

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
-----------	-----------	-------	---------

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - Geological & Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505



**ADMINISTRATIVE APPLICATION CHECKLIST**

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Applicant:** EOG Resources, Inc. **OGRID Number:** 7377  
**Well Name:** Grace 16 State Com 502H & 901H **API:** 30-025-49159  
**Pool:** Corbin; Bone Spring, South and others **Pool Code:** 13160

**SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW**

- 1) **TYPE OF APPLICATION:** Check those which apply for [A]  
 A. Location – Spacing Unit – Simultaneous Dedication  
☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD
- B. Check one only for [ I ] or [ II ]  
 [ I ] Commingling – Storage – Measurement  
☐ DHC ☐ CTB ☒ PLC ☐ PC ☐ OLS ☐ OLM  
 [ II ] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- 2) **NOTIFICATION REQUIRED TO:** Check those which apply.  
 A. ☐ Offset operators or lease holders  
 B. ☐ Royalty, overriding royalty owners, revenue owners  
 C. ☐ Application requires published notice  
 D. ☒ Notification and/or concurrent approval by SLO  
 E. ☐ Notification and/or concurrent approval by BLM  
 F. ☐ Surface owner  
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,  
 H. ☐ No notice required

**FOR OCD ONLY**

- ☐ Notice Complete  
☐ Application Content Complete

- 3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

**05/03/2022**

Date

**432-247-6331**

Phone Number

lisa\_trascher@eogresources.com

e-mail Address

**Lisa Trascher**

Print or Type Name

*Lisa Trascher*

Signature

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St Francis Dr, Santa Fe, NM  
87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107-B  
Revised August 1, 2011

**OIL CONSERVATION DIVISION**  
1220 S. St Francis Drive  
Santa Fe, New Mexico 87505

Submit the original  
application to the Santa Fe  
office with one copy to the  
appropriate District Office.

**APPLICATION FOR SURFACE COMMINGLING (DIVERSE OWNERSHIP)**

OPERATOR NAME: EOG Resources, Inc.  
OPERATOR ADDRESS: P.O. Box 2267 Midland, Texas 79702  
APPLICATION TYPE:

☐ Pool Commingling ☐ Lease Commingling ☒ Pool and Lease Commingling ☐ Off-Lease Storage and Measurement (Only if not Surface Commingled)

LEASE TYPE: ☐ Fee ☒ State ☐ Federal

Is this an Amendment to existing Order? ☐ Yes ☒ No If "Yes", please include the appropriate Order No. \_\_\_\_\_  
Have the Bureau of Land Management (BLM) and State Land office (SLO) been notified in writing of the proposed commingling  
☒ Yes ☐ No

**(A) POOL COMMINGLING**  
Please attach sheets with the following information

(1) Pool Names and Codes	Gravities / BTU of Non-Commingled Production	Calculated Gravities / BTU of Commingled Production		Calculated Value of Commingled Production	Volumes
Please see attached					

- (2) Are any wells producing at top allowables? ☐ Yes ☒ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No.  
(4) Measurement type: ☒ Metering ☐ Other (Specify)  
(5) Will commingling decrease the value of production? ☐ Yes ☒ No If "yes", describe why commingling should be approved

**(B) LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Pool Name and Code.  
(2) Is all production from same source of supply? ☒ Yes ☐ No  
(3) Has all interest owners been notified by certified mail of the proposed commingling? ☒ Yes ☐ No  
(4) Measurement type: ☒ Metering ☐ Other (Specify)

**(C) POOL and LEASE COMMINGLING**  
Please attach sheets with the following information

- (1) Complete Sections A and E.

**(D) OFF-LEASE STORAGE and MEASUREMENT**  
Please attached sheets with the following information

- (1) Is all production from same source of supply? ☐ Yes ☐ No  
(2) Include proof of notice to all interest owners.

**(E) ADDITIONAL INFORMATION (for all application types)**  
Please attach sheets with the following information

- (1) A schematic diagram of facility, including legal location.  
(2) A plat with lease boundaries showing all well and facility locations. Include lease numbers if Federal or State lands are involved.  
(3) Lease Names, Lease and Well Numbers, and API Numbers.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE: Lisa Trascher TITLE: Regulatory Specialist DATE: 05/03/2022  
TYPE OR PRINT NAME Lisa Trascher TELEPHONE NO.: 432-347-6331  
E-MAIL ADDRESS: lisa\_trascher@eogresources.com

