00 AM	12/31/9999 12:00:00 AM	N/A	Extended Primary Term	

Rent Billing Information

Bill To	Minimum Annual Rent	Last Rent Bill Date	Next Rent Bill Date	Rent Payment Date	
277313	255.92	6/5/2025 12:00:00 AM	7/1/2026 12:00:00 AM	2025-06-10	

Land Details

10▼ entries per page

Search:

Township Number	Range Number	Section Number	Unit Number	Lot Number	Land Details
26S	28E	36	1		<a href="#">Land Details</a>
26S	28E	36	2		<a href="#">Land Details</a>
26S	28E	36	3		<a href="#">Land Details</a>
26S	28E	36	4		<a href="#">Land Details</a>
26S	28E	36	A		<a href="#">Land Details</a>
26S	28E	36	B		<a href="#">Land Details</a>
26S	28E	36	C		<a href="#">Land Details</a>
26S	28E	36	D		<a href="#">Land Details</a>

Showing 1 to 8 of 8 entries

Export .csv file

1

# Extending a Lease

## P.15 Extension Request

Company Logo

Requestor Name  
Title  
Address  
City, State, Zip  
O: XXX XXX-XXXX  
Requestor Email Address

[Insert Date]

**Via Email & Fedex Overnight**

Ms. Stephanie Garcia Richard  
Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148

Santa Fe, New Mexico 87504

Attn: Allison Marks, Director of Oil, Gas and Minerals Leasing (amarks@nmslo.gov)  
Denise Gallegos, Oil and Gas Lease Manager (dagallegos@nmslo.gov)  
Meghan Bransford, Management Analyst (mbransford@nmslo.gov)

**RE: Extension by Rework –or Paragraph 15  
Pertaining to [WELL NAME plus API No.] and NM State Oil & Gas Lease XX-  
XXXX-XXXX**

Dear Commissioner Garcia Richard:

[Insert name of operator], is the operator of and working interest owner (“Operator”) in the wellbore of the [Insert Well Name(s)] (API No. \_\_\_\_\_) (the “\_\_\_\_\_Well”), which is currently holding the captioned state oil and gas lease by production (“Lease”). [Insert Lessees of Record] is the lessee of record of the Lease(s). The purpose of this letter is to invoke the rework provision in Paragraph 15 of the Lease(s).

Operator obtained production on the \_\_\_\_\_Well on \_\_\_\_\_[insert last date of production from the well], but it has now since ceased producing due to [insert description of mechanical issues] and requires rework operations. Because production from the \_\_\_\_\_Well holds the Lease(s), Operator respectfully requests to invoke Paragraph 15 of the Lease(s), the rework provision, to extend the Lease(s) during rework operations. Per the provision, Operator understands that such operations must be diligently prosecuted in good faith with no cessation of more than twenty (20) consecutive days, and we shall provide operational updates on the rework operations every thirty (30) days until either production on the \_\_\_\_\_Well is established and continuous.

A check in the amount of \$500.00 for the administrative fee associated with invoking the rework provisions in the Lease(s) has been included with this letter.

Operator is available to discuss this matter further in person or otherwise. Please do not hesitate to reach out with any questions.

Commissioner Garcia Richard  
[Insert Date]  
Page 2

Very truly,

[Insert Name of Requestor]  
[Title]

Encls. Exhibit “A” List of Well, and Leases  
1 x \$500 Administrative fee check for Lease

xc: [Copy letter should be sent to lessees of record]

Commissioner Garcia Richard  
[Insert Date]  
Page 3

**Exhibit “A”**

WELL NAME	API	PRODUCING FROM OGL(s)	SHUT-IN DATE

COMMUNITIZATION AGREEMENT NAME	PUN; EFFECTIVE DATE	NMSLO OGL(s) IN CA	LEGAL DESCRIPTION
			(Use the same description as listed on the NMSLO Portal)

NMSLO OGL NUMBER	ISSUE DATE	LEGAL DESCRIPTION	LESSEE OF RECORD
		(Use the Section, Township, Range, Quarter/Quarter description.)  For example: T25S, R25E, SEC 16, NWNW, SWSE, E2	

# Extending a Lease

## P.14 Extension Request

Company Logo

**Requestor Name**  
Title  
Address  
City, State, Zip  
O: XXX XXX-XXXX  
Requestor Email Address

Date

**Via Email & Fedex Overnight**

Ms. Stephanie Garcia Richard  
Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504

Attn: Allison Marks, Director of Oil, Gas and Minerals Leasing (amarks@nmslo.gov)  
Denise Gallegos, Oil and Gas Lease Manager (dagallegos@nmslo.gov)  
Meghan Bransford, Management Analyst (mbransford@nmslo.gov)

**RE: Request for Extension of the State Lease(s) XX-XXXX-XXXX**

Dear Commissioner Garcia Richard:

[*Requesting Entity*], Lessee of Record under the captioned State of New Mexico Oil and Gas Lease XX-XXXX-XXXX, respectfully requests permission to conduct drilling operations across the expiration date pursuant to paragraph 14 of said lease. Drilling of the [*Well Name*] (*API 30-xxx-xxxx*), ("Well") is scheduled to commence on or before [Date] with a rig capable of reaching total depth. The well(s) and Lease(s) are listed on Exhibit "A" attached hereto.

The Commissioner of Public Lands has the discretion to grant an extension of the primary term pursuant to Paragraph 14 of the State Lease.

A report of the status of all such operations shall be made by [*Name of Operator*] to the State Land Office every thirty days in accordance with Paragraph 14 of the State Lease. No cessation of activity may occur for more than 20 days during any 30 day reporting period.

A check in the amount of \$500.00, which reflects the administrative fee for the extension of the Lease is included with this request. [*Operator*] is available to discuss this matter further in person or otherwise. Please do not hesitate to reach out with any questions.

With gratitude,

Name of Requestor  
Title

Encls. Exhibit "A" List of Well and Lease  
1 x \$500 Administrative Fee

xc: [*Name of Lessee if not the Operator*] – Lessee of Record – XX-XXXX-XXXX

Commissioner of Public Lands  
Name of Lessee  
Date

**Exhibit "A"  
Well and Lease**

WELL NAME		API	
NMSLO OGL NUMBER	ISSUE DATE	LEGAL DESCRIPTION	LESSEE OF RECORD
		(Use the Section, Township, Range, Quarter/Quarter description.)  For example: T25S, R25E, SEC 16, NWNW, SWSE, E2	



# Extending a Lease

## Special Extension Request – Lease

Company Logo

Date

**Via Email & Fedex Overnight**

Ms. Stephanie Garcia Richard  
Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504  
Attn: Allison Marks, Director of Oil, Gas and Minerals Leasing (amarks@denisegallegos.com)  
Denise Gallegos, Oil and Gas Lease Manager (dagallegos@nmslo.gov)  
Meghan Bransford, Management Analyst (mbransford@nmslo.gov)

**RE: Suspension of Production Request PERTAINING TO [Well Name] and NM State Oil & Gas Lease XX-XXXX-XXXX to Protect**

Dear Commissioner Garcia Richard:

On \_\_\_\_\_, 202X, [Name of Operator], ("NOO"), [Name] (API 30-xxx-xxxx), ("Well"), owner of working interest in and Mexico State Land Office Oil and Gas Lease(s) XX-XXXX-XXXX ("Lease" which is holding the Lease, Well, CA (if the well is part of one) and Lease "A" attached hereto, due to [insert brief reason why the well is shut-in such as majeure, etc]. The Well must continue to be shut in while the [insert operation to return to production] to return the Well to production. Please find attached from [insert name of offtake/midstream provider] notifying us of the event.

The Commissioner of Public Lands has the discretion to grant a suspension under the terms of the lease or agreement if compliance with the terms of the lease will result in waste or harm to the environment unless the leases or agreements are suspended. The Commissioner, in her discretion may grant such period of time to permit the suspension of the leases or agreements based on the particular circumstances of the leases or agreements. In this case, [Operator] must keep the well shut-in [insert operation performed] and not degrade air quality on State Trust Lands caused by flared and continued compliance with New Mexico's "No Flare" Rule (19.15.27 NMAC), therefore, the protection of air quality justifies the Commissioner granting discretionary authority.

Therefore, as a result of the Well being shut-in, [Operator] requests the Commissioner grant an extension of the Lease since the cessation of production has exceeded 60 days. [Operator] requests a 120-day extension to ensure that the Well is adequately during this repair.

Requestor Name

Commissioner of Public Lands  
Name of Well, CA, Lease  
Date

A check in the amount of \$500.00, which reflects the administrative fee of the Lease is included with this request. [Operator] is available to discuss this request in person or otherwise. Please do not hesitate to reach out with any questions.

With gratitude,

Name of Requestor  
Title

Encls. Exhibit "A" List of Well, and Lease

1 x \$500 Administrative Fee  
Exhibit "B" Notice [email/letter] from [midstream provider]

cc: [Name of Lessee if not the Operator] – Lessee of Record – XX-XXXX-XXXX

Commissioner of Public Lands  
Name of Well, CA, Lease  
Date

**Exhibit "A"**  
**Well, CA, Lease**

WELL NAME	API	PRODUCING FROM OGL(s)	SHUT-IN DATE
COMMUNITIZATION AGREEMENT NAME	PUN: EFFECTIVE DATE	NMSLO OGL(s) IN CA	LEGAL DESCRIPTION
If none, write N/A			(Use the same description as listed on the NMSLO Portal)
		(Use the Section, Township, Range, Quarter/Quarter description.)  For example: T25S, R25E, SEC 16, NWNW, SWSE, E2	

# Extending a Lease

## Special Extension Request – CA

Company Logo

Requestor Name  
Title  
Address  
City, State, Zip  
P.O. XXX-XXX-XXXX  
Requestor Email Address

Date

**Via Email & Fedex Overnight**

Ms. Stephanie Garcia Richard  
Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504  
Attn: Allison Marks, Director of Oil, Gas and Minerals Leasing (amarks@denisegallegos, Oil and Gas Lease Manager (dagallegos@nmslo, Joseph Thompson, Petroleum Specialist (jthompson@nmslo.gov) OGDMS@nmslo.gov

RE: ***Suspension of Production Request PERTAINING TO COMMUNITY AGREEMENT to Protect Air Quality; NAME OF COMMUNITY***  
**PUN**

Dear Commissioner Garcia Richard:

On \_\_\_\_\_, 202X, [Name of Operator], ("NOO"), [Name] (API 30-xxx-xxxx), ("Well"), owner of working interest in the Community Unit Agreement ("CAs") [Name of Comm Agreement] – effective \_\_\_\_\_, XXXX and producing from New Mexico State Land Leases XXX-XXXX-XXXX ("Lease") shut-in the Well which is holding the CAs are listed on Exhibit "A" attached hereto, due to [insert brief reason why as line rupture, force majeure, etc]. The Well must continue to be shut-in operations to be performed to return to production to return the Well to production from the Lease, include "Other wells are actively producing from the Lease." If the down well is last on Lease, you will need to use the term "Lease". Please find attached as Exhibit B notice from [insert name of provider] notifying us of the event.

The Commissioner of Public Lands has the discretion to grant a suspension of the lease or agreement if compliance with the terms of the lease or agreement will result in waste or harm to the environment unless the lease or agreement is suspended. The Commissioner, in her discretion may grant such period of time to permit the suspension of the lease or agreements based on the particular circumstances of the lease or agreements. In this case, [Operator] must keep the well shut-in [insert name of provider] and not degrade air quality on State Trust Lands caused by flare and continued compliance with New Mexico's "No Flare" Rule (19.15.27

Commissioner of Public Lands  
Name of Well, CA, Lease  
Date

therefore, the protection of air quality justifies the Commissioner granting this request under her discretionary authority.

Therefore, as a result of the Well being shut-in, [Operator] respectfully requests the Commissioner grant an extension of the CA since the cessation of production is expected to exceed 60 days as provided under the terms of the CA. [Operator] requests a 120-day extension to ensure that The Well is protected adequately during this repair.

A check in the amount of \$500.00, which reflects the administrative fee for the extension of the CA is included with this request. [Operator] is available to discuss this matter further in person or otherwise. Please do not hesitate to reach out with any questions.

