

SENATE FINANCE COMMITTEE SUBSTITUTE FOR  
SENATE BILL 23

57TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2025

AN ACT

RELATING TO PUBLIC LANDS; SETTING THE ROYALTY RATE ON FUTURE  
OIL AND GAS DEVELOPMENT LEASES ON CERTAIN STATE TRUST LANDS TO  
ENHANCE REVENUE FOR BENEFICIARIES; REQUIRING THE MANNER OF  
POSTING OF CERTAIN INFORMATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 19-10-4.3 NMSA 1978 (being Laws 1985,  
Chapter 195, Section 5) is amended to read:

"19-10-4.3. DEVELOPMENT FORM OF LEASE--PREMIUM RESTRICTED  
LAND.--

A. The commissioner shall not cancel leases except  
upon failure or default of the lessee to comply with any of the  
provisions or covenants within the lease described in  
Subsection B of this section.

B. The following form is designed as the

.231011.2

underscored material = new  
[bracketed material] = delete

1 "Development Form". It may be used by the commissioner for oil  
2 and gas leases on lands classified as restricted lands and  
3 categorized as Premium and issued on or after July 1, 2025:

4 "LEASE NO. \_\_\_\_\_ APPLICATION NO. \_\_\_\_\_

5 OIL AND GAS LEASE

6 (Development Form)

7 This agreement, dated \_\_\_\_\_, [~~19~~] 20\_\_\_\_,  
8 between the state of New Mexico, acting by and through its  
9 commissioner of public lands, hereinafter called the "lessor",  
10 and \_\_\_\_\_,  
11 whose address is \_\_\_\_\_  
12 \_\_\_\_\_,

13 hereinafter called the "lessee",

14 WITNESSETH:

15 WHEREAS, the lessee has filed in the office of the  
16 commissioner of public lands an application for an oil and gas  
17 lease covering the lands hereinafter described and has tendered  
18 therewith the required first payment; and

19 WHEREAS, all of the requirements of law relative to the  
20 application and tender have been duly complied with;

21 THEREFORE, in consideration of the premises as well as the  
22 sum of \_\_\_\_\_  
23 dollars (\$ \_\_\_\_\_), the same being the amount of the  
24 tender above mentioned, and the further sum of \$ \_\_\_\_\_  
25 filing fee, and of the covenants and agreements hereinafter

underscored material = new  
[bracketed material] = delete

1 contained, the lessor does hereby grant, demise, lease and let  
 2 unto the [~~said~~] lessee, exclusively, for the sole and only  
 3 purpose of exploration, development and production of oil or  
 4 gas (including carbon dioxide and helium), or both thereon and  
 5 therefrom with the right to own all oil and gas so produced and  
 6 saved therefrom and not reserved as royalty by the lessor under  
 7 the terms of this lease, together with [~~rights-of-way~~] rights  
 8 of way, easements and servitudes for pipelines, telephone  
 9 lines, tanks, power houses, stations, gasoline plants and  
 10 fixtures for producing, treating and caring for such products  
 11 and housing and boarding employees and any and all rights and  
 12 privileges necessary, incident to or convenient for the  
 13 economical operation of [~~said~~] the land, for oil and gas, with  
 14 right for such purposes to the free use of oil, gas, casing-  
 15 head gas or water from [~~said~~] the lands, but not from the  
 16 lessor's water wells, and with the rights of removing either  
 17 during or after the term hereof, all and any improvements  
 18 placed or erected on the premises by the lessee, including the  
 19 right to pull all casing, subject, however, to the covenants  
 20 and conditions hereinafter set out, the following described  
 21 land situated in the county of \_\_\_\_\_, state of New  
 22 Mexico, and more particularly described as follows:

23 Line SUBDIVISION Sec. Twp. Rge. Acres Institution

24 1 \_\_\_\_\_  
 25 2 \_\_\_\_\_

.231011.2

underscored material = new  
 [bracketed material] = delete

1        3 \_\_\_\_\_  
 2        4 \_\_\_\_\_  
 3        5 \_\_\_\_\_  
 4        6 \_\_\_\_\_  
 5        7 \_\_\_\_\_

6            ~~[said]~~ The lands having been awarded to the lessee and  
 7 designated as Tract No. \_\_\_\_\_ at a public sale held by  
 8 the commissioner of public lands on \_\_\_\_\_, ~~[19]~~  
 9 20\_\_.

