



PORE SPACE EXECUTIVE SUMMARY

- The State Land Office has begun objecting to SWD injection applications at the OCD when the well is located within half a mile of State Trust Land. The basis of the SLO's objection is that the injected water will be stored in SLO's pore space. SLO has an obligation to ensure compensation to its beneficiaries for any use of its lands.
- The half-mile radius is derived from the OCD's notice requirement for injection wells, set forth in NMAC 19.15.26.8(B)(2).
- Valuation for pore space storage is primarily a function of the injection formation and distance from state land. In the Devonian formation, the per barrel charge begins as follows:
 - o 0-1/8 mile from state land: .04 cents/barrel
 - o 1/8-1/4 mile from state land: .02 cents/barrel
 - o 1/4-1/2 mile from state land: .01 cents/barrel
- The State Land Office will consider certain factors that may affect valuation, including but not limited to pertinent geology (faults, etc.), geometry of well location and state land, and other technical factors.