Very truly,

Name of Requestor  
Title

Encls. Exhibit "A" List of Well, CA and Lease  
Exhibit "B" Notice [Email or letter] from [midstream operator]  
1 x \$500 Administrative Fee

cc: [Name of Lessee if not the Operator] – Lessee of Record – XX-XXXX-XXXX

Commissioner of Public Lands  
Name of Well, CA, Lease

**Exhibit "A"**  
**Well, CA, Lease**

WELL NAME	API	PRODUCING FROM OGL(s)	SHUT-IN DATE
COMMUNITIZATION AGREEMENT NAME	PUN; EFFECTIVE DATE	NMSLO OGL(s) IN CA	LEGAL DESCRIPTION
			(Use the same description as listed on the NMSLO Portal)
WELL NUMBER	ISSUE DATE	LEGAL DESCRIPTION	LESSEE OF RECORD
		(Use the Section, Township, Range, Quarter/Quarter description.)  For example: T25S, R25E, SEC 16, NWNW, SWSE, E2	

## Special Extension Request for a Lease & CA

Company Logo

Date \_\_\_\_\_

**Via Email & Fedex Overnight**

Ms. Stephanie Garcia Richard  
Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504

Attn: Allison Marks, Director of Oil, Gas and Minerals Leasing (amarks@nmsl.gov)  
Denise Gallegos, Oil and Gas Lease Manager (dgallegos@nmsl.gov)  
Joseph Thompson, Petroleum Specialist (jthompson@nmsl.gov)  
Meghan Bransford, Management Analyst (mbransford@nmsl.gov)  
OGMDCOMS@nmsl.gov

RE: *Suspension of Production Request PERTAINING TO AGREEMENT and NEW MEXICO OIL AND GAS Quality*; [Well Name] – NMSLO OIL & GAS LEA [Communitization Agreement Name] – PUN XXXXX

Dear Commissioner Garcia Richard:

On \_\_\_\_\_, 202X, [Name of Operator], “NOO” (Name) (API 30-xxxx-xxxx), “Well”, owner of working interest in Communication Agreement (“CA”) [Comm Agreement Name and XXXXXX/XXXX and producing from New Mexico State Land Office XXXX-XXXX (“Lease”) shut-in the Well which is holding the CA and L are listed on Exhibit “A” attached hereto, due to [insert brief description such as line break, force majeure, etc]. The Well must continue to be operations to be performed to return to production) to return the Well to attached as Exhibit “B” notice from [insert name of offset/midstream] the event.

The Commissioner of Public Lands has the discretion to grant a waiver under the terms of the lease or agreement if compliance with the terms of the lease will result in waste or harm to the environment unless the leases or agreements are suspended. The Commissioner, in her discretion may grant such period of suspension to permit the suspension of the leases or agreements based on the particular leases or agreements. In this case, *[Operator]* must keep the well shut-in and *performed* and not degrade air quality on State Trust Lands caused by flaring and continued compliance with New Mexico's "No Flare" Rule (19.15.2 NMAC). Therefore, the protection of air quality justifies the Commissioner granting discretionary authority.

Requestor Name

Commissioner of Public Lands  
Name of Well, CA, Lease  
Date

Therefore, as a result of the Well being shut-in, [Operator] respectfully requests the Commissioner grant an extension of the Lease since the cessation of production is expected to

exceed 60 days as provided under the terms of the CA. [Operator] requests a 120-day extension to ensure that The Well is protected adequately during this repair.

Two checks in the amount of \$500.00 each, which reflect the administrative fees for the extension of the CA and Lease are included with this request. [Operator] is available to discuss this matter further in person or otherwise. Please do not hesitate to reach out with any questions.

Very truly,

Name of Requestor  
Title

Encls. Exhibit "A" List of Well, CA and Lease  
2 x \$500 Administrative Fee  
Exhibit "B" Notice [email or letter] from [midstream provider]

xc: [Name of Lessee if not the Operator] – Lessee of Record – XX-XXXX-XXXX

Commissioner of Public Lands  
 State of Well, CA, Lease

**Exhibit "A"**  
**Well, CA, Lease**

WELL NAME	API	PRODUCING FROM OGL(s)	SHUT-IN DATE
UNITIZATION ELEMENT NAME	PUN; EFFECTIVE DATE	NMSLO OGL(s) IN CA	LEGAL DESCRIPTION
ne, write N/A			(Use the same description as listed on the NMSLO Portal)
OGL NUMBER	ISSUE DATE	LEGAL DESCRIPTION	LESSEE OF RECORD
		(Use the Section, Township, Range, Quarter/Quarter description.)  For example: T25S, R25E, SEC 16, NWNW, SWSE, E2	

# Extending a Lease

## P.9 Reworking a Com Extension Request

Company Logo

[Insert Date]

**Via Email & Fedex Overnight**  
Ms. Stephanie Garcia Richard  
Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504  
Attn: Allison Marks, Director of Oil, Gas and Minerals Leasing (amarks@nmslo.gov)  
Denise Gallegos, Oil and Gas Lease Manager (dagallegos@nmslo.gov)  
Joseph Thompson, Petroleum Specialist (jthompson@nmslo.gov)  
OGMDCOMS@nmslo.gov

**RE: Extension by Rework –or Paragraph 9**  
**[Insert State Communitization Agreement dated \_\_\_\_\_]**  
**Well (PUN \_\_\_\_\_)]**

Dear Commissioner Garcia Richard:

[Insert name of operator], is the operator of and working interest of the wellbore of the [Insert Well Name(s)] (API No. \_\_\_\_\_) (the “\_\_\_\_\_”) currently holding the captioned state communitization agreement by production. [Lessee of Record] is the lessee of record of the Lease(s) committed to the C.A. This letter is to invoke the rework provision in Paragraph 9 of the C.A.

Operator obtained production on the \_\_\_\_\_ Well on \_\_\_\_\_ [insert last date of production] (the “\_\_\_\_\_”), but it has now since ceased producing due to [insert description of issues] and requires rework operations. Because production from the \_\_\_\_\_ Well has ceased, Operator respectfully requests to invoke Paragraph 9 of the C.A. to rework the C.A. during rework operations. Per the provision, Operator understands that the C.A. must be diligently prosecuted in good faith with no cessation of more than two (2) days, and we shall provide operational updates on the rework operations until either production on the \_\_\_\_\_ Well is established and continuous.

A check in the amount of \$500.00 for the administrative fee associated with the rework provision in the C.A. has been included with this letter.

Operator is available to discuss this matter further in person or otherwise. Please do not hesitate to reach out with any questions.

Commissioner Garcia Richard  
[Insert Date]  
Page 2

Very truly,

[Insert Name of Requestor]  
[Title]

Encls. Exhibit “A” List of Well, C.A and Leases committed to C.A.  
1 x \$500 Administrative fee check

xc: [Copy letter should be sent to lessee of record]

Commissioner Garcia Richard  
[Insert Date]  
Page 3

Exhibit “A”

WELL NAME	API	PRODUCING FROM OGL(s)	SHUT-IN DATE

COMMUNITIZATION AGREEMENT NAME	PUN; EFFECTIVE DATE	NMSLO OGL(s) IN CA	LEGAL DESCRIPTION
			(Use the same description as listed on the NMSLO Portal)

NMSLO OGL NUMBER	ISSUE DATE	LEGAL DESCRIPTION	LESSEE OF RECORD
		(Use the Section, Township, Range, Quarter/Quarter description.)  For example: T25S, R25E, SEC 16, NWNW, SWSE, E2	



New Mexico State Land Office

# Updates to Oil and Gas Manual

Disclaimer: Portions of this Manual may become out-of-date at any time. While the State Land Office makes attempts to maintain a current version of this reference Manual for the public, the State Land Office reserves the right to amend and modify any and all procedures set forth herein.

Finally, nothing herein is meant to limit the rights of the State Land Office. The State Land Office advises lessees and persons referencing this Manual that the State Land Office reserves all rights it has with persons under any contractual documents with persons, and this Manual, in no way, supersedes or supplements those contracts.

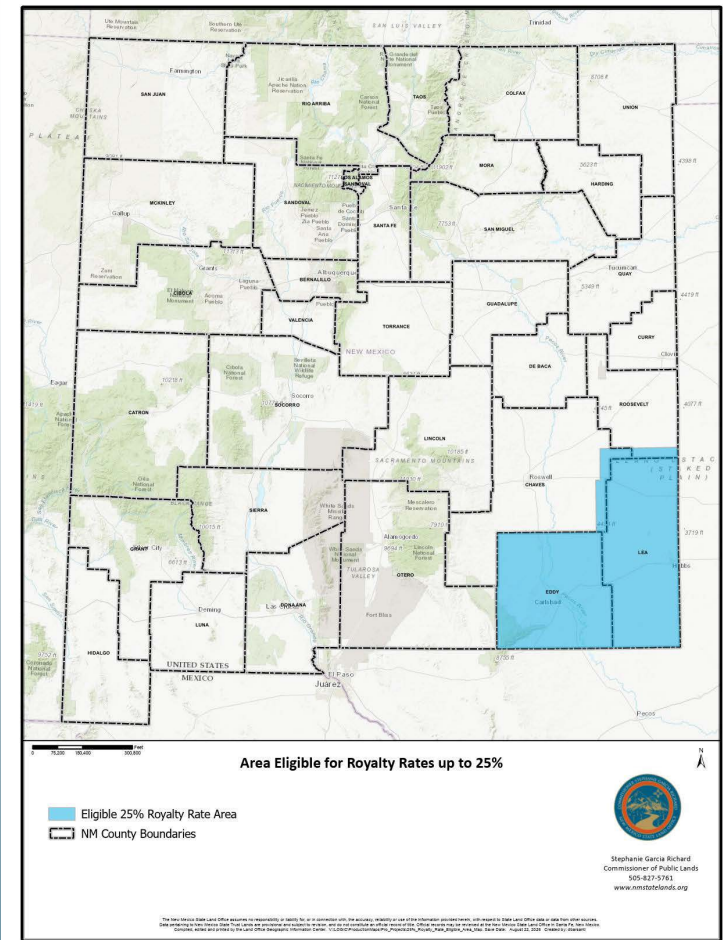


# Lease Section

SR and SG Prefixes and new language added to sample contracts.

Lease Extension Template guidance added.

New Map pursuant to new legislation.



# Bonding Section

LOC Template added.

Bonding and Surety requirements updated.

Megabond Revised.

SLO no longer accepts riders or amendments to bonds. If any changes are made, a new replacement bond must be submitted.

*NEW MEXICO STATE LAND OFFICE - Oil, Gas & Minerals Division  
IMPROVEMENT DAMAGE BOND FOR OIL & GAS LEASES*

**IRREVOCABLE STANDBY LETTER OF CREDIT**

# Letter of Credit #

Date: Effective Date  
Expiration: Expiration Date

Beneficiary:  
Commissioner of Public Lands  
New Mexico State Land Office  
Oil Gas and Minerals Division  
310 Old Santa Fe Trail  
Santa Fe, NM 87504

On behalf of Principal Name ("Applicant"), we Bank Name  
Bank Address (hereinafter "Bank") hereby issue this Irrevocable  
Standby Letter of Credit ("LOC") for the benefit of the New Mexico Commissioner of Public  
Lands ("Commissioner") for the amount of US Amount in Words dollars  
(\$ Numerical Amount). By this LOC we agree that, immediately upon receipt of written demand,  
whether in original form or by facsimile copy pursuant to the requirements set out in the  
"Documentary Requirements" BELOW, from the Commissioner for all or a portion of the LOC,  
we will pay the sum or sums demanded to the Commissioner. This LOC is made and issued  
pursuant to the Uniform Commercial Code, and is accepted in lieu of the bond requirements set  
out in New Mexico State Land Office Rule 100.23 C.

**Term:** The LOC becomes effective on Effective Date and shall remain in effect for exactly  
one year after that date and shall automatically be extended by this provision.

**Renewal:** At least one hundred twenty (120) days prior to the expiration of any one-year term of  
this LOC, the Commissioner must receive written notice by registered mail or by overnight courier  
service from the Bank that it intends not to extend this LOC; and in the absence of such notice,  
this LOC shall automatically be extended.

Upon receipt of notice of non-renewal from the Bank, the Commissioner may, before expiration  
of the term of this LOC, draw upon the Bank up to the amount of this LOC, provided that such  
draft is accompanied by a statement of the Commissioner on its letterhead that the Applicant has,  
at that time, failed to provide a satisfactory replacement bond.

**Documentary Requirements:** This LOC may be drawn upon by the Commissioner in whole or  
in part at any time during its term to secure payment for surface improvement damages and  
performance under the lease as described in New Mexico State Land Office Rule 100.23C. Any  
such drawings by the Commissioner shall be effected by a demand letter from the Commissioner  
on her letterhead stating that the Applicant has defaulted and that the amount demanded is in partial

Page | 1 Letter of Credit No. Letter of Credit #

# CA Section

CA Checklist and forms updated.

Subsurface Agreement Guidance added.

CA Extension Templates added.

Pre-approval process made clear.  
This includes enlarged spacing,  
U-turn wells, etc..

Company Logo

Requestor Name  
Title  
Address  
City, State, Zip  
O. XXX XXX-XXXX  
Requestor Email Address

[Insert Date]

**Via Email & Fedex Overnight**

Ms. Stephanie Garcia Richard  
Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504

Attn: Allison Marks, Director of Oil, Gas and Minerals Leasing (amarks@nmslo.gov)  
Denise Gallegos, Oil and Gas Lease Manager (dgallegos@nmslo.gov)  
Joseph Thompson, Petroleum Specialist (jthompson@nmslo.gov)  
OGMDCOMS@nmslo.gov

RE: ***Extension by Rework –or Paragraph 9***

**[Insert State Communitization Agreement dated \_\_\_\_\_ for the \_\_\_\_\_  
Well (PUN \_\_\_\_\_)]**

Dear Commissioner Garcia Richard:

[Insert name of operator], is the operator of and working interest owner ("Operator") in the wellbore of the [Insert Well Name(s)] (API No. \_\_\_\_\_) (the "\_\_\_\_ Well"), which is currently holding the captioned state communitization agreement by production ("CA"). [Insert Lessee of Record] is the lessee of record of the Lease(s) committed to the CA. The purpose of this letter is to invoke the rework provision in Paragraph 9 of the CA.