10            To have and to hold ~~[said]~~ the land, and all the rights  
 11 and privileges granted hereunder, to and unto the lessee for a  
 12 primary term of five years from the date hereof, and as long  
 13 thereafter as oil and gas, or either of them, is produced in  
 14 paying quantities from ~~[said]~~ the land by the lessee, subject  
 15 to all of the terms and conditions as hereinafter set forth.

16            In consideration of the premises, the parties covenant and  
 17 agree as follows:

18            1. Subject to the free use without royalty, as  
 19 hereinbefore provided, the lessee shall pay the lessor as  
 20 royalty \_\_\_\_\_ (not less than three-sixteenths nor more than  
 21 one-fifth, or alternatively, not less than one-fifth nor more  
 22 than one-fourth if the leased premises is located in whole or  
 23 in part within the following portions of the restricted  
 24 districts established pursuant to Section 19-10-16 NMSA 1978:  
 25 townships 8 to 10 south inclusive, ranges 31 to 38 east

.231011.2

underscored material = new  
[bracketed material] = delete

1 inclusive; townships 11 to 15 south inclusive, ranges 31 to 38  
 2 east inclusive; townships 16 to 20 south inclusive, ranges 21  
 3 to 39 east inclusive; township 20.5 south, ranges 21 to 23 east  
 4 inclusive; or townships 21 to 26 south inclusive, ranges 21 to  
 5 38 east inclusive, N.M.P.M.) part of the oil produced and saved  
 6 from the leased premises or the cash value thereof, at the  
 7 option of the lessor, such value to be the price prevailing the  
 8 day oil is run into a pipeline, if the oil be run into a  
 9 pipeline, or into storage tanks, if the oil is stored.

10 2. Subject to the free use without royalty, as  
 11 hereinbefore provided, at the option of the lessor at any time  
 12 and from time to time, the lessee shall pay the lessor as  
 13 royalty \_\_\_\_\_ (not less than three-sixteenths nor more than  
 14 one-fifth, or alternatively, not less than one-fifth nor more  
 15 than one-fourth if the leased premises is located in whole or  
 16 in part within the following portions of the restricted  
 17 districts established pursuant to Section 19-10-16 NMSA 1978:  
 18 townships 8 to 10 south inclusive, ranges 31 to 38 east  
 19 inclusive; townships 11 to 15 south inclusive, ranges 31 to 38  
 20 east inclusive; townships 16 to 20 south inclusive, ranges 21  
 21 to 39 east inclusive; township 20.5 south, ranges 21 to 23 east  
 22 inclusive; or townships 21 to 26 south inclusive, ranges 21 to  
 23 38 east inclusive, N.M.P.M.) part of the gas produced and saved  
 24 from the leased premises, including casing-head gas. Unless  
 25 [~~said~~] the option is exercised by the lessor, the lessee shall

.231011.2

1 pay the lessor as royalty \_\_\_\_\_ (not less than three-  
2 sixteenths nor more than one-fifth, or alternatively, not less  
3 than one-fifth nor more than one-fourth if the leased premises  
4 is located in whole or in part within the following portions of  
5 the restricted districts established pursuant to Section  
6 19-10-16 NMSA 1978: townships 8 to 10 south inclusive, ranges  
7 31 to 38 east inclusive; townships 11 to 15 south inclusive,  
8 ranges 31 to 38 east inclusive; townships 16 to 20 south  
9 inclusive, ranges 21 to 39 east inclusive; township 20.5 south,  
10 ranges 21 to 23 east inclusive; or townships 21 to 26 south  
11 inclusive, ranges 21 to 38 east inclusive, N.M.P.M.) of the  
12 cash value of the gas, including casing-head gas, produced and  
13 saved from the leased premises and marketed or utilized, such  
14 value to be equal to the net proceeds derived from the sale of  
15 such gas in the field; provided, however, the cash value for  
16 royalty purposes of carbon dioxide gas and of hydrocarbon gas  
17 delivered to a gasoline plant for extraction of liquid  
18 hydrocarbons shall be equal to the net proceeds derived from  
19 the sale of such gas, including any liquid hydrocarbons  
20 recovered therefrom.