**APPLICATION FOR SURFACE POOL LEASE COMMINGLING**

EOG Resources, Inc. ("EOG") respectfully requests approval to surface pool lease commingle oil & gas from the following wells in Section 16 in Township 18 South, Range 33 East within the Bone Spring and Wolfcamp pools listed below, for Leases LH-1840-1 and LG-4087-0. There is no new surface disturbance included as part of the proposed CAA. These spacing units are initially dedicated to the following wells:

Well Name	Location	API #	Pool	Oil BPD	Gravities	MSCFPD	BTU
GRACE 16 SC #502H	P-16-18S-33E	30-025-49159	CORBIN; BONE SPRING, SOUTH [13160]	*1100	*44	*825	*1280
GRACE 16 SC #901H	P-16-18S-33E	30-025-49691	CORBIN; WOLFCAMP, SOUTH [13320]	*650	*44	*700	*1280

\*Estimated numbers for these wells; will provide actual numbers once these wells are producing.

**GENERAL INFORMATION :**

- State lease LH-1840-1 covers 320 acres in the N2 of Section 16 in Township 18 South, Range 33 East, Lea County, New Mexico.
- State lease LG-4087-0 covers 320 acres in the S2 of Section 16 in Township 18 South, Range 33 East, Lea County, New Mexico.
- The central tank battery to service the subject wells is located in the SESE of Section 16 in Township 18 South, Range 33 East, Lea County, New Mexico on State Lease LG-4087-0
- Application to commingle production from the subject wells has been submitted to the SLO through Certified Mail, tracking number 7021 0350 0000 2499 5478.
- Enclosed herewith is (1) a map that displays the leases, the location of the subject wells, and the proposed CTB, (2) a process flow diagram, (3) and the C-102 plat for each of the wells.

**FUTURE ADDITIONS**

EOG respectfully requests authority to add additional wells contained within the spacing units identified and approved in this application by filing a Subsequent Report Sundry to the Bureau of Land Management for Federal and filing a C103Z and C102 with the NMOCD. Notice to owners shall not be required when amending the application to add wells contained within spacing units previously approved for commingling authority.

Pursuant to Statewide rule [19.15.12.10](#) (C)(4)(g) EOG Resources, Inc. respectfully requests the option to include additional pools or leases within the following parameters:

- EOG may add additional production from the Bone Spring and Wolfcamp Pools (Corbin; Bone Spring, South [13160] and Corbin; Wolfcamp, South [13320]) from Lease's LH-1840-1 and LG-4087-0 and Communitized Areas within the application.

## **PROCESS AND FLOW DESCRIPTION**

The production from each well will flow into a dedicated 3-phase separator. The production stream will be separated into 3 independent streams (gas, oil, and water) by the separator and each stream will be measured individually after it exists the separator.

The gas will be measured using a senior orifice meter and used to allocate total volume measured at the facility check meter, high pressure flare meter, and individual well flare meter. The gas from the heated separator also flows into this header. The gas flows through the header to a custody transfer orifice meter (\*11111111) that serves as our lease production meter. If the pipeline is experiencing problems and cannot take any gas, the gas will flow through the high-pressure flare meter (\*11111111) to the flare. If an individual well needed to be flared for any operational reason, it will be manually routed through the individual well flare meter (\*11111111) to the flare. The overhead gas from the vapor recovery tower is compressed by a vapor recovery compressor and then measured by a custody transfer orifice meter (\*11111111). The gas from the vapor recovery system combines with the gas from the lease production meter and flows into our gas gathering pipeline system.

The oil from the separators will be measured using a Coriolis meter. The oil from each separator will be combined into a common header and flow into a heated horizontal separator (HHS) to aid separation of the water entrained in the oil. The oil from the heated separator flows through a vapor recovery tower (VRT) where gas is allowed to breakout to a lower pressure, and then the oil flows into (3) 750-barrel coated steel tanks. Guided wave radar is used to measure water and oil volumes in these tanks. Oil is pumped out of the tanks through a Coriolis meter into a truck or a pipeline.

The water will be measured using a Coriolis meter. The water from each separator is combined in a common header and flows into (2) 750-barrel coated steel tanks. Guided wave radar is used to measure water volumes in these tanks. Water from the heated separator flows into the common water header connected to the (2) 750-barrel water tanks. The water is then pumped and/or trucked to a saltwater disposal well.