Operator obtained production on the \_\_\_\_ Well on \_\_\_\_\_ [insert last date of production from the well], but it has now since ceased producing due to [insert description of mechanical issues] and requires rework operations. Because production from the \_\_\_\_ Well holds the CA, Operator respectfully requests to invoke Paragraph 9 of the CA, the rework provision, to extend the CA during rework operations. Per the provision, Operator understands that such operations must be diligently prosecuted in good faith with no cessation of more than twenty (20) consecutive days, and we shall provide operational updates on the rework operations every thirty (30) days until either production on the \_\_\_\_ Well is established and continuous.

A check in the amount of \$500.00 for the administrative fee associated with invoking the rework provision in the CA has been included with this letter.

Operator is available to discuss this matter further in person or otherwise. Please do not hesitate to reach out with any questions.

# Unit Commingling Section

Commingle guidelines added.

Unit Transfer language added.

Unit POD and Extension guidance revised.

UA Section reference table for production allocation updated

FAQ Updated

POD requirements for gun barrel diagrams in modern horizontal units updated.



New Mexico State Land Office

# Oil and Gas Assignments



# Record Title Assignment Steps

Companies close transaction and fill out Record Title Assignment forms.

Entities wanting to obtain record title must:

- Register with NM Secretary of State
- Request a SLO OGRID (for those without one)
- Secure appropriate bonding.

Complete Record Title Assignment of Oil and Gas form in triplicate (3 originals)

- Each Section must be fully and accurately completed.

Include \$100 filing fee. (Check fee schedule for current fees)

- If forms are submitted 100 days or more from the assignor's execution date, an additional filing fee of \$150 will be required for a total of \$250.
- Fees are non-refundable.

Any changes made to the form, whether whited out or crossed out, must be initialed.

# Record Title Assignment Steps Cont..

SLO is happy to review assignments via email before the originals are sent to ensure everything is correct. Email Veronica Gonzales at [vgonzales@nmslo.gov](mailto:vgonzales@nmslo.gov)

Lease Assignment Cover Sheet ( 1 per lease – not needed in triplicate)

- Portion for both Assignor and Assignee must be completed, initialed, and signed
- Each section should be fully and accurately completed.
- OCD's website along with SLO's Wells to Leases Report, are great resources in order to complete this coversheet.

When completing land description section:

- Do not use unit letters or additional wording.
- Use Qtr/Qtr breakdown only. (Lots OK)

For notarized signatures, ensure notary's expiration date matches notary stamp.

If an Attorney-in-Fact is signing on behalf of lessee:

- POA must be included and attached to each assignment form.
- POA's must be included with each assignment packet submitted, even if previously submitted for a prior assignment.

# Record Title Assignment Steps Cont..

If a large number of assignments will be submitted, please submit in batches of ten as to not overwhelm processing.

Assignments must be clean with no existing environmental or compliance issues.

Once assignment forms and fees are received, the review process begins.

- Process time will vary
- No set timeframe

Review process includes:

- Ensuring forms and cover sheet are completely and accurately filled out.
- Royalty Division review.
- Environmental review.
- If issues are identified, Denise and Veronica will reach out. Discrepancies or any other issues will need to be resolved before assignment is approved.

**Approval of assignment does not guarantee the lease is in good standing.**

# Record Title Assignment Steps Cont..

Filing documentation with the county **DOES NOT** transfer record title at the state level

Record Title is not approved until the CPL signs the documents.

Blanket Assignments – may cause delays if any issue is found



New Mexico State Land Office

# Miscellaneous Instruments

## (MI's)



# Probate Documents

# NEW MEXICO STATE LAND OFFICE MISCELLANEOUS INSTRUMENT FILING

Filed by:

Plat# / Meeting Address

Grantor (Name)

Grantee / Meeting Address

Grantor / Address

## Instrument Type (attached hereto)

Please check one of the following, as appropriate:

☐ Name Change/Merge/Conversion (Secretary of State)

☐ Probate Document/ Document Supporting Transfer upon Death (must be certified)  
   Filed in \_\_\_\_\_ County, New Mexico

☐ Corporate Document

## IMPORTANT INFORMATION

**New Mexico Change/Merge/Conversion (Secretary of State) documents filed with NMSLO will be accepted to effectuate the claims of the Record Title Law.** Please. The filer of Probate Document, upon death document and Corporate Document, please also mail the original(s) of said document(s) and Grant Receipt Title and a change to the name, to the New Mexico State Land Office, a NMSLO Record Title Acceptance Office, Old Santa Fe Trail, and file with an office. His/Her will not be accepted and filed without the approval of the Commissioner of Public Lands. A separate instrument form that filed for each office, NMSLO will accept blanket instrument address.

## NOTICE

1. FILING OF MISCELLANEOUS INSTRUMENTS: Instruments shall be filed in triplicate, and shall include complete mailing address. If accepted, the form will be filed in Public Lands, and will provide a copy of the entire instrument and copies of the document filed. If rejected, the instrument will be withdrawn by NMSLO's work and pay number where filed (the "recognition number").
2. EXEMPT A lot of land owned by the Commissioner of Public Lands, per 19-2-100 NMAC.
3. MISCELLANEOUS INSTRUMENTS WILL NOT APPROVED BY THE COMMISSIONER. Please note that filing a Miscellaneous Instrument does not require but will not remove the approval of the Commissioner of Public Lands, per 19-2-100 NMAC.
4. RECORDS FEE: The recording fee for a Name Change/Merge/Conversion is \$150.00 for each associated instrument (based on an exhibit. The recording fee for any other acceptable Miscellaneous Instrument type is \$70.00 for each associated instrument, based on an exhibit.
5. ACCEPTANCE OR REJECTION OF MISCELLANEOUS INSTRUMENTS: The New Mexico State Land Office may accept this instrument for filing, in accordance with 19-2-100 NMAC. Instruments may be accepted or rejected:
  - a. The type of instrument does not match the instrument to be recorded; the following:
    - i. insufficient or incomplete of filing fees;
    - ii. insufficient or incomplete of filing fees;
    - iii. insufficient or incomplete of filing fees;
  - b. The type of instrument submitted is not one of the three types listed above (which are the only types that will be accepted);
  - c. FILING IN LEASE AND GRANTOR PLIES: NMSLO will place a Miscellaneous Instrument Received Show (showing the recording number of the Miscellaneous Instrument as such instrument) (SLO) on the exhibit for cross-indexing. NMSLO will file for this form and the original instrument.
  - d. PERSONAL CHECKS: If Recording Fees are paid by personal check, the Commissioner of Public Lands returns the note to withheld until payment is received in full.
6. RETURN OF ACCEPTED FORM: If this form is accepted for filing, NMSLO will mail copies to the Filer, Grantee and Grantee (showing the recording number) of the Miscellaneous Instrument.
7. COMMUNICATIONS: All official business, letters and communications shall be addressed directly to the Commissioner of Public Lands, Old Co. Office, New Mexico, DOW.
8. PAYMENT: Make all payments for Recording Fees to:
 

COMMISSIONER OF PUBLIC LANDS  
 P.O. Box 1148  
 Santa Fe, NM 87504-1148

8-28-2016 Revised for web January 2019

GREENLEAF VERSION

<b>COUNTY STATE LAND OFFICE</b> <b>GRANTEE INSTRUMENT FILING</b>	
# 703	
401	
Trustee John Rodolfo Crandall	
ary of State)	
g Transfer upon Death (must be certified)	
County, New Mexico	
<b><u>RENT PROPORTION</u></b>	
rent filed with NMSLO will be accepted to reflect the change of the Second deedments and Cerecote. NMSLO does not bill until after the sum of \$4-00 with OH can have a NMSLO Record Title Assignment of One and One Four eased and filed without the signature of the Commissioner of Public Lands. A each house NMSLO will accept him/her complete filing.	
<b><u>INSTRUCTIONS:</u></b>	
to used to file in copies, and shall include complete mailing address. If accepted, tion in the public records and contents of the document filed. It must be number where first (the recorder cannot be).	
D BY THE COMMISSIONER: Please note that filing a Miscellaneous Instrument does ment of Public Lands, any 92-2-30-01 NMAC.	
N/MC Collection is \$150.00 for each associated filing fee included on an exhibit. The ity for a \$20 fee (one associated filing fee) listed on an exhibit.	
INSTRUMENTS: The New Mexico State Land Office may accept this instrument for be returned to the following address: be been transmitted.	
or requested by the landowner.	
an types listed above (which are the only types that will be accepted). NMSLO will place a Miscellaneous Instrument Return Sheet showing the recording on the exhibit for examination. NMSLO will file this form and the original and check, the Commissioner of Public Lands reserves the right to withhold filing for filing. NMSLO will mail copies to the Filer, Grantor and Grantee showing the recording date be addressed directly to the Commissioner of Public Lands, OH, Ols,	
COMMISSIONER OF PUBLIC LANDS P.O. Box 1148 Santa Fe, NM 87504-1148	
ONLINE VERSION	
\$30.00 80279 Form	
1 8017 3/23/2023	

# Name Changes and Mergers

Name changes and mergers need to be filed with the NM Secretary of State

Once a name change or merger is completed, it is best to file documentation with NMSOS ASAP to ensure:

- Complete paper trail
- Signatures from appropriate parties.

Each name change / merger is considered a separate MI filing.

- Example: An entity may have changed its name multiple times before it's current appearance.

Bonding in new name will need to be provided prior to approval.

# Additional notes on miscellaneous instruments

Probate documents need to be filed as MI's for all deceased individuals. These include:

- Certified Death Certificates
- Wills
- Probates
- Letters Testamentary
- Trusts
- Etc..

MI's need to be filed before assignments will be approved. This ensures the Correct/Authorized parties are signing over record title.

If current lessee of record is deceased or under a defunct entity, it is extremely important to clean up record title in order to avoid compliance issues or lease cancellations.

Operating rights, interests or percentages are recorded with the County, not NMSLO.

# Quiet Titles

These take months to complete, monthly updates should be sent.

Copy of filing should be sent to Allison for review, before filing with the court.

The final order should be emailed to Allison for approval before filing with the court.



New Mexico State Land Office

# SR & SG Contracts

# New Lease Contracts SR Prefix

LEASE NO. SR \_\_\_\_\_

APPLICATION NO. \_\_\_\_\_

OIL AND GAS LEASE  
(Development Form)

This agreement, dated \_\_\_\_\_, between the state of New Mexico, acting by and through its commissioner of public lands, hereinafter called the "lessor", and \_\_\_\_\_, whose address is \_\_\_\_\_, hereinafter called the "lessee",

WITNESSETH:

WHEREAS, the lessee has filed in the office of the commissioner of public lands an application for an oil and gas lease covering the lands hereinafter described and has tendered therewith the required first payment; and

WHEREAS, all of the requirements of law relative to the application and tender have been duly complied with;

THEREFORE, in consideration of the premises as well as the sum of \_\_\_\_\_

the same being the amount of the tender above mentioned, and the further sum of \$100.00 filing fee, and of the covenants and agreements hereinafter contained, the lessor does hereby grant, demise, lease and let unto the lessee, exclusively, for the sole and only purpose of exploration, development and production of oil or gas (including carbon dioxide and helium), or both thereon and therefrom with the right to own all oil and gas so produced and saved therefrom and not reserved as royalty by the lessor under the terms of this lease, together with rights of way, easements and servitudes for pipelines, telephone lines, tanks, power houses, stations, gasoline plants and fixtures for producing, treating and caring for such products and housing and boarding employees and any and all rights and privileges necessary, incident to or convenient for the economical operation of the land, for oil and gas, with right for such purposes to the free use of oil, gas, casing-head gas or water from the lands, but not from the lessor's water wells, and with the rights of removing either during or after the term hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, subject, however, to the covenants and conditions hereinafter set out, the following described land situated in the county of Lea, state of New Mexico, and more particularly described as follows:

Line	SUBDIVISION	Sec.	Twp.	Rge.	Acres	Institution
1						

The lands having been awarded to the lessee and designated as Tract No. \_\_\_\_\_ at a public sale held by the commissioner of public lands on \_\_\_\_\_.

To have and to hold the land, and all the rights and privileges granted hereunder, to and unto the lessee for a primary term of five years from the date hereof, and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the land by the lessee, subject to all of the terms and conditions as hereinafter set forth.