21 Notwithstanding the foregoing provisions, the lessor may  
22 require the payment of royalty for all or any part of the gas  
23 produced and saved under this lease and marketed or ~~utilized~~  
24 used at a price per m.c.f. equal to the maximum price being  
25 paid for gas of like kind and quality and under like conditions

.231011.2

1 in the same field or area or may reduce the royalty value of  
2 any such gas (to any amount not less than the net proceeds of  
3 sale thereof, in the field) if the commissioner of public lands  
4 shall determine such action to be necessary to the successful  
5 operation of the lands for oil or gas purposes or to  
6 encouragement [~~or~~] of the greatest ultimate recovery of oil or  
7 gas or to the promotion or conservation of oil or gas or in the  
8 public interest.

9 3. This lease shall not expire at the end of the primary  
10 term hereof if there is a well capable of producing gas in  
11 paying quantities located upon some part of the lands embraced  
12 herein, or upon lands pooled or communitized herewith, where  
13 such well is shut-in due to the inability of the lessee to  
14 obtain a pipeline connection or to market the gas therefrom,  
15 and if the lessee timely pays an annual royalty on or before  
16 the annual rental paying date next ensuing after the expiration  
17 of ninety days from the date [~~said~~] the well was shut-in and on  
18 or before [~~said~~] the rental date thereafter. The payment of  
19 [~~said~~] the annual royalty shall be considered for all purposes  
20 the same as if gas were being produced in paying quantities and  
21 upon the commencement of marketing of gas from [~~said~~] the well  
22 or wells the royalty paid for the lease year in which the gas  
23 is first marketed shall be credited upon the royalty payable  
24 hereunder to the lessor for such year. The provisions of this  
25 section shall also apply where gas is being marketed from

.231011.2

1     ~~[said]~~ the leasehold premises and through no fault of the  
2     lessee, the pipeline connection or market is lost or ceases, in  
3     which case this lease shall not expire so long as ~~[said]~~ the  
4     annual royalty is paid as herein provided. The amount of any  
5     annual royalty payable under this section shall equal twice the  
6     annual rental due by the lessee under the terms of this lease  
7     but not less than three hundred twenty dollars (\$320) per well  
8     per year; provided, however, that any such annual royalty for  
9     any month beginning on or after ten years from the date hereof  
10    shall equal four times the annual rental due by the lessee  
11    under the terms of this lease but not less than two thousand  
12    dollars (\$2,000) per well per year; provided further, that no  
13    annual royalty shall be payable under this section if  
14    equivalent amounts are timely paid pursuant to another lease  
15    issued by the lessor and if such other lease includes lands  
16    communitized with lands granted hereunder for the purpose of  
17    prorationally sharing in the shut-in well. Notwithstanding the  
18    provisions of this section to the contrary, this lease shall  
19    not be continued after five years from the date hereof for any  
20    period of more than ten years by the payment of ~~[said]~~ the  
21    annual royalty unless, for good cause shown, the commissioner  
22    of public lands, in ~~[his]~~ the commissioner's discretion, grants  
23    such a continuance.

24           ~~[3.]~~ 4. The lessee agrees to make full settlement on the  
25    twentieth day of each month for all royalties due the lessor



1 for the preceding month, under this lease, and to permit the  
 2 lessor or its agents, at all reasonable hours, to examine the  
 3 lessee's books relating to the production and disposition of  
 4 oil and gas produced. The lessee further agrees to submit to  
 5 the lessor annually upon forms furnished by the lessor,  
 6 verified reports showing the lessee's operations for the  
 7 preceding year.

