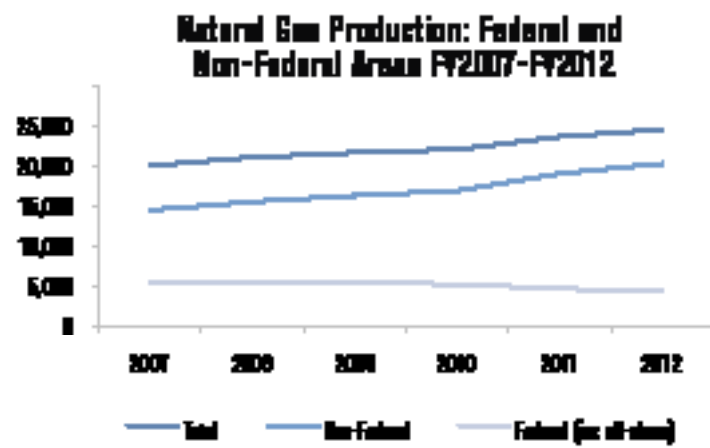


THE LIST OIL & GAS PRODUCERS

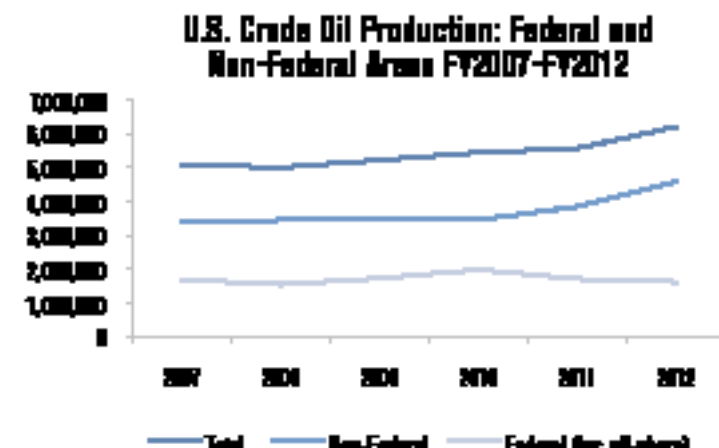
A CLOSER LOOK

How do oil and gas production contribute to the New Mexico economy?

This week's Closer Look section combines both oil and gas producers, because many reporting mediums report combined data. A graphic created by the New Mexico Oil and Gas Association (opposite page) demonstrates the distribution of monies accrued from oil and gas royalties on State-leased land. Take this number once again and you have an idea of royalties from BLM leases. Following are graphics indicating that monies earned from oil and gas leases on state lands, particularly for New Mexico, are slowly becoming more important than Federal lease sales. And in the long run, they will mean state income in the form of royalties.



Source: Congressional Research Service Report for Congress, U.S. Crude Oil and Natural Gas Production in Federal and Non-Federal Areas, March 7, 2013



Source: Congressional Research Service Report for Congress, U.S. Crude Oil and Natural Gas Production in Federal and Non-Federal Areas, March 7, 2013

Where only gas production is concerned, the above chart indicates that, as with oil production, state-owned leases are beginning to replace Federal land leases. However, on a state-by-state basis, New Mexico's production has dropped since 2007 and, when compared to increases in Texas and Colorado, the decrease is even more pronounced. Some have attributed the drop to the costs of drilling combined with lower natural gas prices.

Where only oil production is concerned, the above chart indicates how state-owned leases are beginning to supplant BLM leases in oil production. Even though New Mexico's Annual Crude Oil Production increase of 43 percent since 2007 lags behind Texas (86 percent increase) and Colorado (88 percent increase), the state still produces more oil than Utah and Colorado combined.