In consideration of the premises, the parties covenant and agree as follows:

1. Subject to the free use without royalty, as hereinbefore provided, the lessee shall pay the lessor as royalty one-fifth (not less than three-sixteenths nor more than one-fifth, or alternatively, not less than one-fifth nor more than one-fourth if the leased premises is located in whole or in part within the following portions of the restricted districts established pursuant to Section 19-10-16 NMSA 1978: townships 8 to 10 south inclusive, ranges 31 to 38 east inclusive; townships 11 to 15 south inclusive, ranges 31 to 38 east inclusive; townships 16 to 20 south inclusive, ranges 21 to 39 east inclusive; township 20.5 south, ranges 21 to 23 east inclusive; or townships 21 to 26 south inclusive, ranges 21 to 38 east inclusive, N.M.P.M.) part of the oil produced and saved from the leased premises or the cash value thereof, at the option of the lessor, such value to be the price prevailing the day oil is run into a pipeline, if the oil be run into a pipeline, or into storage tanks, if the oil is stored.

2. Subject to the free use without royalty, as hereinbefore provided, at the option of the lessor at any time and from time to time, the lessee shall pay the lessor as royalty one-fifth (not less than three-sixteenths nor more than one-fifth, or alternatively, not less than one-fifth nor more than one-fourth if the leased premises is located in whole or in part within the following portions of the restricted districts established pursuant to Section 19-10-16 NMSA 1978: townships 8 to 10 south inclusive, ranges 31 to 38 east inclusive; townships 11 to 15 south inclusive, ranges 31 to 38 east inclusive; townships 16 to 20 south inclusive, ranges 21 to 39 east inclusive; township 20.5 south, ranges 21 to 23 east inclusive; or townships 21 to 26 south inclusive, ranges 21 to 38 east inclusive, N.M.P.M.) part of the gas produced and saved from the leased premises, including casing-head gas. Unless the option is exercised by the lessor, the lessee shall pay the lessor as royalty one-fifth (not less than three-sixteenths nor more than one-fifth, or alternatively, not less than one-fifth nor more than one-fourth if the leased premises is located in whole or in part within the following portions of the restricted districts established pursuant to Section 19-10-16 NMSA 1978: townships 8 to 10 south inclusive, ranges 31 to 38 east inclusive; townships 11 to 15 south inclusive, ranges 31 to 38 east inclusive; townships 16 to 20 south inclusive, ranges 21 to 39 east inclusive; township 20.5 south, ranges 21 to 23 east inclusive; or townships 21 to 26 south inclusive, ranges 21 to 38 east inclusive, N.M.P.M.) of the cash value of the gas, including casing-head gas, produced and saved from the leased premises and marketed or utilized, such value to be equal to the net proceeds derived from the sale of such gas in the field; provided, however, the cash value for royalty purposes of carbon dioxide gas and of hydrocarbon gas delivered to a gasoline plant for extraction of liquid hydrocarbons shall be equal to the net proceeds derived from the sale of such gas, including any liquid hydrocarbons recovered therefrom.

Notwithstanding the foregoing provisions, the lessor may require the payment of royalty for all or any part of the gas produced and saved under this lease and marketed or used at a price per m.c.f. equal to the maximum price being paid for gas of like kind and quality and under like conditions in the same field or area or may reduce the royalty value of any such gas (to any amount not less than the net proceeds of sale thereof, in the field) if the commissioner of public lands shall determine such action to be necessary to the successful operation of the lands for oil or gas purposes or to encouragement of the greatest ultimate recovery of oil or gas or to the promotion or conservation of oil or gas or in the public interest.

3. This lease shall not expire at the end of the primary term hereof if there is a well capable of producing gas in paying quantities located upon some part of the lands embraced herein, or upon lands pooled or communitized herewith, where such well is shut-in due to the inability of the



# New Lease Contracts SR Prefix

lessee to obtain a pipeline connection or to market the gas therefrom, and if the lessee timely pays an annual royalty on or before the annual rental paying date next ensuing after the expiration of ninety days from the date the well was shut-in and on or before the rental date thereafter. The payment of the annual royalty shall be considered for all purposes the same as if gas were being produced in paying quantities and upon the commencement of marketing of gas from the well or wells the royalty paid for the lease year in which the gas is first marketed shall be credited upon the royalty payable hereunder to the lessor for such year. The provisions of this section shall also apply where gas is being marketed from the leasehold premises and through no fault of the lessee, the pipeline connection or market is lost or ceases, in which case this lease shall not expire so long as the annual royalty is paid as herein provided. The amount of any annual royalty payable under this section shall equal twice the annual rental due by the lessee under the terms of this lease but not less than three hundred twenty dollars (\$320) per well per year; provided, however, that any such annual royalty for any month beginning on or after ten years from the date hereof shall equal four times the annual rental due by the lessee under the terms of this lease but not less than two thousand dollars (\$2,000) per well per year; provided further, that no annual royalty shall be payable under this section if equivalent amounts are timely paid pursuant to another lease issued by the lessor and if such other lease includes lands communitized with lands granted hereunder for the purpose of prorationally sharing in the shut-in well. Notwithstanding the provisions of this section to the contrary, this lease shall not be continued after five years from the date hereof for any period of more than ten years by the payment of the annual royalty unless, for good cause shown, the commissioner of public lands, in the commissioner's discretion, grants such a continuance.

4. The lessee agrees to make full settlement on the twentieth day of each month for all royalties due the lessor for the preceding month, under this lease, and to permit the lessor or its agents, at all reasonable hours, to examine the lessee's books relating to the production and disposition of oil and gas produced. The lessee further agrees to submit to the lessor annually upon forms furnished by the lessor, verified reports showing the lessee's operations for the preceding year.

5. An annual rental at the rate of **\$1.00** per acre shall become due and payable to the lessor by the lessee, upon each acre of the land above described and then claimed by such lessee and the same shall be due and payable in advance to the lessor on the successive anniversary dates of this lease, but the annual rental on any assignment shall in no event be less than forty dollars (\$40.00).

In the event the lessee shall elect to surrender any or all of the acreage, the lessee shall deliver to the lessor a duly executed release thereof and in event the lease has been recorded then the lessee shall upon request furnish and deliver to the lessor a certified copy of a duly recorded release.

6. The lessee may at any time by paying to the lessor all amounts then due as provided herein and the further sum of forty dollars (\$40.00), surrender and cancel this lease insofar as the same covers all or any portion of the lands herein leased and be relieved from further obligations or liability hereunder, in the manner as hereinbefore provided. Provided, this surrender clause and the option herein reserved to the lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law or equity by the lessee, lessor or any assignee, to enforce this lease, or any of its terms expressed or implied.

7. All payments due hereunder shall be made on or before the day such payment is due, at the office of the commissioner of public lands in Santa Fe, New Mexico.

8. The lessee with the consent of the lessor shall have the rights to assign this lease in whole or in part. Provided, however, that no assignment of an undivided interest in the lease or in

any part thereof nor any assignment of less than a legal subdivision shall be recognized or approved by the lessor. Upon approval in writing by the lessor of an assignment, the assignor shall stand relieved from all obligations to the lessor with respect to the lands embraced in the assignment and the lessor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the lessor as to such tracts.

9. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land that is draining the leased premises, the lessee shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances, provided that no such offset well shall be required if compensatory royalties are paid pursuant to an agreement between the lessor and the lessee.

10. The lessee agrees to notify the lessor of the location of each well before commencing drilling thereon, to keep a complete and accurate log of each well drilled and to furnish a copy thereof, verified by some person having actual knowledge of the facts, to the lessor upon the completion of any well, and to furnish the log of any unfinished well at any time when requested to do so by the lessor.

If any lands embraced in this lease shall be included in any deed or contract of purchase outstanding and subsisting issued pursuant to any sale made of the surface of such lands prior to the date of this lease, it is agreed and understood that no drilling operation shall be commenced on any such lands so sold unless and until the lessee shall have filed a good and sufficient bond with the lessor as required by law, to secure the payment for such damage to the livestock, range, water, crops or tangible improvements on such lands as may be suffered by the purchaser holding such deed or contract of purchase, or the purchaser's successors, by reason of the developments, use and occupation of such lands by such lessee. Provided, however, that no such bond shall be required if such purchaser shall waive the right to require such bond to be given in the manner provided by law.

11. In drilling wells, all water-bearing strata shall be noted in the log, and the lessor reserves the right to require that all or any part of the casing shall be left in any nonproductive well when the lessor deems it to the interest of the beneficiaries of the lands granted hereunder to maintain the well or wells for water. For such casing so left in wells the lessor shall pay to the lessee the reasonable value thereof.

12. The lessee shall be liable and agree to pay for all damages to the range, livestock, growing crops or improvements caused by the lessee's operations on the lands. When requested by the lessor, the lessee shall bury pipelines below plow depth.

13. The lessee shall not remove any machinery or fixtures placed on the premises, nor draw the casing from any well unless and until all payments and obligations due the lessor under the terms of this agreement shall have been paid or satisfied. The lessee's right to remove the casing is subject to the provision of Paragraph 11 above.

14. Upon failure or default of the lessee to comply with any of the provisions or covenants hereof, the lessor is hereby authorized to cancel this lease and such cancellation shall extend to and include all rights hereunder as to the whole of the tract so claimed, or possessed by the lessee, but shall not extend to, nor affect the rights of any other lessee or assignee claiming any portion of the lands upon which no default has been made; provided, however, that before any such cancellation

# New Lease Contracts: SR Prefix

shall be made, the lessor shall mail to the lessee so defaulting, by registered or certified mail, addressed to the post office address of such lessee as shown by the records of the state land office, a notice of intention of cancellation specifying the default for which cancellation is to be made, and if within thirty days from the date of mailing the notice the lessee shall remedy the default specified in the notice, cancellation shall not be made.

15. If this lease shall have been maintained in accordance with the provisions hereof and if at the expiration of the primary term provided for herein oil or gas is not being produced on the land but the lessee is then engaged in bona fide drilling or reworking operations thereon, this lease shall remain in full force and effect so long as such operations are diligently prosecuted and, if they result in the production of oil or gas, so long thereafter as oil and gas in paying quantities, or either of them, is produced from the land; provided, however, such operations extending beyond the primary term shall be approved by the lessor upon written application filed with the lessor on or before the expiration of the term, and a report of the status of all of such operations shall be made by the lessee to the lessor every thirty days and a cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.

If during the drilling or reworking of any well under this section, the lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete the operations, then within twenty days after the abandonment of the operations, the lessee may commence another well within three hundred thirty feet of the lost or junked hole or well and drill the same with due diligence.

Operations commenced and continued as herein provided shall extend this lease as to all lands as to which the same is in full force and effect as of the time the drilling operations are commenced; provided, however, this lease shall be subject to cancellation in accordance with Paragraph 14 hereof for failure to pay rentals or file reports that may become due while operations are being conducted hereunder.

16. Should production of oil and gas or either of them in paying quantities be obtained while this lease is in force and effect and should thereafter cease from any cause after the expiration of five years from the date hereof, this lease shall not terminate if the lessee commences additional drilling or reworking operations within sixty days after the cessation of such production and shall remain in full force and effect so long as such operations are prosecuted in good faith with no cessation of more than twenty consecutive days, and if such operations result in the production of oil or gas in paying quantities, so long thereafter as oil or gas in paying quantities is produced from the land; provided, however, written notice of intention to commence such operations shall be filed with the lessor within thirty days after the cessation of such production, and a report of the status of such operations shall be made by the lessee to the lessor every thirty days, and the cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.

17. Lessees, including their heirs, assigns, agents and contractors, shall at their own expense fully comply with all laws, regulations, rules, ordinances and requirements of the city, county, state and federal authorities and agencies, in all matters and things affecting the premises and operations thereon that may be enacted or promulgated under the governmental police powers pertaining to public health and welfare, including but not limited to conservation, sanitation, aesthetics, pollution, cultural properties, fire and ecology. Such agencies are not to be deemed third

party beneficiaries hereunder, however this clause is enforceable by the lessor in any manner provided in this lease or by law.

18. Should the lessor desire to exercise its rights to take in-kind its royalty share of oil, gas or associated substances or purchase all or any part of the oil, gas or associated substances produced from the lands covered by this lease, the lessee hereby irrevocably consents to the lessor exercising its right. Such consent is a consent to the termination of any supplier/purchaser relationship between the lessor and the lessee deemed to exist under federal regulations. The lessee further agrees that it will require any purchaser of oil, gas or associated substances to likewise waive any such rights.

19. The lessor reserves a continuing option to purchase at any time and from time to time, at the market price prevailing in the area on the date of purchase, all or any part of the minerals (oil and gas) that will be produced from the lands covered by this lease.

20. The lessor reserves the right to execute leases for geothermal resource development and operation thereon; the right to sell or dispose of the geothermal resources of such lands; and the right to grant rights of way and easements for these purposes.

21. All terms of this agreement shall extend to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

In witness whereof, the party of the first part has signed and caused its name to be signed by its commissioner of public lands duly authorized, with the seal of office affixed, and the lessee has signed this agreement the day and year first above written.