8 ~~[4.]~~ 5. An annual rental at the rate of \$ \_\_\_\_\_  
 9 per acre shall become due and payable to the lessor by the  
 10 lessee, upon each acre of the land above described and then  
 11 claimed by such lessee and the same shall be due and payable in  
 12 advance to the lessor on the successive anniversary dates of  
 13 this lease, but the annual rental on any assignment shall in no  
 14 event be less than forty dollars (\$40.00).

15 In the event the lessee shall elect to surrender any or  
 16 all of [~~said~~] the acreage, [~~he~~] the lessee shall deliver to the  
 17 lessor a duly executed release thereof and in event [~~said~~] the  
 18 lease has been recorded then [~~he~~] the lessee shall upon request  
 19 furnish and deliver to the lessor a certified copy of a duly  
 20 recorded release.

21 ~~[5.]~~ 6. The lessee may at any time by paying to the  
 22 lessor all amounts then due as provided herein and the further  
 23 sum of forty dollars (\$40.00), surrender and cancel this lease  
 24 insofar as the same covers all or any portion of the lands  
 25 herein leased and be relieved from further obligations or

.231011.2

1 liability hereunder, in the manner as hereinbefore provided.  
2 Provided, this surrender clause and the option herein reserved  
3 to the lessee shall cease and become absolutely inoperative  
4 immediately and concurrently with the institution of any suit  
5 in any court of law or equity by the lessee, lessor or any  
6 assignee, to enforce this lease, or any of its terms expressed  
7 or implied.

8 ~~[6.]~~ 7. All payments due hereunder shall be made on or  
9 before the day such payment is due, at the office of the  
10 commissioner of public lands in Santa Fe, New Mexico.

11 ~~[7.]~~ 8. The lessee with the consent of the lessor shall  
12 have the rights to assign this lease in whole or in part.  
13 Provided, however, that no assignment of an undivided interest  
14 in the lease or in any part thereof nor any assignment of less  
15 than a legal subdivision shall be recognized or approved by the  
16 lessor. Upon approval in writing by the lessor of an  
17 assignment, the assignor shall stand relieved from all  
18 obligations to the lessor with respect to the lands embraced in  
19 the assignment and the lessor shall likewise be relieved from  
20 all obligations to the assignor as to such tracts, and the  
21 assignee shall succeed to all of the rights and privileges of  
22 the assignor with respect to such tracts and shall be held to  
23 have assumed all of the duties and obligations of the assignor  
24 to the lessor as to such tracts.

25 ~~[8.]~~ 9. In the event a well or wells producing oil or gas

1 in paying quantities should be brought in on adjacent land  
2 [~~which~~] that is draining the leased premises, the lessee shall  
3 drill such offset well or wells as a reasonably prudent  
4 operator would drill under the same or similar circumstances,  
5 provided that no such offset well shall be required if  
6 compensatory royalties are paid pursuant to an agreement  
7 between the lessor and the lessee.

8 [~~9-~~] 10. The lessee agrees to notify the lessor of the  
9 location of each well before commencing drilling thereon, to  
10 keep a complete and accurate log of each well drilled and to  
11 furnish a copy thereof, verified by some person having actual  
12 knowledge of the facts, to the lessor upon the completion of  
13 any well, and to furnish the log of any unfinished well at any  
14 time when requested to do so by the lessor.

15 If any lands embraced in this lease shall be included in  
16 any deed or contract of purchase outstanding and subsisting  
17 issued pursuant to any sale made of the surface of such lands  
18 prior to the date of this lease, it is agreed and understood  
19 that no drilling operation shall be commenced on any such lands  
20 so sold unless and until the lessee shall have filed a good and  
21 sufficient bond with the lessor as required by law, to secure  
22 the payment for such damage to the livestock, range, water,  
23 crops or tangible improvements on such lands as may be suffered  
24 by the purchaser holding such deed or contract of purchase, or  
25 [~~his~~] the purchaser's successors, by reason of the

.231011.2

1 developments, use and occupation of such lands by such lessee.  
2 Provided, however, that no such bond shall be required if such  
3 purchaser shall waive the right to require such bond to be  
4 given in the manner provided by law.

