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COMMISSIONER OF PUBLIC LANDS  
NEW MEXICO STATE LAND OFFICE  
P. O. BOX 1148, SANTA FE, NEW MEXICO 87504-1148

SLO RULE 11

JANUARY 20, 1984

RELATING TO SALT WATER DISPOSAL SITE EASEMENTS

11.001 Scope of Rules. The following rules govern the issuance of easements upon State lands for sites for the underground disposal of salt water produced in connection with oil and gas operations. Because an oil and gas lessee is entitled to use so much of the land as is necessary to explore for and remove the oil and gas, he does not need additional permission of the Commissioner to dispose of the salt water upon or under the leased land so long as the water being disposed of is produced exclusively from wells upon the state trust land and so long as it is reasonable under the circumstances to do so. Conversely, if any of the salt water to be injected is produced from land not under the applicant's state oil and gas lease, then the applicant, in addition to a disposal site easement, will be required to secure a regular right-of-way and easement for a pipeline, roadway, or other means of conveyance under the rules pertaining to rights-of-way and easements generally. (See "Rules relating to Easements and Rights-of-Way.") Permission to dispose of produced salt water in natural salt lakes, or other surface facilities located upon State lands and approved by the New Mexico Oil Conservation Commission, shall be given at the discretion of the Commissioner by means of issuance of a "Business Lease." (See "Rules Relating to Business Leases.")

11.002 Lands Available for Disposal Site Easements.

A. Subject to the Commissioner's right to exercise his discretion, all lands listed as State owned on Land Office tract books are subject to application for salt water disposal easement sites; however, reference must be had to Land Office records in each case to determine which prior rights, if any, have been conveyed to or contracted for by third parties which would limit or prohibit the Commissioner from issuing a salt water disposal site easement. In any case, such easements are issued subject to prior rights.

B. The Commissioner reserves the right to refuse to grant an easement when to do so would be detrimental to the trust. The following are some of the factors which may have bearing on the Commissioner's decision:

1. That an abandoned oil or gas well may have greater value for foreseeable future oil or gas production from a different zone.

2. That the salt water storage space proposed to be used may be needed for disposal of salt water produced from wells on State lands in the foreseeable future.

3. That disposal of salt water in the particular zone may interfere with development and production of oil and gas or other minerals owned by the State of New Mexico in trust.

C. Although applications will be accepted for filing on disposal sites prior to the approval of the disposal facility or operation by the New Mexico Oil Conservation Division, the Commissioner may withhold or deny issuance of the salt water disposal easement pending approval or disapproval by the OCD.

11.003 Application. Each application for a salt water disposal easement shall be made in ink or typewritten upon forms prescribed and furnished by the Commissioner, under oath, and accompanied by the following:

A. a filing fee of \$30.00;

B. a plat showing disposal well and wells from which produced salt water is to be disposed together with pipelines and haul roads;

C. if the land is under an oil and gas lease, the written consent of the record owner that the easement may be issued, or in the event of his refusal to consent, then a statement of the reasons, if any, given for the refusal;

D. statement as to the estimated number of barrels of salt water to be disposed; and

E. a written appraisal of the land made under oath by some disinterested and credible person familiar with the land. All easements, except as to the true value of the land, must be based upon personal knowledge and not upon information and belief.

11.004 Term and Conditions. Salt water disposal site easements shall be issued for five (5) years or less with a preference right of renewal, subject to the Commissioner's decision not to continue the easement. The easement shall normally cover not more than two and one half (2½) acres

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surrounding the proposed injection site. Applicant shall also file an appraisal of the land with regard to the value for water easement purposes made under oath by some disinterested party who is familiar with the land. Such appraisal shall take into account the extent and nature of the use that the application indicates will be made of the surface.

11.005 Consideration. Payment for such water disposal easement sites shall be at a negotiated rate but not less than \$250.00 annual rental.

11.006 Bond. Before any disposal site easement is issued, the applicant shall post with the Commissioner a sufficient bond or undertaking in an amount to be fixed by the Commissioner, in favor of the owner of improvements lawfully located upon the land, to secure payment of damage, if any, done to such improvements by reason of the operations of the applicant. Upon written notice to the holder of a salt water disposal site easement, the Commissioner may require such holder to fence the site for the protection of the surface user's livestock.

11.007 Assignment - Relinquishment - Cancellation. A disposal site easement may, with the prior written approval of the Commissioner, upon such terms and conditions as he may require, and payment of a thirty dollar (\$30.00) fee, be assigned to third parties or relinquished to the State and the Commissioner may cancel such easement for breach or violation of the terms and conditions thereof after thirty (30) days registered notice is given as required by law.