STATE OF NEW MEXICO

By \_\_\_\_\_  
Commissioner of Public Lands, Lessor

\_\_\_\_\_  
(Seal)  
Lessee."

# New Lease Contracts **SR Prefix**

## (PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ ss.

COUNTY OF \_\_\_\_\_ ss.

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

\_\_\_\_\_  
My commission expires: \_\_\_\_\_  
Notary Public

## (ACKNOWLEDGMENT BY ATTORNEY-IN-FACT)

STATE OF \_\_\_\_\_ ss.

COUNTY OF \_\_\_\_\_ ss.

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

\_\_\_\_\_ as attorney-in-fact in behalf of

\_\_\_\_\_  
\_\_\_\_\_  
My commission expires: \_\_\_\_\_  
Notary Public

## (ACKNOWLEDGMENT BY CORPORATION)

STATE OF \_\_\_\_\_ ss.

COUNTY OF \_\_\_\_\_ ss.

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

\_\_\_\_\_ of \_\_\_\_\_  
(Name) (Title) (Corporation)  
a \_\_\_\_\_ corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_  
Notary Public

# New Lease Contracts SG Prefix

LEASE NO. SG-\_\_\_\_\_

APPLICATION NO. \_\_\_\_\_

OIL AND GAS LEASE  
(Development Form)

This agreement, dated \_\_\_\_\_, between the state of New Mexico, acting by and through its commissioner of public lands, hereinafter called the "lessor", and \_\_\_\_\_, whose address is \_\_\_\_\_, hereinafter called the "lessee",

WITNESSETH:

WHEREAS, the lessee has filed in the office of the commissioner of public lands an application for an oil and gas lease covering the lands hereinafter described and has tendered therewith the required first payment; and

WHEREAS, all of the requirements of law relative to the application and tender have been duly complied with;

THEREFORE, in consideration of the premises as well as the sum of \_\_\_\_\_

the same being the amount of the tender above mentioned, and the further sum of \$100.00 filing fee, and of the covenants and agreements hereinafter contained, the lessor does hereby grant, demise, lease and let unto the lessee, exclusively, for the sole and only purpose of exploration, development and production of oil or gas (including carbon dioxide and helium), or both thereon and therefrom with the right to own all oil and gas so produced and saved therefrom and not reserved as royalty by the lessor under the terms of this lease, together with rights of way, easements and servitudes for pipelines, telephone lines, tanks, power houses, stations, gasoline plants and fixtures for producing, treating and caring for such products and housing and boarding employees and any and all rights and privileges necessary, incident to or convenient for the economical operation of the land, for oil and gas, with right for such purposes to the free use of oil, gas, casing-head gas or water from the lands, but not from the lessor's water wells, and with the rights of removing either during or after the term hereof, all and any improvements placed or erected on the premises by the lessee, including the right to pull all casing, subject, however, to the covenants and conditions hereinafter set out, the following described land situated in the county of **Eddy**, state of New Mexico, and more particularly described as follows:

Line	SUBDIVISION	Sec.	Twp.	Rge.	Acres	Institution
------	-------------	------	------	------	-------	-------------

1

The lands having been awarded to the lessee and designated as Tract No. \_\_\_\_\_ at a public sale held by the commissioner of public lands on \_\_\_\_\_.

To have and to hold the land, and all the rights and privileges granted hereunder, to and unto the lessee for a primary term of five years from the date hereof, and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the land by the lessee, subject to all of the terms and conditions as hereinafter set forth.

In consideration of the premises, the parties covenant and agree as follows:

1. Subject to the free use without royalty, as hereinbefore provided, the lessee shall pay the lessor as royalty one-fourth (not less than three-sixteenths nor more than one-fifth, or alternatively, not less than one-fifth nor more than one-fourth if the leased premises is located in whole or in part within the following portions of the restricted districts established pursuant to Section 19-10-16 NMSA 1978: townships 8 to 10 south inclusive, ranges 31 to 38 east inclusive; townships 11 to 15 south inclusive, ranges 31 to 38 east inclusive; townships 16 to 20 south inclusive, ranges 21 to 39 east inclusive; township 20.5 south, ranges 21 to 23 east inclusive; or townships 21 to 26 south inclusive, ranges 21 to 38 east inclusive, N.M.P.M.) part of the oil produced and saved from the leased premises or the cash value thereof, at the option of the lessor, such value to be the price prevailing the day oil is run into a pipeline, if the oil be run into a pipeline, or into storage tanks, if the oil is stored.

2. Subject to the free use without royalty, as hereinbefore provided, at the option of the lessor at any time and from time to time, the lessee shall pay the lessor as royalty one-fourth (not less than three-sixteenths nor more than one-fifth, or alternatively, not less than one-fifth nor more than one-fourth if the leased premises is located in whole or in part within the following portions of the restricted districts established pursuant to Section 19-10-16 NMSA 1978: townships 8 to 10 south inclusive, ranges 31 to 38 east inclusive; townships 11 to 15 south inclusive, ranges 31 to 38 east inclusive; townships 16 to 20 south inclusive, ranges 21 to 39 east inclusive; township 20.5 south, ranges 21 to 23 east inclusive; or townships 21 to 26 south inclusive, ranges 21 to 38 east inclusive, N.M.P.M.) part of the gas produced and saved from the leased premises, including casing-head gas. Unless the option is exercised by the lessor, the lessee shall pay the lessor as royalty one-fourth (not less than three-sixteenths nor more than one-fifth, or alternatively, not less than one-fifth nor more than one-fourth if the leased premises is located in whole or in part within the following portions of the restricted districts established pursuant to Section 19-10-16 NMSA 1978: townships 8 to 10 south inclusive, ranges 31 to 38 east inclusive; townships 11 to 15 south inclusive, ranges 31 to 38 east inclusive; townships 16 to 20 south inclusive, ranges 21 to 39 east inclusive; township 20.5 south, ranges 21 to 23 east inclusive; or townships 21 to 26 south inclusive, ranges 21 to 38 east inclusive, N.M.P.M.) of the cash value of the gas, including casing-head gas, produced and saved from the leased premises and marketed or utilized, such value to be equal to the net proceeds derived from the sale of such gas in the field; provided, however, the cash value for royalty purposes of carbon dioxide gas and of hydrocarbon gas delivered to a gasoline plant for extraction of liquid hydrocarbons shall be equal to the net proceeds derived from the sale of such gas, including any liquid hydrocarbons recovered therefrom.

Notwithstanding the foregoing provisions, the lessor may require the payment of royalty for all or any part of the gas produced and saved under this lease and marketed or used at a price per m.c.f. equal to the maximum price being paid for gas of like kind and quality and under like conditions in the same field or area or may reduce the royalty value of any such gas (to any amount not less than the net proceeds of sale thereof, in the field) if the commissioner of public lands shall determine such action to be necessary to the successful operation of the lands for oil or gas purposes or to encouragement of the greatest ultimate recovery of oil or gas or to the promotion or conservation of oil or gas or in the public interest.

3. This lease shall not expire at the end of the primary term hereof if there is a well capable of producing gas in paying quantities located upon some part of the lands embraced herein, or upon lands pooled or communitized herewith, where such well is shut-in due to the inability of the



# New Lease Contracts SG Prefix

lessee to obtain a pipeline connection or to market the gas therefrom, and if the lessee timely pays an annual royalty on or before the annual rental paying date next ensuing after the expiration of ninety days from the date the well was shut-in and on or before the rental date thereafter. The payment of the annual royalty shall be considered for all purposes the same as if gas were being produced in paying quantities and upon the commencement of marketing of gas from the well or wells the royalty paid for the lease year in which the gas is first marketed shall be credited upon the royalty payable hereunder to the lessor for such year. The provisions of this section shall also apply where gas is being marketed from the leasehold premises and through no fault of the lessee, the pipeline connection or market is lost or ceases, in which case this lease shall not expire so long as the annual royalty is paid as herein provided. The amount of any annual royalty payable under this section shall equal twice the annual rental due by the lessee under the terms of this lease but not less than three hundred twenty dollars (\$320) per well per year; provided, however, that any such annual royalty for any month beginning on or after ten years from the date hereof shall equal four times the annual rental due by the lessee under the terms of this lease but not less than two thousand dollars (\$2,000) per well per year; provided further, that no annual royalty shall be payable under this section if equivalent amounts are timely paid pursuant to another lease issued by the lessor and if such other lease includes lands communitized with lands granted hereunder for the purpose of prorationally sharing in the shut-in well. Notwithstanding the provisions of this section to the contrary, this lease shall not be continued after five years from the date hereof for any period of more than ten years by the payment of the annual royalty unless, for good cause shown, the commissioner of public lands, in the commissioner's discretion, grants such a continuance.

4. The lessee agrees to make full settlement on the twentieth day of each month for all royalties due the lessor for the preceding month, under this lease, and to permit the lessor or its agents, at all reasonable hours, to examine the lessee's books relating to the production and disposition of oil and gas produced. The lessee further agrees to submit to the lessor annually upon forms furnished by the lessor, verified reports showing the lessee's operations for the preceding year.

5. An annual rental at the rate of **\$1.00** per acre shall become due and payable to the lessor by the lessee, upon each acre of the land above described and then claimed by such lessee and the same shall be due and payable in advance to the lessor on the successive anniversary dates of this lease, but the annual rental on any assignment shall in no event be less than forty dollars (\$40.00).

In the event the lessee shall elect to surrender any or all of the acreage, the lessee shall deliver to the lessor a duly executed release thereof and in event the lease has been recorded then the lessee shall upon request furnish and deliver to the lessor a certified copy of a duly recorded release.

6. The lessee may at any time by paying to the lessor all amounts then due as provided herein and the further sum of forty dollars (\$40.00), surrender and cancel this lease insofar as the same covers all or any portion of the lands herein leased and be relieved from further obligations or liability hereunder, in the manner as hereinbefore provided. Provided, this surrender clause and the option herein reserved to the lessee shall cease and become absolutely inoperative immediately and concurrently with the institution of any suit in any court of law or equity by the lessee, lessor or any assignee, to enforce this lease, or any of its terms expressed or implied.

7. All payments due hereunder shall be made on or before the day such payment is due, at the office of the commissioner of public lands in Santa Fe, New Mexico.

8. The lessee with the consent of the lessor shall have the rights to assign this lease in whole or in part. Provided, however, that no assignment of an undivided interest in the lease or in

any part thereof nor any assignment of less than a legal subdivision shall be recognized or approved by the lessor. Upon approval in writing by the lessor of an assignment, the assignor shall stand relieved from all obligations to the lessor with respect to the lands embraced in the assignment and the lessor shall likewise be relieved from all obligations to the assignor as to such tracts, and the assignee shall succeed to all of the rights and privileges of the assignor with respect to such tracts and shall be held to have assumed all of the duties and obligations of the assignor to the lessor as to such tracts.

9. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land that is draining the leased premises, the lessee shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances, provided that no such offset well shall be required if compensatory royalties are paid pursuant to an agreement between the lessor and the lessee.

10. The lessee agrees to notify the lessor of the location of each well before commencing drilling thereon, to keep a complete and accurate log of each well drilled and to furnish a copy thereof, verified by some person having actual knowledge of the facts, to the lessor upon the completion of any well, and to furnish the log of any unfinished well at any time when requested to do so by the lessor.

If any lands embraced in this lease shall be included in any deed or contract of purchase outstanding and subsisting issued pursuant to any sale made of the surface of such lands prior to the date of this lease, it is agreed and understood that no drilling operation shall be commenced on any such lands so sold unless and until the lessee shall have filed a good and sufficient bond with the lessor as required by law, to secure the payment for such damage to the livestock, range, water, crops or tangible improvements on such lands as may be suffered by the purchaser holding such deed or contract of purchase, or the purchaser's successors, by reason of the developments, use and occupation of such lands by such lessee. Provided, however, that no such bond shall be required if such purchaser shall waive the right to require such bond to be given in the manner provided by law.

11. In drilling wells, all water-bearing strata shall be noted in the log, and the lessor reserves the right to require that all or any part of the casing shall be left in any nonproductive well when the lessor deems it to the interest of the beneficiaries of the lands granted hereunder to maintain the well or wells for water. For such casing so left in wells the lessor shall pay to the lessee the reasonable value thereof.

12. The lessee shall be liable and agree to pay for all damages to the range, livestock, growing crops or improvements caused by the lessee's operations on the lands. When requested by the lessor, the lessee shall bury pipelines below plow depth.

13. The lessee shall not remove any machinery or fixtures placed on the premises, nor draw the casing from any well unless and until all payments and obligations due the lessor under the terms of this agreement shall have been paid or satisfied. The lessee's right to remove the casing is subject to the provision of Paragraph 11 above.