5 ~~[10.]~~ 11. In drilling wells, all water-bearing strata  
6 shall be noted in the log, and the lessor reserves the right to  
7 require that all or any part of the casing shall be left in any  
8 nonproductive well when the lessor deems it to the interest of  
9 the beneficiaries of the lands granted hereunder to maintain  
10 ~~[said]~~ the well or wells for water. For such casing so left in  
11 wells the lessor shall pay to the lessee the reasonable value  
12 thereof.

13 ~~[11.]~~ 12. The lessee shall be liable and agree to pay for  
14 all damages to the range, livestock, growing crops or  
15 improvements caused by the lessee's operations on ~~[said]~~ the  
16 lands. When requested by the lessor, the lessee shall bury  
17 pipelines below plow depth.

18 ~~[12.]~~ 13. The lessee shall not remove any machinery or  
19 fixtures placed on ~~[said]~~ the premises, nor draw the casing  
20 from any well unless and until all payments and obligations due  
21 the lessor under the terms of this agreement shall have been  
22 paid or satisfied. The lessee's right to remove the casing is  
23 subject to the provision of Paragraph ~~[10]~~ 11 above.

24 ~~[13.]~~ 14. Upon failure or default of the lessee to comply  
25 with any of the provisions or covenants hereof, the lessor is

1 hereby authorized to cancel this lease and such cancellation  
2 shall extend to and include all rights hereunder as to the  
3 whole of the tract so claimed, or possessed by the lessee, but  
4 shall not extend to, nor affect the rights of any other lessee  
5 or assignee claiming any portion of the lands upon which no  
6 default has been made; provided, however, that before any such  
7 cancellation shall be made, the lessor shall mail to the lessee  
8 so defaulting, by registered or certified mail, addressed to  
9 the post office address of such lessee as shown by the records  
10 of the state land office, a notice of intention of cancellation  
11 specifying the default for which cancellation is to be made,  
12 and if within thirty days from the date of mailing [~~said~~] the  
13 notice the [~~said~~] lessee shall remedy the default specified in  
14 [~~said~~] the notice, cancellation shall not be made.

15 [~~14.~~] 15. If this lease shall have been maintained in  
16 accordance with the provisions hereof and if at the expiration  
17 of the primary term provided for herein oil or gas is not being  
18 produced on [~~said~~] the land but the lessee is then engaged in  
19 bona fide drilling or reworking operations thereon, this lease  
20 shall remain in full force and effect so long as such  
21 operations are diligently prosecuted and, if they result in the  
22 production of oil or gas, so long thereafter as oil and gas in  
23 paying quantities, or either of them, is produced from [~~said~~]  
24 the land; provided, however, such operations extending beyond  
25 the primary term shall be approved by the lessor upon written

.231011.2

1 application filed with the lessor on or before the expiration  
2 of [~~said~~] the term, and a report of the status of all of such  
3 operations shall be made by the lessee to the lessor every  
4 thirty days and a cessation of such operations for more than  
5 twenty consecutive days shall be considered as an abandonment  
6 of such operations and this lease shall thereupon terminate.

7 If during the drilling or reworking of any well under this  
8 section, the lessee loses or junks the hole or well and after  
9 diligent efforts in good faith is unable to complete [~~said~~] the  
10 operations, then within twenty days after the abandonment of  
11 [~~said~~] the operations, the lessee may commence another well  
12 within three hundred thirty feet of the lost or junked hole or  
13 well and drill the same with due diligence.

14 Operations commenced and continued as herein provided  
15 shall extend this lease as to all lands as to which the same is  
16 in full force and effect as of the time [~~said~~] the drilling  
17 operations are commenced; provided, however, this lease shall  
18 be subject to cancellation in accordance with Paragraph [~~13~~] 14  
19 hereof for failure to pay rentals or file reports [~~which~~] that  
20 may become due while operations are being conducted hereunder.

