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Commissioner of Public Lands

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November 30, 2018

Via U.S. Mail

Secretary Ken McQueen
Energy, Minerals & Natural Resources Department
1220 S. St. Francis Drive
Santa Fe, New Mexico 87505

Ryan Flynn, Executive Director
New Mexico Oil & Gas Association
123 W. Booth Street
Santa Fe, New Mexico 87505

Re: Out of Compliance Oil and Gas Wells on State Trust Land Requiring Reclamation

Dear Secretary McQueen and Mr. Flynn:

On November 5, 2018, I sent a letter to Secretary McQueen requesting the Oil Conservation Division ("OCD") enforce regulations requiring oil and gas operators in the state to restore well locations within one year after completion of plugging operations. The rule, 19.15.25.10 NMAC, when properly enforced by OCD, would allow State Trust leases to be used for other beneficial purposes after the cessation of oil and gas activities and help protect the environment for future generations. At present, sites, like the one attached hereto plugged by OCD on State Trust land in 2013, have oil spills and have not been reclaimed.

In response to my letter, Mr. Flynn alleged he had not reviewed the over 500 wells on State Trust land that had been plugged, but not remediated, but insisted he "worked directly with companies and the majority are in compliance with OCD rules." Mr. Flynn also stated "when there are violations, operators can and should be held accountable."

Accordingly, the State Land Office examined the list of over 500 wells, looked up the plugged date for each well, and highlighted each company out of compliance with 19.15.25.10 NMAC. The updated list is attached

-State Land Office Beneficiaries-


Common Schools - Carrie Tingley Hospital - Charitable, Penal, & Reform - Eastern NM University - Rio Grande Improvement - Miners' Hospital of NM - NM Boys School - NM Highlands University - NM Institute of Mining & Technology - New Mexico Military Institute - NM School for the Deaf - NM School for the Visually Handicapped - NM State Hospital - New Mexico State University - Northern NM Community College - Penitentiary of New Mexico - Public Buildings at Capital - State Park Commission - University of New Mexico - UNM Saline Lands - Water Reservoirs - Western New Mexico University

hereto and hopes OCD can easily enforce its regulations with the provided list, as Mr. Flynn and I both requested. Companies like Chevron USA INC, Chevron Midcontinent, L.P., ConocoPhillips Company, Oxy USA Inc, and COG Operating LLC all appear many times over on the list. In addition, there are countless sites OCD plugged but did not reclaim for various operators, such as Xeric Oil & Gas Corp. and Canyon E & P Company; the Oil and Gas Reclamation Fund should be used to remediate those sites.

And while I appreciate Secretary McQueen's claim that he plugged twice as many wells this year, the OCD is only doing half its job when the OCD simply plugs a site and does not reclaim a site—the same standards industry is held to. Further, as the Secretary stated, a site must be remediated to release a bond. However, simply having a bond proves of no use to the State Land Office, if OCD does not enforce the rules and collect on those bonds. I encourage the OCD to collect the bonds and remediate the sites that are out of compliance, if companies are not responsive to OCD's compliance efforts which I implore OCD to undertake.

Please work together to enforce OCD rules so the State Land Office can maximize revenue for the Trust beneficiaries. If either of you need additional assistance regarding out-of-compliance operators, please do not hesitate to contact me.

Warm regards,



Aubrey Dunn

Commissioner of Public Lands

CC: Lieutenant Governor-Elect Howie Morales (via email)

Rep. Patricia Lundstrom (via email)

Sen. John A. Smith (via email)

Rep. Paul Bandy (via email)

Sen. William Burt (via email)

Sen. Pete Campos (via email)

Sen. Carlos Cisneros (via email)

Rep. Randal Crowder (via email)

Rep. George Dodge, Jr. (via email)

Rep. Jimmie Hall (via email)

Sen. Carroll Leavell (via email)

Sen. George Munoz (via email)

Sen. Steven Neville (via email)

Rep. Nick Salazar (via email)

Kevin Robinson-Avila (via email)

-State Land Office Beneficiaries-

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