<b>WELL NAME</b>	<b>GAS METER #</b>	<b>OIL METER #</b>
GRACE 16 SC #502H	*11111111	*11-11111
GRACE 16 SC #901H	*11111111	*11-11111

**\*Meter numbers will be provided upon installation of meters and completion of the facility.**



P.O. Box 2267, Midland, Texas 79702  
Phone: (432) 686-3684 Fax: (432) 686-3773

Date: May 3, 2022

To: New Mexico State Land Office  
State of New Mexico Oil Conservation Division

Re: Surface Pool Commingling Application; Grace 16 State Com CTB

To whom it may concern


This letter serves to notice you that, as of the date below, ownership in the lease and pools referenced in this commingling application are Identical, as defined in 19.15.12.7.B. The lease and pools to be commingled through this application are initially dedicated to the following wells:

API	Well Name	Location	Pool Code/name	Status
30-025-49159	Grace 16 State Com 502H	P-16-18S-33E	CORBIN; BONE SPRING, SOUTH [13160]	PERMITTED
30-025-49691	Grace 16 State Com 901H	P-16-18S-33E	CORBIN; WOLFCAMP, SOUTH [13320]	PERMITTED

As of the date below, I certify that this information is true and correct to the best of my knowledge.

Sincerely,

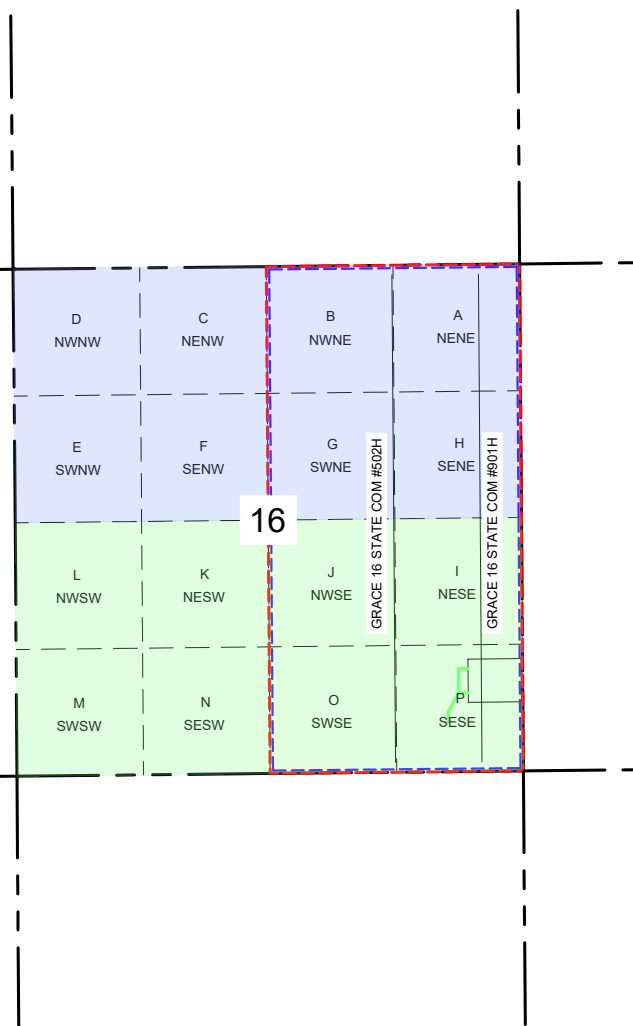
**EOG Resources, Inc.**

By:   
Reece Cook  
Senior Landman

5/17/2022

Date

# GRACE 16 STATE COM SURFACE COMMINGLING PLAT

LEASE

LH-1840-0001



LG-4087-0000

SPACING UNITGRACE 16 STATE COM  
E/2 BONE SPRINGGRACE 16 STATE COM  
E/2 WOLFCAMP

API	Well Name
30-025-49159	Grace 16 State Com 502H
30-025-49691	Grace 16 State Com 901H

FIELD DATE:

2/14/22

DRAWING DATE:

4-26-22

BY:

KB

CHECKED:

JB

SITE NAME:

GRACE 16 STATE COM

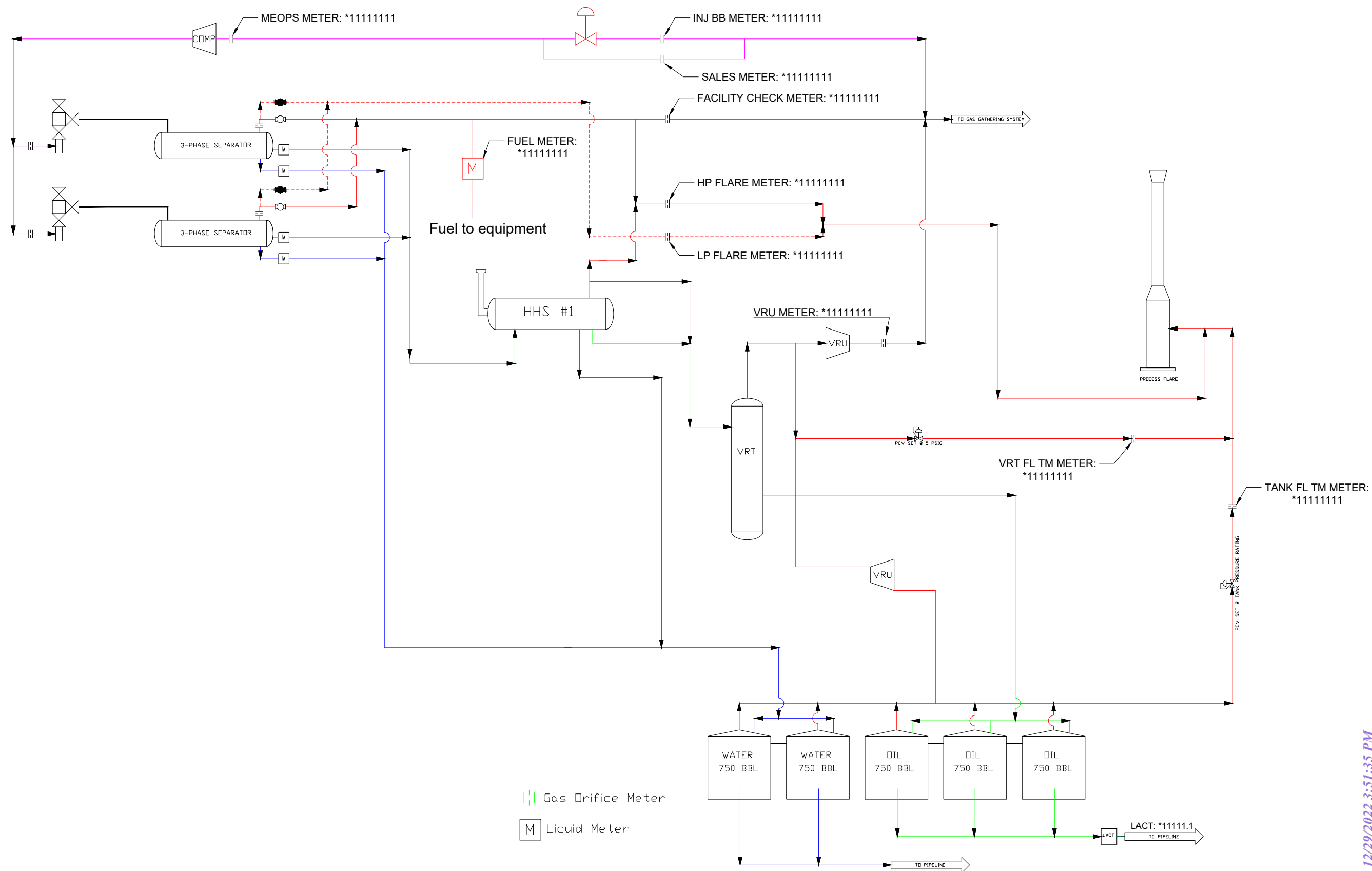
SURFACE LOCATION:

SEC. 16, T18S, R33E, N.M.P.M  
LEA COUNTY, NEW MEXICO

PREPARED FOR:

GRACE 16 STATE COM #901H  
API 30-025-49691

GAS: \*1111111  
GAS LIFT: \*1111111  
OIL: \*11-1111  
WATER: \*11-1111



\*11111111 Meter Numbers will be provided after the facility has been built.

GRACE 16 STATE COM FACILITY  
PROCESS FLOW  
P-16-18S-33E

EOG RESOURCES MIDLAND DIVISION
-----------------------------------

BY: DKT

rev. 00  
04/27/2022

APPLICATION FOR, COMMINGLING AT A COMMON CENTRAL TANK BATTERY

Proposal for **GRACE 16 STATE COM FAC:**

EOG Resources, Inc. is requesting approval to commingle the following wells in a common central tank battery:

**State Lease LH-1840-1 and LG-4087-0**

Well Name	Location	API #	Pool	Oil BPD	Gravities	MSCFPD	BTU
GRACE 16 SC #502H	P-16-18S-33E	30-025-49159	CORBIN; BONE SPRING, SOUTH [13160]	*1100	*44	*825	*1280
GRACE 16 SC #901H	P-16-18S-33E	30-025-49691	CORBIN; WOLFCAMP, SOUTH [13320]	*650	*44	*700	*1280

\*Estimated numbers for these wells; will provide actual numbers once these wells are producing.



DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate  
District Office

☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-49159</b>	Pool Code <b>13160</b>	Pool Name <b>Corbin; Bone Spring, South</b>
Property Code	Property Name <b>GRACE 16 STATE COM</b>	Well Number <b>502H</b>
OGRID No. <b>7377</b>	Operator Name <b>EOG RESOURCES, INC.</b>	Elevation <b>3868'</b>

## Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>16</b>	<b>18 S</b>	<b>33 E</b>		<b>870</b>	<b>SOUTH</b>	<b>358</b>	<b>EAST</b>	<b>LEA</b>

## Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>B</b>	<b>16</b>	<b>18 S</b>	<b>33 E</b>		<b>100</b>	<b>NORTH</b>	<b>1331</b>	<b>EAST</b>	<b>LEA</b>

Dedicated Acres	Joint or Infill	Consolidated Code	Order No.
<b>320.00</b>			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p><b>LOWER MOST PERF. / BOTTOM HOLE LOCATION</b> NEW MEXICO EAST NAD 1983 X = 747161' Y = 638887' LAT. = N 32.754547° LONG. = W 103.663827° NAD 1927 X = 705982' Y = 638822' LAT. = N 32.754425° LONG. = W 103.663326°</p> <p><b>SURFACE LOCATION</b> NEW MEXICO EAST NAD 1983 X = 748166' Y = 634587' LAT. = N 32.742711° LONG. = W 103.660646° NAD 1927 X = 706987' Y = 634523' LAT. = N 32.742589° LONG. = W 103.660146°</p> <p><b>UPPER MOST PERF. /</b> NEW MEXICO EAST NAD 1983 X = 747198' Y = 633807' LAT. = N 32.740584° LONG. = W 103.663809° NAD 1927 X = 706020' Y = 633743' LAT. = N 32.740462° LONG. = W 103.663309°</p> <p><b>HZ SPACING UNIT</b></p> <p><b>Diagram Labels:</b> X = 745853' Y = 638973' 100' X = 748491' Y = 639001' 1331' X = 748510' Y = 636361' 358' X = 745892' Y = 633694' 100' X = 748530' Y = 633720' 1331' AZ = 359.58° 5080.0' AZ = 231.12° 1242.9'</p>	<p><b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Star L Harrell</i> 6/16/2021 Signature Date</p> <p>Star L Harrell Print Name</p> <p>star_harrell@eogresources.com E-mail Address</p> <p><b>SURVEYORS CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>APRIL 22, 2021 Date of Survey</p> <p>Signature and Seal of Professional Surveyor</p> <p><b>RALPH B. CHUSTZ, JR.</b> NEW MEXICO 26264 05/19/2021 PROFESSIONAL SURVEYOR</p> <p>Job No.: EOG B210018 RALPH B. CHUSTZ, JR., N.M.P.L.S. Certificate Number 26264</p>
--	--

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II  
811 S. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate  
District Office☐ AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-49691</b>	Pool Code <b>13320</b>	Pool Name <b>CORBIN;WOLFCAMP, SOUTH</b>
Property Code <b>331180</b>	Property Name <b>GRACE 16 STATE COM</b>	Well Number <b>901H</b>
OGRID No. <b>7377</b>	Operator Name <b>EOG RESOURCES, INC.</b>	Elevation <b>3869'</b>

## Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>P</b>	<b>16</b>	<b>18 S</b>	<b>33 E</b>		<b>870</b>	<b>SOUTH</b>	<b>391</b>	<b>EAST</b>	<b>LEA</b>

## Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
<b>A</b>	<b>16</b>	<b>18 S</b>	<b>33 E</b>		<b>100</b>	<b>NORTH</b>	<b>1000</b>	<b>EAST</b>	<b>LEA</b>