\$5.50 per million BTU*

Price needed to encourage increased natural gas production

\$3.96 per million BTU

Current price on New York Mercantile Exchange

\$5 to \$6 million

Costs to drill a well

*Steve Henke, president of the New Mexico Oil and Gas Association

Areas of increased/decreased activity

San Juan Basin

80 percent decrease in drilling

Permian Basin

demand for permits and access at an

all-time high

\$75,000

Estimated annual wage

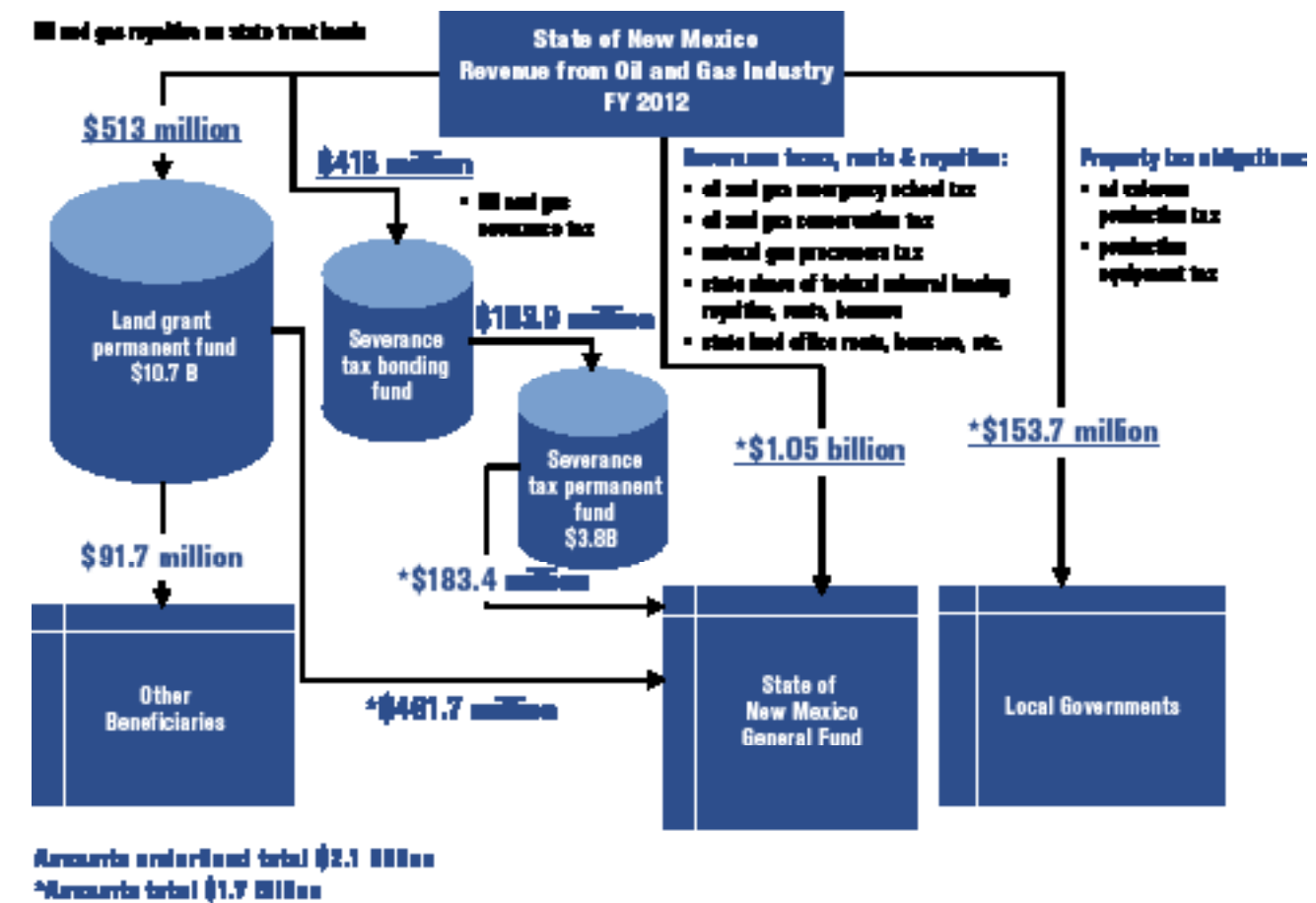
of oil well employee

\$3.7 million

Estimated wages for one drilling rig

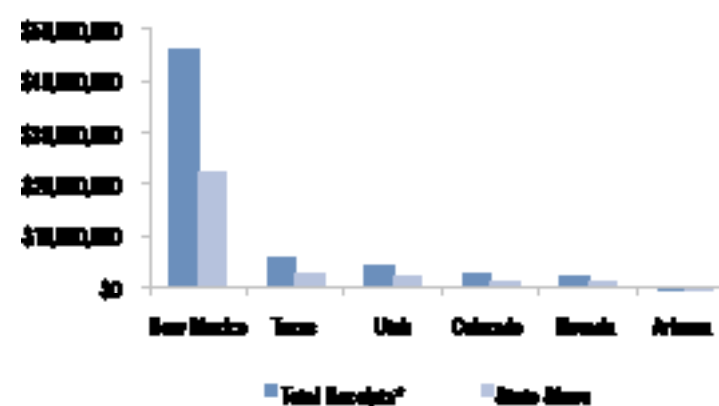
RESEARCHED BY:
Flo Samuels

The below graphic, created by the New Mexico Oil and Gas Association, demonstrates the distribution of monies accrued from oil