14. Upon failure or default of the lessee to comply with any of the provisions or covenants hereof, the lessor is hereby authorized to cancel this lease and such cancellation shall extend to and include all rights hereunder as to the whole of the tract so claimed, or possessed by the lessee, but shall not extend to, nor affect the rights of any other lessee or assignee claiming any portion of the lands upon which no default has been made; provided, however, that before any such cancellation

# New Lease Contracts SG Prefix

shall be made, the lessor shall mail to the lessee so defaulting, by registered or certified mail, addressed to the post office address of such lessee as shown by the records of the state land office, a notice of intention of cancellation specifying the default for which cancellation is to be made, and if within thirty days from the date of mailing the notice the lessee shall remedy the default specified in the notice, cancellation shall not be made.

15. If this lease shall have been maintained in accordance with the provisions hereof and if at the expiration of the primary term provided for herein oil or gas is not being produced on the land but the lessee is then engaged in bona fide drilling or reworking operations thereon, this lease shall remain in full force and effect so long as such operations are diligently prosecuted and, if they result in the production of oil or gas, so long thereafter as oil and gas in paying quantities, or either of them, is produced from the land; provided, however, such operations extending beyond the primary term shall be approved by the lessor upon written application filed with the lessor on or before the expiration of the term, and a report of the status of all of such operations shall be made by the lessee to the lessor every thirty days and a cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.

If during the drilling or reworking of any well under this section, the lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete the operations, then within twenty days after the abandonment of the operations, the lessee may commence another well within three hundred thirty feet of the lost or junked hole or well and drill the same with due diligence.

Operations commenced and continued as herein provided shall extend this lease as to all lands as to which the same is in full force and effect as of the time the drilling operations are commenced; provided, however, this lease shall be subject to cancellation in accordance with Paragraph 14 hereof for failure to pay rentals or file reports that may become due while operations are being conducted hereunder.

16. Should production of oil and gas or either of them in paying quantities be obtained while this lease is in force and effect and should thereafter cease from any cause after the expiration of five years from the date hereof, this lease shall not terminate if the lessee commences additional drilling or reworking operations within sixty days after the cessation of such production and shall remain in full force and effect so long as such operations are prosecuted in good faith with no cessation of more than twenty consecutive days, and if such operations result in the production of oil or gas in paying quantities, so long thereafter as oil or gas in paying quantities is produced from the land; provided, however, written notice of intention to commence such operations shall be filed with the lessor within thirty days after the cessation of such production, and a report of the status of such operations shall be made by the lessee to the lessor every thirty days, and the cessation of such operations for more than twenty consecutive days shall be considered as an abandonment of such operations and this lease shall thereupon terminate.

17. Lessees, including their heirs, assigns, agents and contractors, shall at their own expense fully comply with all laws, regulations, rules, ordinances and requirements of the city, county, state and federal authorities and agencies, in all matters and things affecting the premises and operations thereon that may be enacted or promulgated under the governmental police powers pertaining to public health and welfare, including but not limited to conservation, sanitation, aesthetics, pollution, cultural properties, fire and ecology. Such agencies are not to be deemed third

party beneficiaries hereunder, however this clause is enforceable by the lessor in any manner provided in this lease or by law.

18. Should the lessor desire to exercise its rights to take in-kind its royalty share of oil, gas or associated substances or purchase all or any part of the oil, gas or associated substances produced from the lands covered by this lease, the lessee hereby irrevocably consents to the lessor exercising its right. Such consent is a consent to the termination of any supplier/purchaser relationship between the lessor and the lessee deemed to exist under federal regulations. The lessee further agrees that it will require any purchaser of oil, gas or associated substances to likewise waive any such rights.

19. The lessor reserves a continuing option to purchase at any time and from time to time, at the market price prevailing in the area on the date of purchase, all or any part of the minerals (oil and gas) that will be produced from the lands covered by this lease.

20. The lessor reserves the right to execute leases for geothermal resource development and operation thereon; the right to sell or dispose of the geothermal resources of such lands; and the right to grant rights of way and easements for these purposes.

21. All terms of this agreement shall extend to and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

In witness whereof, the party of the first part has signed and caused its name to be signed by its commissioner of public lands duly authorized, with the seal of office affixed, and the lessee has signed this agreement the day and year first above written.

STATE OF NEW MEXICO

By \_\_\_\_\_  
Commissioner of Public Lands, Lessor

\_\_\_\_\_  
(Seal)  
Lessee."



# New Lease Contracts **SG Prefix**

## (PERSONAL ACKNOWLEDGMENT)

STATE OF \_\_\_\_\_ ss.

COUNTY OF \_\_\_\_\_ ss.

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

\_\_\_\_\_

My commission expires: \_\_\_\_\_  
Notary Public

## (ACKNOWLEDGMENT BY ATTORNEY-IN-FACT)

STATE OF \_\_\_\_\_ ss.

COUNTY OF \_\_\_\_\_ ss.

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

\_\_\_\_\_ as attorney-in-fact in behalf of

\_\_\_\_\_

\_\_\_\_\_

My commission expires: \_\_\_\_\_  
Notary Public

## (ACKNOWLEDGMENT BY CORPORATION)

STATE OF \_\_\_\_\_ ss.

COUNTY OF \_\_\_\_\_ ss.

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

\_\_\_\_\_ of \_\_\_\_\_

(Name) (Title) (Corporation)  
a \_\_\_\_\_ corporation, on behalf of said corporation.

My commission expires: \_\_\_\_\_  
Notary Public



New Mexico State Land Office

# Lease Sale Updates

# Nominations

The earlier a nomination is submitted, the easier it is to get the nomination on the next lease sale.

When submitting a nomination, please submit nominations broken down in tracts no larger than 320 contiguous acres.

Any additional information submitted with the nomination (e.g. where the intended surface location will be) is helpful.

To find out which tracts are available, use the [Oil and Gas Interactive Map](https://www.nmstatelands.org/maps-gis/interactive-maps/) through the SLO website: <https://www.nmstatelands.org/maps-gis/interactive-maps/>

SLO is currently focusing on the restricted area in the SE.

# Lease Sale process following winning bid

Winning bidder on a tract will need to submit Lessee Information Sheet ASAP, 12:00pm MST at the latest, day of lease sale.

- Lack of this documentation delays lease sale processing.
- Wiring payment deadline is 5:00pm MST.

SLO OGRID must be obtained

- Please reach out to Veronica Gonzales if OGRID is need.

Bonding must secured before contacts are released.



New Mexico State Land Office

# Compliance





# Annual Rental Payments / Billing

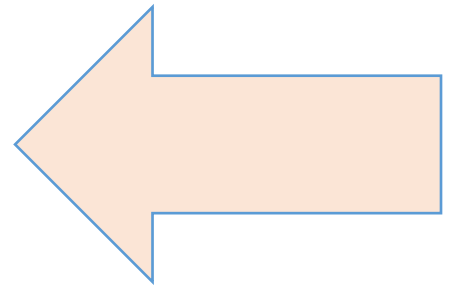
Invoices are generated 30 days before rent is due.

Payments sent too early may be returned. 30 days in advance is fine.

When submitting payments please provide accurate documentation to ensure payment is applied and refunds can be made appropriately.

Please include:

- **Include lease number with associated assignment number.**
- **Submit EXACT rental amount.**
- **Please provide contact information including:**
  - **Current mailing address.**
  - **Phone number**



Billing information can be found on the SLO lease portal:

<https://secure.slo.state.nm.us/Applications/SLOConnect>

Overpayments or duplicate payments will be returned.

Please cash any refund checks received. Reach out with any questions!

# Bonding Compliance

## LOC FORM

NEW MEXICO STATE LAND OFFICE - Oil, Gas & Minerals Division  
IMPROVEMENT DAMAGE BOND FOR OIL & GAS LEASES

IRREVOCABLE STANDBY LETTER OF CREDIT

# Letter of Credit #

Date: Effective Date  
Expiration: Expiration Date

Beneficiary:  
Commissioner of Public Lands  
New Mexico State Land Office  
Oil Gas and Minerals Division  
310 Old Santa Fe Trail  
Santa Fe, NM 87504

On behalf of Principal Name ("Applicant"), we Bank Name  
Bank Address (hereinafter "Bank") hereby issue this Irrevocable  
Standby Letter of Credit ("LOC") for the benefit of the New Mexico Commissioner of Public  
Lands ("Commissioner") for the amount of US Amount in Words dollars  
(\$ Numerical Amount). By this LOC we agree that, immediately upon receipt of written demand  
whether in original form or by facsimile copy pursuant to the requirements set out in the  
"Documentary Requirements" BELOW, from the Commissioner for all or a portion of the LOC,  
we will pay the sum or sums demanded to the Commissioner. This LOC is made and issued  
pursuant to the Uniform Commercial Code, and is accepted in lieu of the bond requirements  
out in New Mexico State Land Office Rule 100.23 C.

**Term:** The LOC becomes effective on Effective Date and shall remain in effect for ex-  
one year after that date and shall automatically be extended by this provision.

**Renewal:** At least one hundred twenty (120) days prior to the expiration of any one-year term  
this LOC, the Commissioner must receive written notice by registered mail or by overnight courier  
service from the Bank that it intends not to extend this LOC; and in the absence of such notice,  
this LOC shall automatically be extended.

Upon receipt of notice of non-renewal from the Bank, the Commissioner may, before expiration  
of the term of this LOC, draw upon the Bank up to the amount of this LOC, provided that the  
draft is accompanied by a statement of the Commissioner on its letterhead that the Applicant  
at that time, failed to provide a satisfactory replacement bond.

**Documentary Requirements:** This LOC may be drawn upon by the Commissioner in whole  
in part at any time during its term to secure payment for surface improvement damages  
performance under the lease as described in New Mexico State Land Office Rule 100.23C.  
such drawings by the Commissioner shall be effected by a demand letter from the Commissioner  
on her letterhead stating that the Applicant has defaulted and that the amount demanded is in part

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or full satisfaction of that default.

Drawing may be effected personally, by overnight courier service or by facsimile  
effected by facsimile, presentation of such drawing documents may be made by the Applicant  
to Bank FAX Number or such other fax number identified by Bank in a written  
you. Presentation via fax requires: (A) telephone notification to Bank, Bank Phone Number  
to or simultaneously with the sending of such fax transmission and (B) our receipt of  
drawing document(s) to: Bank Name, Bank Address, Attention: Attn:  
Credit Department by overnight courier. Receipt by Bank of original documents  
to payment hereunder.

**Adjustments:** No partial drawing by the Commissioner against this LOC shall  
Bank's obligation to pay any remaining balance upon demand proper to  
outstanding obligation of this LOC shall be reduced by any partial drawing as  
provided that the Bank shall promptly notify the Commissioner in writing of the  
balance following any such drawing(s).

**Surrender:** If upon demand by the Commissioner, the Bank tenders the full amount  
by this LOC as properly adjusted, the Commissioner shall, upon the request of the  
surrender this original LOC and all amendments to the Bank. Similarly, the Commissioner  
surrender this original LOC and all amendments upon request at the expiration of the  
Except as expressly stated herein, this undertaking is not subject to  
condition, or qualification. The obligation of the Bank under this LOC is  
obligation of the Bank and is in no way contingent upon reimbursement with respect to

**Additional Terms:** Any notice required to be sent to the Commissioner must be sent to

Commissioner of Public Lands  
State Land Office  
Oil Gas & Minerals Division  
310 Old Santa Fe Trail  
Santa Fe, NM 87501-2708

Except as otherwise stated herein, this Letter of Credit shall be governed by and subject to  
of the State of New Mexico. Bank and Commissioner agree that any action filed  
be filed in the First Judicial District Court, Santa Fe, New Mexico, and all parties  
in said court.

This LOC is subject to the International Standby Practices 1998, International  
Commerce Publication No. 590 ("ISP98"), in effect on the date this Letter of Credit is  
as to matters not addressed by ISP98 is subject to and governed by New Mexico  
applicable U.S. Federal Law. Any dispute under this LOC shall be filed in, and  
Santa Fe, New Mexico.

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Bank Name

Attest:

By: \_\_\_\_\_  
Name of Person Signing  
Title

By: \_\_\_\_\_  
(Authorized Bank Signature)

Approved as to form:

By: \_\_\_\_\_  
Commissioner of Public Lands

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# Bonding Compliance

Bonds should be in the exact name of the lessee of record

More than one entity or person is not allowed on bonds.

Riders or amendments to bonds are no longer accepted. If changes are made, a new replacement bond must be submitted.

Bonding should be in place before acquiring leases.

Surface Damage bonds only cover oil and gas leases.

- ROW, CRD, SWD and OCD all have their own bonding requirements.

Submit original bond forms to our office for processing.

SLO is happy to review bond forms prior to submission over email.