21 [~~15.~~] 16. Should production of oil and gas or either of  
22 them in paying quantities be obtained while this lease is in  
23 force and effect and should thereafter cease from any cause  
24 after the expiration of five years from the date hereof, this  
25 lease shall not terminate if the lessee commences additional

1 drilling or reworking operations within sixty days after the  
2 cessation of such production and shall remain in full force and  
3 effect so long as such operations are prosecuted in good faith  
4 with no cessation of more than twenty consecutive days, and if  
5 such operations result in the production of oil or gas in  
6 paying quantities, so long thereafter as oil or gas in paying  
7 quantities is produced from [~~said~~] the land; provided, however,  
8 written notice of intention to commence such operations shall  
9 be filed with the lessor within thirty days after the cessation  
10 of such production, and a report of the status of such  
11 operations shall be made by the lessee to the lessor every  
12 thirty days, and the cessation of such operations for more than  
13 twenty consecutive days shall be considered as an abandonment  
14 of such operations and this lease shall thereupon terminate.

15 [~~16.~~] 17. Lessees, including their heirs, assigns, agents  
16 and contractors, shall at their own expense fully comply with  
17 all laws, regulations, rules, ordinances and requirements of  
18 the city, county, state and federal authorities and agencies,  
19 in all matters and things affecting the premises and operations  
20 thereon [~~which~~] that may be enacted or promulgated under the  
21 governmental police powers pertaining to public health and  
22 welfare, including but not limited to conservation, sanitation,  
23 aesthetics, pollution, cultural properties, fire and ecology.  
24 Such agencies are not to be deemed third party beneficiaries  
25 hereunder, however this clause is enforceable by the lessor in

.231011.2

1 any manner provided in this lease or by law.

2 [~~17.~~] 18. Should the lessor desire to exercise its rights  
3 to take in-kind its royalty share of oil, gas or associated  
4 substances or purchase all or any part of the oil, gas or  
5 associated substances produced from the lands covered by this  
6 lease, the lessee hereby irrevocably consents to the lessor  
7 exercising its right. Such consent is a consent to the  
8 termination of any supplier/purchaser relationship between the  
9 lessor and the lessee deemed to exist under federal  
10 regulations. The lessee further agrees that it will require  
11 any purchaser of oil, gas or associated substances to likewise  
12 waive any such rights.

13 [~~18.~~] 19. The lessor reserves a continuing option to  
14 purchase at any time and from time to time, at the market price  
15 prevailing in the area on the date of purchase, all or any part  
16 of the minerals (oil and gas) that will be produced from the  
17 lands covered by this lease.

18 [~~19.~~] 20. The lessor reserves the right to execute leases  
19 for geothermal resource development and operation thereon; the  
20 right to sell or dispose of the geothermal resources of such  
21 lands; and the right to grant rights of way and easements for  
22 these purposes.

23 [~~20.~~] 21. All terms of this agreement shall extend to and  
24 bind the heirs, executors, administrators, successors and  
25 assigns of the parties hereto.



1 In witness whereof, the party of the first part has  
2 [~~hereunto~~] signed and caused its name to be signed by its  
3 commissioner of public lands [~~thereunto~~] duly authorized, with  
4 the seal of [~~his~~] office affixed, and the lessee has signed  
5 this agreement the day and year first above written.