and gas royalties on State leased land. Note that these monies are in addition to those paid by the BLM for Federal land leases in the state. Following are charts indicating the monies earned from oil and gas leases on BLM and state lands for New Mexico, Texas, Utah, Colorado, Nevada and Arizona. Keep in mind that a number of these leases will soon turn into royalties.

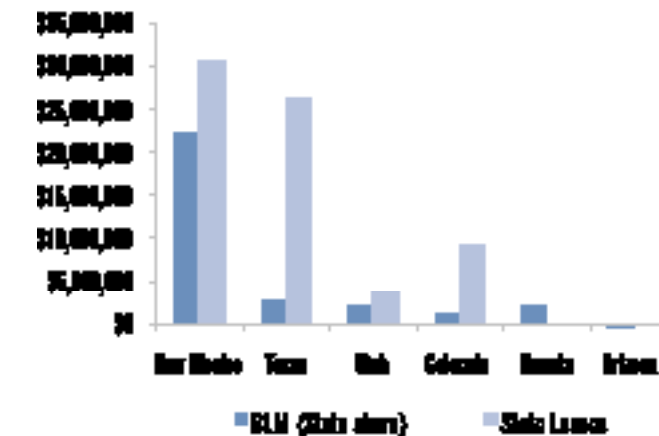


Source: New Mexico Oil and Gas Association. Reproduced with permission.

2013 BLM Oil and Gas Lease Sales



2013 BLM State Portion vs. State Oil and Gas Lease Sales



Source: Bureau of Land Management Lease Sales Results and State Lease Sales Results

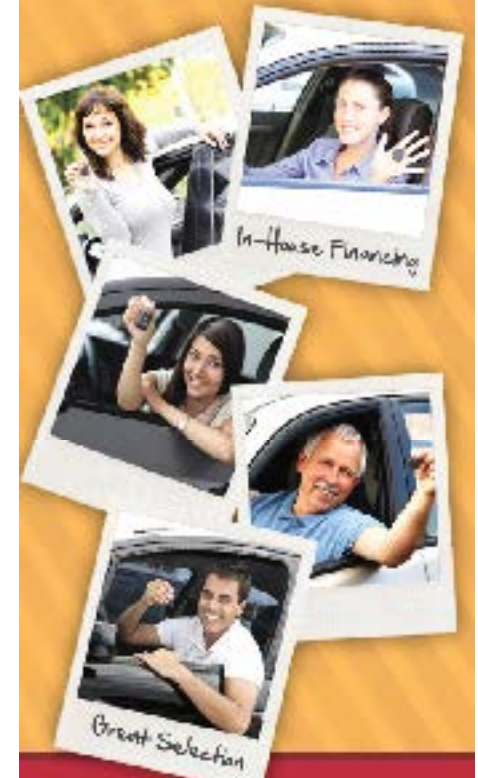


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