New Mexico State Land Office

# Environmental Reviews

# When does OGM do Environmental Reviews?

LEASE ASSIGNMENTS

TRACTS FOR LEASE SALE

LEASES THAT ARE  
TERMINATED / EXPIRED

AS REQUESTED BY LEGAL

UNIT ASSIGNMENTS

ROYALTY REFUND

BONDING PROGRAM

PAYING QUANTITIES

OTHER REVIEWS

TRESPASS

UNIT TRANSFERS OR TERMINATIONS

# Steps for Review

**1** Research area of interest to see location, estate status, and wells/other infrastructure on the lease.

**2** Use OCD spills page to look for spills on the land covered by the lease.

*Note:* Spill noted prior to 2018 *may* have been remediated but still appear as open, due to OCD's system.

**3** Look at each individual well and S-T-R on OCD site to see if there are open spills or compliance issues and well status.

**4** Use Google Earth and all available satellite imagery from the past several years to look for spills on both wells, flowlines, tank batteries, or anywhere within relevant boundaries..

**5** Will also look for:

- Equipment or other trash left behind at plugged wells or on lease.
- Well pads and access roads that have not been remediated.
- Open pits that need to be filled and remediated.
- Any other issues that might be visible from satellite imagery.

**6** Request a Field Visit if needed.



# OCD Spill Search for Lease Area

## OCD Permitting

Home > Searches > Spills

### Spill Search

Welcome to our spill search. It is designed to help you find spills based on various constraints.

### Location Information

District:

County:

OCD Unit Letter:

Section:

Township:

Range:

Incident Number	Associated Structures (Facility / Well)	Operator	Severity	Incident Type	Lease Type	Incident Referrer	Incident Date	Notification Date	Final Report	Material	Volume Released	Volume Recovered	Volume Lost	Unit Of Volume	Spill Cause	Spill Source
APP2226328962	[APP2203433137] Foran State Central Tank Battery	[328947] Spur Energy Partners LLC	Minor	Produced Water Release	State	Industry Rep	09/16/2022	09/20/2022		Crude Oil	1	1	0	BBL	Corrosion	Treating Tower
APP2226328962	[APP2203433137] Foran State Central Tank Battery	[328947] Spur Energy Partners LLC	Minor	Produced Water Release	State	Industry Rep	09/16/2022	09/20/2022		Produced Water	6	6	0	BBL	Corrosion	Treating Tower
APP2216423721		[221115] FRONTIER FIELD SERVICES, LLC	Minor	Natural Gas Release	State	Industry Rep	06/12/2022	06/13/2022		Condensate	22	0	22	BBL	Corrosion	Pipeline (Any)
APP2216455852	[30-015-05168] STATE A #001	[329319] LH Operating, LLC	Minor	Produced Water Release	State	Industry Rep	06/08/2022	06/13/2022		Crude Oil	1	0	1	BBL	Normal Operations	Flow Line - Production
APP2216455852	[30-015-05168] STATE A #001	[329319] LH Operating, LLC	Minor	Produced Water Release	State	Industry Rep	06/08/2022	06/13/2022		Produced Water	6	0	6	BBL	Normal Operations	Flow Line - Production
APP2208944359	[30-015-05170] STATE B #001	[329319] LH Operating, LLC		Oil Release	State	Industry Rep	03/15/2022	03/30/2022		Crude Oil	1	0	1	BBL	Equipment Failure	Gasket
APP2208944359	[30-015-05170] STATE B #001	[329319] LH Operating, LLC		Oil Release	State	Industry Rep	03/15/2022	03/30/2022		Produced Water	3	0	3	BBL	Equipment Failure	Gasket
APP2118847775	[30-015-28880] WILLOW STATE #001	[328947] Spur Energy Partners LLC	Major	Produced Water Release	State	Industry Rep	06/17/2021	06/17/2021		Produced Water	98	0	98	BBL	Equipment Failure	Flow Line - Production
BAB1511430388	[30-015-05178] KERSEY STATE #001	[290537] LARRY MARKER DBA MARKER OIL		Produced Water Release	State	Industry Rep	04/13/2015			Crude Oil	1	1	0	BBL	Other	Tank (Any)
BAB1511430388	[30-015-05178] KERSEY STATE #001	[290537] LARRY MARKER DBA MARKER OIL		Produced Water Release	State	Industry Rep	04/13/2015			Produced Water	1	1	0	BBL	Other	Tank (Any)
BAB1427652866	[30-015-32844] WILLOW STATE #004	[328947] Spur Energy Partners LLC	Minor	Produced Water Release	State	Industry Rep	09/23/2014	06/03/2014	11/18/2014	Crude Oil	7	3	4	BBL	Other	Fitting
BAB1427652866	[30-015-32844] WILLOW STATE #004	[328947] Spur Energy Partners LLC	Minor	Produced Water Release	State	Industry Rep	09/23/2014	06/03/2014	11/18/2014	Produced Water	7	3	4	BBL	Other	Fitting
HMP1407332688	[30-015-05163] STATE AZ #001	[269324] LINN OPERATING, LLC	Major	Oil Release	State	Industry Rep	01/26/2014		06/14/2016	Crude Oil	10	0	10	BBL	Fire	Valve
JMW1402429852	[30-015-05170] STATE B #001	[269324] LINN OPERATING, LLC	Minor	Oil Release	State	Industry Rep	01/06/2014			Crude Oil	20	10	10	BBL	Human Error	Valve
JMW1331729774	[30-015-33089] OXY SPUMONI STATE #001	[328947] Spur Energy Partners LLC	Major	Produced Water Release	State	Industry Rep	10/27/2013		08/06/2014	Produced Water	510	459	51	BBL	Equipment Failure	Tank (Any)
JMW1331729774	[30-015-33089] OXY SPUMONI STATE #001	[328947] Spur Energy Partners LLC	Major	Produced Water Release	State	Industry Rep	10/27/2013		08/06/2014	Crude Oil	1	1	0	BBL	Equipment Failure	Tank (Any)
JMW1318349474	[30-015-28880] WILLOW STATE #001	[328947] Spur Energy Partners LLC	Major	Produced Water Release	State	Industry Rep	06/08/2013		08/15/2014	Produced Water	400	390	10	BBL	Equipment Failure	Flow Line - Production
JMW1310156415	[30-015-28880] WILLOW STATE #001	[328947] Spur Energy Partners LLC	Minor	Produced Water Release	State	Industry Rep	03/23/2013		04/11/2013	Produced Water	9	8	1	BBL	Human Error	Valve



<https://wwwapps.emnrd.nm.gov/OCD/OCDPermitting/Data/Incidents/Incidents.aspx>

# OCD Well Page for Compliance Issues

cTM1721233956

Violation Source: Field Inspection  
 Date of Violation: 07/31/2017  
 Compliance Required: 11/03/2017

Resolved:

## Notes

GENERAL HOUSEKEEPING

## Actions/Events

Event Date	Category	Type
07/31/2017	Enforcements	Operation/Maintenance
07/31/2017	Notifications	Letter of Violation

**LINN OPERATING, INC.**  
 600 Travis Street Suite 1400  
 Houston TX 77002-7002

## LETTER OF VIOLATION - Inspection

Dear Operator:

The following inspection(s) indicate that the well, equipment, location or operational status of the well(s) failed to meet standards of the New Mexico Oil Conservation Division as described in the detail section below. To comply with standards imposed by Rules and Regulations of the Division, corrective action must be taken immediately and the situation brought into compliance. The detail section indicates preliminary findings and/or probable nature of the violation. This determination is based on an inspection of your well or facility by an inspector employed by the Oil Conservation Division on the date(s) indicated.

Please notify the proper district office of the Division, in writing, of the date corrective actions are scheduled to be made so that arrangements can be made to reinspect the well and/or facility.

## INSPECTION DETAIL SECTION

STATE B No.004

I-16-17S-31E

30-015-05173-00-00


Inspection Date	Type Inspection	Inspector	Violation?	*Significant Non-Compliance?	Corrective Action Due By:	Inspection No.
07/31/2017	Routine/Periodic	Tony Morales	Yes	No	11/3/2017	iTM1721233896
<b>Violations</b> General Housekeeping (Rule 114)						

**Comments on Inspection:** OK. All Equipment and Location in Good Shape. PJ STAINING UNDER PJ. OLD TANK BATTERY ON LOCATION 19.15.35.7B

# Wells to Leases Report

## Wells Related to Leases Report - ONGARD

<http://web.slo.state.nm.us/Applications/OSReporting/StartReport.aspx?ReportId=>

**NEW MEXICO  
STATE LAND OFFICE**

**ONGARD Reporting**

**WELLS RELATED TO LEASES**

*Displays Cross Reference of Wells to Leases. Must provide either entire API or entire Lease information. \*\*NMSLO makes no representations or warranties about the accuracy of the data.*

API State:

API County::

API Well:

Lease Prefix:

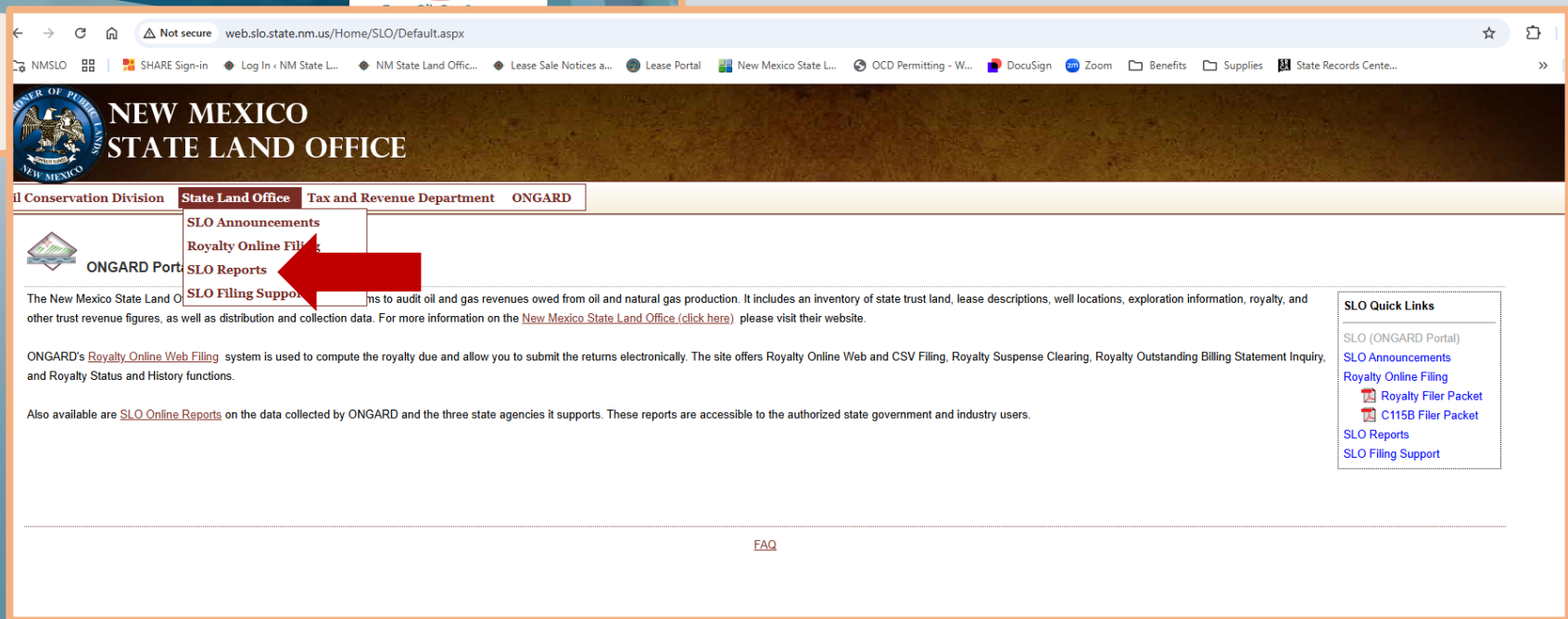
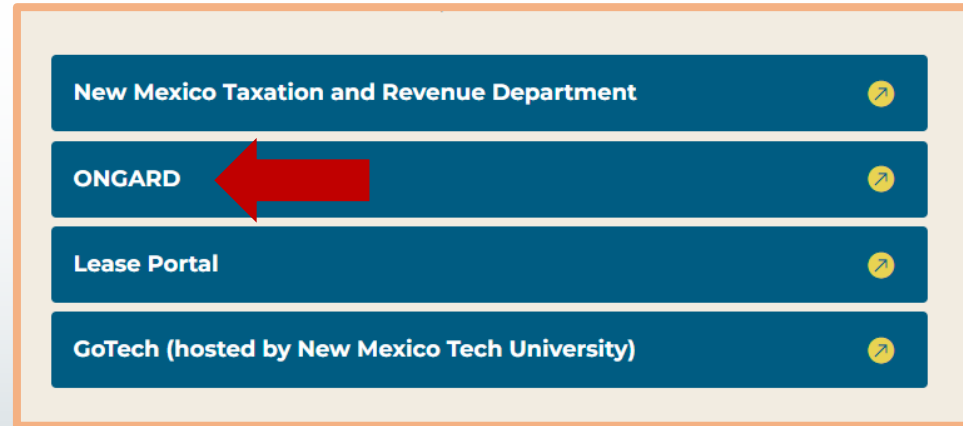
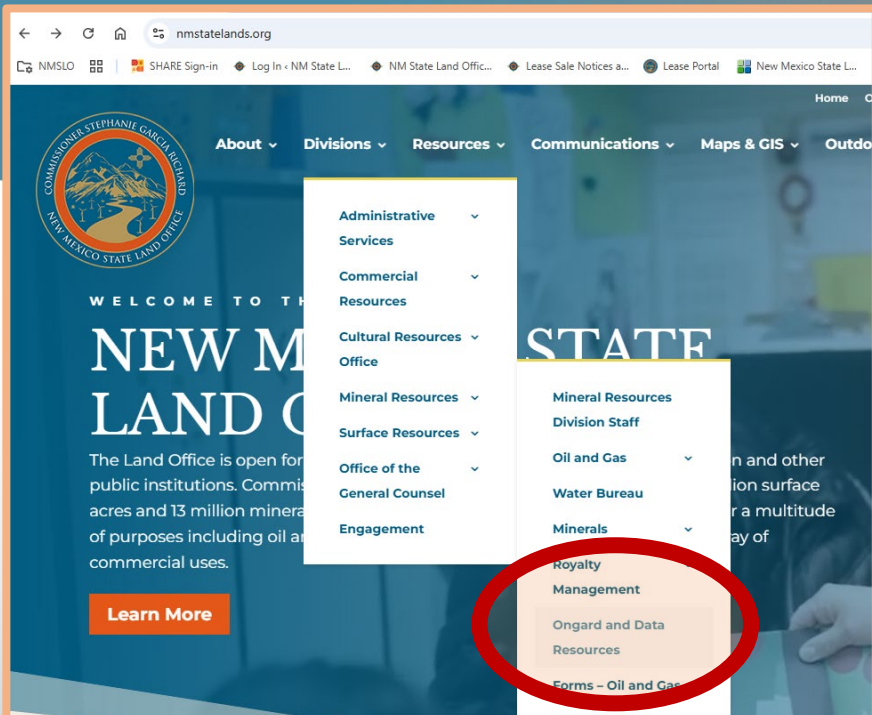
Lease Seq:

