



# NEWS RELEASE

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NEW MEXICO STATE OFFICE ■ 1474 RODEO RD ■ SANTA FE, NM 87507

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## Largest Oil & Gas Parcel Sale in BLM History

**San Juan Basin parcel in BLM's quarterly oil and gas lease auction sells for almost \$28 million, bringing today's auction total to more than \$34 million.**

History was made today when Burlington Resources bid \$22,500 an acre on a single parcel in the San Juan Basin, bringing the 1242-acre parcel sale price to \$27,946,938—the largest single parcel bid in the lower 48 states since the advent of the Oil and Gas Leasing Reform Act of 1987. The total includes the bonus bid, administrative fees and first year rentals for this lease.

According to Farmington Assistant Field Manager Dave Mankiewicz, the parcel, which will have a standard 10-year lease plus the length of production thereafter, may produce up to 50 billion cubic feet (BCF) of natural gas over the life of the lease. Fifty percent of all the revenue from bids made today, as well as other mineral revenue generated from public lands, is given to the State of New Mexico Permanent Trust Fund which is primarily used to fund education programs.

According to New Mexico State Land Commissioner Patrick H. Lyons, “Oil and gas production is key to sustaining revenues for education. The petroleum industry funds 90 percent of all school capital investments through payments to the Land Grant Permanent Fund.”

All but 100 acres of the high-bid parcel area is restricted from surface occupancy (no mechanical or mechanized activity or development). In addition, all of the parcel, including the 100 acres, are covered by four other lease stipulations that are set out in the recently published Farmington Resource Management Plan. “This is part of how BLM is managing for land and wildlife protection while the oil and gas resources are developed. It is an example of how we are providing for orderly field development while providing maximum protection for other surface values and resources like wildlife habitat,” said Steve Wells, BLM Supervisory Petroleum Engineer.



[www.nm.blm.gov](http://www.nm.blm.gov)

The four other stipulations are:

- The area is protected from November 1<sup>st</sup> through March 31<sup>st</sup> for bald eagle winter roosting.
- The area is protected from December 1<sup>st</sup> through March 31<sup>st</sup> for big game winter range.
- The Negro Canyon, where the parcel is located, is covered by a Visual Resource Management protection, which means no construction activity or equipment will be allowed that would be visible from Negro Canyon drainage.
- No new rights-of-way, including access roads or pipelines, will be developed on 1100 acres of the parcel. Any rights-of-way on the additional 100 acres will be reviewed on a case by case basis.

The oral auction, held quarterly at the New Mexico BLM State Office in Santa Fe, 1474 Rodeo Rd., had 67 parcels, totaling 38,955 acres across Arizona, New Mexico, Oklahoma and Kansas. (Bonuses are fees paid above rental and administrative fees to hold the lease.)

Arizona	2 parcels sold	1,224 acres sold	\$ 2,450 in bonuses
New Mexico	59 parcels sold	36,351 acres sold	\$33,682,864 in bonuses
Kansas	2 parcels sold	280 acres sold	\$ 6,130 in bonuses
Oklahoma	3 parcels sold	535 acres sold	\$ 595,811 in bonuses

Leases will be awarded for a period of 10 years plus the length of production thereafter. The government receives 12.5 percent royalties on production on those leases.

The State of New Mexico has received over \$4 billion in revenue from mineral production on federal public lands since the 1920s. More than \$3.6 billion of this total was received from oil and gas production on federal lands. In Fiscal Year 2002, New Mexico received over \$180 million in royalties, rents and bonuses from oil and gas production on federal lands, which is earmarked for schools and other education funding throughout New Mexico.