6 STATE OF NEW MEXICO

7 By \_\_\_\_\_

8 Commissioner of Public Lands, Lessor

9 \_\_\_\_\_  
10 \_\_\_\_\_ (Seal)

11 Lessee".

12 SECTION 2. Section 19-10-17 NMSA 1978 (being Laws 1929,  
13 Chapter 125, Section 8, as amended) is amended to read:

14 "19-10-17. PUBLIC SALE OF RESTRICTED DISTRICT LEASES--  
15 TIME--REGULATIONS--NOTICE--MINIMUM BONUS--SEALED BIDS OR PUBLIC  
16 AUCTION AUTHORIZED--SITE OF SALE--PUBLICATION OF NOTICE--  
17 REJECTION OF BIDS--COMPLETION OF TRANSACTION.--

18 A. The commissioner shall hold a public sale of oil  
19 and gas leases upon lands [~~which~~] that may be open to lease and  
20 embraced within the restricted district or districts created  
21 and [~~which~~] that may be created under Section 19-10-16 NMSA  
22 1978 on the third Tuesday of each month or on the next business  
23 day following, where the third Tuesday falls on a legal  
24 holiday, and shall offer for lease such lands in designated  
25 tracts to the highest and best bidder. All sales of leases

.231011.2

underscored material = new  
[bracketed material] = delete

1 upon competitive bidding or a public auction shall be governed  
2 by regulations issued by the commissioner not in conflict with  
3 the provisions of Chapter 19, Article 10 NMSA 1978. Notice of  
4 such sales shall be given by posting in a conspicuous place in  
5 the state land office, not less than ten days before the date  
6 of sale, a notice of the sale specifying the day and hour when  
7 and the place where the sale will be held and specifying the  
8 following for each tract to be offered for lease:

- 9 (1) a description of the lands;
- 10 (2) the form of lease to be used;
- 11 (3) the royalty rate; and
- 12 (4) the annual rental per acre to be paid.

13 B. The commissioner may, when it is deemed to be  
14 for the best interests of the beneficiaries of such lands, also  
15 specify a minimum bonus to be paid for the leases upon the  
16 respective tracts, and, when so specified, the bonus shall be  
17 paid in addition to the first year's rental. The notice shall  
18 also contain such other information as the commissioner may  
19 deem advisable or necessary. Sales may be conducted through  
20 sealed bids or at public auction or by both methods combined,  
21 but the method of conducting each sale shall be stated in the  
22 notice of sale required pursuant to this section. Sales may be  
23 held at the option of the commissioner either in the office of  
24 the commissioner or at the county seat of the county in which  
25 the lands, or the greater part thereof, are situated or such

.231011.2

1 other place within the state as the commissioner may designate  
2 in the notice of public auction provided for in this section.  
3 The commissioner is authorized to give such additional notice  
4 of the sales, either by publication in newspapers or by mailing  
5 copies of the notice of sale to interested persons, firms or  
6 corporations, as [~~he~~] the commissioner may deem necessary to  
7 give proper publicity thereto. The commissioner shall have the  
8 right to reject all bids received at any sale for the lease  
9 upon any tract but shall not reject any bids made in conformity  
10 with the regulations and provisions of Chapter 19, Article 10  
11 NMSA 1978 without rejecting all bids applicable to the same  
12 tract of land. Leases sold at sales as provided in this  
13 section shall be awarded to the respective bidders offering the  
14 largest bonus, which shall be paid in addition to the first  
15 year's rental, or, where a minimum bonus is not specified and  
16 no offer of a bonus is received, to the bidder offering the  
17 rental specified in the notice of sale [~~which~~] that, for the  
18 first year, shall not be less than one hundred dollars (\$100)  
19 for each lease as provided in Section 19-10-15 NMSA 1978.  
20 Where two or more sealed bids making the same offer for the  
21 same tract are received, the commissioner shall award the lease  
22 in accordance with such regulations as [~~he~~] the commissioner  
23 may prescribe. The successful bidders shall file proper  
24 applications for the leases purchased and shall complete the  
25 payment of any balance due on their bids before the closing of

.231011.2

1 the office of the commissioner on the day of the sale.

2 C. The individual percentages and total percentage  
3 for each factor, pursuant to Section 19-10-3 NMSA 1978, shall  
4 be posted in conjunction with the lease notice for each  
5 individual tract nomination in a manner that keeps confidential  
6 the identity of the nominating company."

7 **SECTION 3. EFFECTIVE DATE.**--The effective date of the  
8 provisions of this act is July 1, 2025.

underscoring material = new  
[bracketed material] = delete