Lease Assg:

Output Results

[FAQ](#) | [User Manual](#)

**HOW TO FIND THIS REPORT?**



- ☐ SURFACE DIVISION
- ☑ ☐ ROYALTY MANAGEMENT DIVISION
- ☑ ☐ RIGHTS-OF-WAY
- ☑ ☐ RECORDS MANAGEMENT
- ☑ ☐ GENERAL COUNSEL - LEGAL
- LEASE INFORMATION BY SOURCE CODE
- LEASE INFO BY USE CODE
- ACTIVE LEASES FOR GASB 87
- ☐ ONGARD SERVICE CENTER



## ONGARD Reporting

## WELLS RELATED TO LEASES

*Displays Cross Reference of Wells to Leases. Must provide either entire API or entire Lease information. \*\*NMSLO makes no representations or warranties about the accuracy of the data.*

API State:

API County:

API Well:

Lease Prefix:

Lease Seq:

Lease Assg:

Output Results

FAO | User Manual

## WELLS RELATED TO LEASES

*Displays Cross Reference of Wells to Leases. Must provide either entire API or entire Lease information. \*\*NMSLO makes no representations or warranties about the accuracy of the data.*

API State:

API County:

API Well:

Lease Prefix:

Lease Seq:

Lease Assg:

Output Results

5 Records were returned by the search criteria.

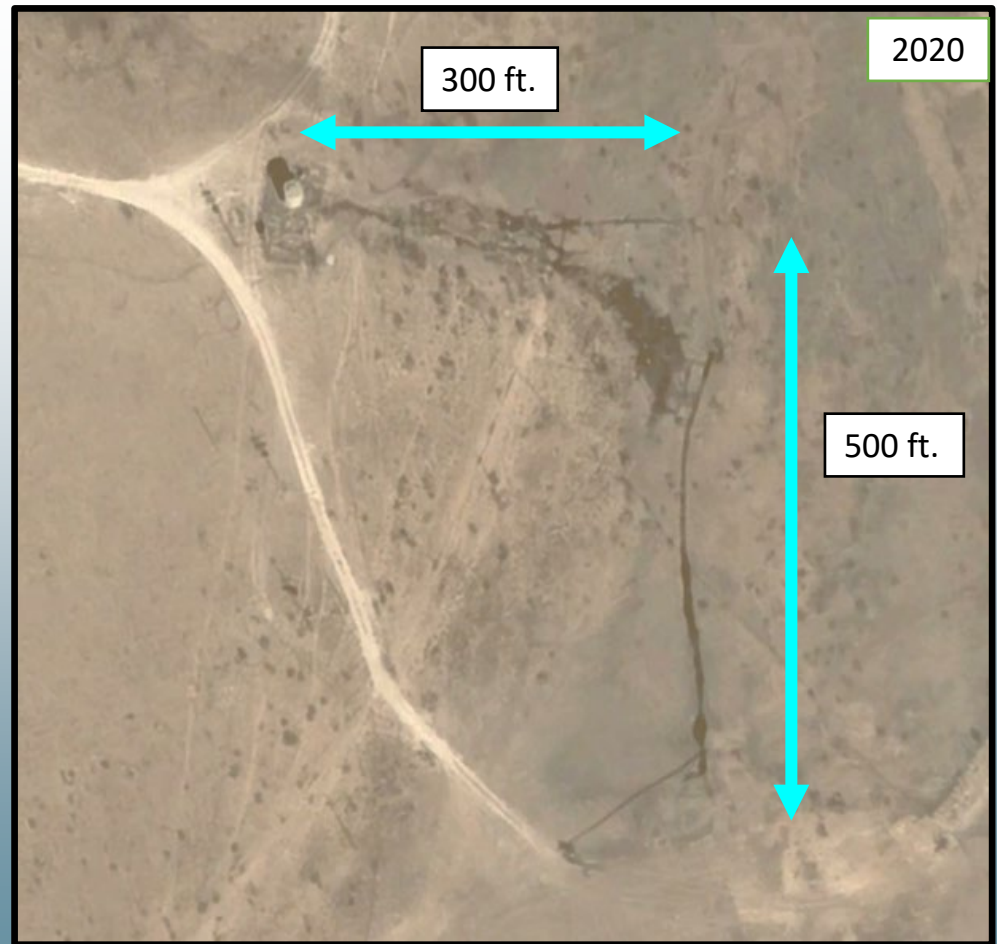
SQL Query Time: 0.2401495 seconds, and Total Report Time: 0.2401495 seconds.

API	Effective Date	Operator	Well Name	Status	Type	Lease	Lessee	Location
30-025-01779	1/1/1900 12:00:00 AM	214263-PRE-ONGARD WELL OPERATOR	PRE-ONGARD WELL #001	Plugged (site released)	Oil	VO-6988-0002	64432-EOG RESOURCES, INC.	Surface
30-025-67778	7/22/2004 12:00:00 AM	7377-EOG RESOURCES INC	SOMBRERO S STATE #001	Active	Gas	VO-6988-0002	64432-EOG RESOURCES, INC.	Surface
30-025-36779	1/16/2005 12:00:00 AM	7377-EOG RESOURCES INC	SOMBRERO S STATE #001	Active	Gas	VO-6988-0002	64432-EOG RESOURCES, INC.	Bottom Hole
30-025-41201	6/1/2016 12:00:00 AM	229137-COG OPERATING LLC	GOOSE STATE COM #002H	Active	Oil	VO-6988-0002	64432-EOG RESOURCES, INC.	Bottom Hole
30-025-41201	6/1/2016 12:00:00 AM	229137-COG OPERATING LLC	GOOSE STATE COM #002H	Active	Oil	VO-6988-0002	64432-EOG RESOURCES, INC.	Common Well Completion

# Satellite Imagery Review

## Possible Tank Battery Spill

- Full estate
- Possible staining first seen in 2019 and in 2020
- No reported spills or incidents with NMOCD





# Satellite Imagery Review

2/2014

320 ft

2/2017

12/2023

- Full estate
- SLO found a 2015 spill release with OCD. Could be related to this spill seen in satellite imagery.
- Significant release in 2014, not reported, appears additional release from tank berms in 2017, scarring from initial release still seen



# Satellite Imagery Review

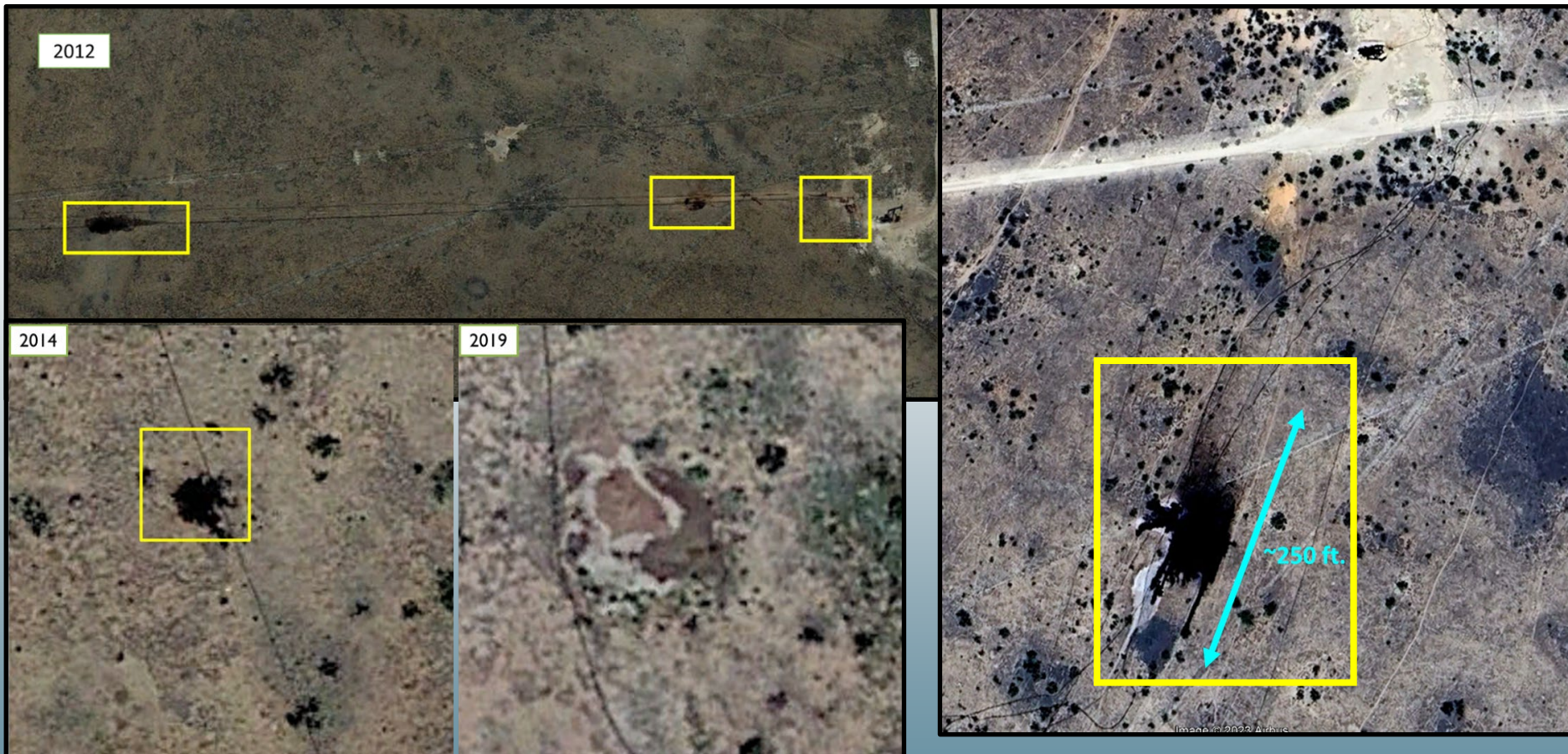
## TANK BATTERY SPILLS





# Satellite Imagery Review

## FLOW LINE SPILLS



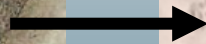


# Satellite Imagery Review

## EXAMPLE OF WELL PAD NEEDING REMEDIATION, OLD EQUIPMENT AND PITS



2017



2022



# Helpful Links



## **New Mexico State Land Office**

[www.nmstatelands.org](http://www.nmstatelands.org)

Leasing Royalty management agency for State Trust Lands

## **New Mexico State Land Office Oil and Gas Manual**

<https://www.nmstatelands.org/divisions/oil-gas-and-minerals/oil-and-gas/notices/>

2025 Oil and Gas Manual

## **New Mexico State Land Office Lease Portal**

<https://secure.slo.state.nm.us/Applications/SLOConnect>

Information Look up for various instruments

## **New Mexico Oil Conservation Division**

<http://emnrd.state.nm.us/ocd/>

ONGARD database for open acres and a wealth of other state data.