

YES on HB437 the "Surface Owners' Protection" Bill

In New Mexico, ranchers, farmers and homeowners often do not own the mineral rights to the oil and gas underneath the surface of their land. With the greatly increased pace of oil and gas production since 2000 – more than 2,100 new wells per year are being permitted – the relationship between the oil and gas industry and surface owners has become more out of balance.

Did you know Oil and gas companies in New Mexico are **NOT** required to have a written agreement with a rancher or homeowner before they drill an oil or gas well **NOR** are they required to pay for the use of the land surface. The companies decide where to drill and where to put the roads, tanks and pits on your land; then they decide when to drill. Landowners need legislation to help protect their surface rights and the value of their property.

This surface use agreement and compensation bill begins to restore the balance by ensuring that the oil and gas company gives written notice to the landowner and provides a written agreement (or posts a bond) before operations can begin.

11 states, including Wyoming, already have laws which require oil and gas companies to give notice and negotiate damage settlements with surface owners.

HOW THE BILL WORKS

The bill requires the oil and gas operator to:

- Notify the surface owner 45 days prior to beginning any oil and gas operations;
- Describe the proposed operations so that the surface owner can evaluate the effects of the operations on his/her property;
- propose a surface use and compensation agreement that addresses the timing, location and scope of operations and an offer of compensation; the bill provides the elements that should be included in the offer of compensation.

The bill gives the surface owner 20 days to accept, negotiate changes to, or reject the agreement and offer.

If no agreement is reached within 40 days, the bill allows the operator to post a bond with the New Mexico Oil Conservation Division (OCD) of at least \$25,000 for the benefit of the surface owner and then begin operations. The surface owner may then file a legal claim.

Under the bill, the landowner must bring a legal claim within 6 years of any damages.



**New Mexico Cattle Growers' Association • New Mexico Environmental Law Center
New Mexico Farm and Livestock Bureau • New Mexico San Juan Citizens Alliance
New Mexico Oil & Gas Network – Oil & Gas Accountability Project – 505-897-1803**