Dedicated Acres	Joint or Infill	Consolidated Code	Order No.
<b>320.00</b>			

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

<p><b>LOWER MOST PERF. / BOTTOM HOLE LOCATION</b> NEW MEXICO EAST NAD 1983 X = 747492' Y = 638890' LAT. = N 32.754551° LONG. = W 103.662750° NAD 1927 X = 706313' Y = 638826' LAT. = N 32.754429° LONG. = W 103.662249°</p> <p><b>SURFACE LOCATION</b> NEW MEXICO EAST NAD 1983 X = 748133' Y = 634586' LAT. = N 32.742711° LONG. = W 103.660754° NAD 1927 X = 706954' Y = 634522' LAT. = N 32.742589° LONG. = W 103.660253°</p> <p><b>UPPER MOST PERF. / BOTTOM HOLE LOCATION</b> NEW MEXICO EAST NAD 1983 X = 747529' Y = 633810' LAT. = N 32.740587° LONG. = W 103.662733° NAD 1927 X = 706350' Y = 633746' LAT. = N 32.740465° LONG. = W 103.662232°</p> <p>Coordinates for well location: X = 745853' Y = 638973' X = 748491' Y = 639001' X = 748510' Y = 636361' X = 745892' Y = 633694' X = 748530' Y = 633720'</p> <p>Angles and distances: AZ = 359.58° 5080.3' AZ = 217.86° 983.5' 100', 1000', 330', 391', 870', 1000'</p>	<p><b>OPERATOR CERTIFICATION</b> I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Star L Harrell</i> 12/21/2021 Signature Date</p> <p>Star L Harrell Print Name</p> <p>star_harrell@eogresources.com E-mail Address</p> <p><b>SURVEYORS CERTIFICATION</b> I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</p> <p>OCTOBER 04, 2021 Date of Survey</p> <p>Signature and Seal of Prof 12/10/2021 RALPH B. CHUSTZ, JR. NEW MEXICO 26264 PROFESSIONAL SURVEYOR</p> <p>Job No.: EOG B210018 RALPH B. CHUSTZ, JR., N.M.P.L.S. Certificate Number 26264</p>
---	--

**From:** [McClure, Dean, EMNRD](#) on behalf of [Engineer, OCD, EMNRD](#)  
**To:** [Lisa Youngblood](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Kautz, Paul, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Dawson, Scott](#)  
**Subject:** Approved Administrative Order PLC-869  
**Date:** Thursday, December 29, 2022 3:18:46 PM  
**Attachments:** [PLC869 Order.pdf](#)

---

NMOCD has issued Administrative Order PLC-869 which authorizes EOG Resources, Inc. (7377) to surface commingle or off-lease measure, as applicable, the following wells:

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-49159	Grace 16 State Com #502H	E/2	16-18S-33E	13160
30-025-49691	Grace 16 State Com #901H	E/2	16-18S-33E	13320

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure  
Petroleum Engineer, Oil Conservation Division  
New Mexico Energy, Minerals and Natural Resources Department  
(505) 469-8211

**NM State Land Office  
Oil, Gas, & Minerals Division**

**STATE/STATE OR  
STATE/FEE**

Revised August 2021

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL PERSONS BY THESE PRESENTS:

API #: **30-025-49158**

STATE OF NEW MEXICO ) Well Name: **Grace 16 State Com #501H**  
ss)

COUNTY OF **Lea** )

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of (date before 1<sup>st</sup> production) **February 1, 2022**, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the **Bone Spring** formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version  
August, 2021

State/State:  
Grace 16 State Com #501H  
(E/2 BSPG)

1

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: **E/2**

Of Sect(s): **16** Twp: **18S** Rng: **33E** **NMPM** **Lea County, NM**

Containing **320.00** acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. **EOG Resources, Inc.** shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by **EOG Resources, Inc.**

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules, and regulations; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized



area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

**OPERATOR: EOG Resources, Inc.**

**BY: Matthew W. Smith**  
**Agent and Attorney-in-Fact**

**(Signature of Authorized Agent)**

State of Texas )  
County of Midland )  
SS)

Date : \_\_\_\_\_

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: \_\_\_\_\_



Lease #: ST NM LG-4087

Lessee of Record: LR French Jr

BY: \_\_\_\_\_(Name and Title of Authorized Agent)

\_\_\_\_\_(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease #: ST NM LH-1840**

**Lessee of Record: OXY USA WTP LIMITED PARTNERSHIP**

**BY: \_\_\_\_\_(Name and Title of Authorized Agent)**

\_\_\_\_\_(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated February 1 , 2022

by and between EOG Resources, Inc., (Operator) LR French Jr, and

Oxy USA WTP Limited Partnership, (Record Title Holders/Lessees of Record) covering the  
Subdivisions : E/2 of Sect(s): 16, Twnshp: 18S, Rnge: 33E, NMPM Lea County, NM

Limited in depth from \_\_\_ft to \_\_\_ft. (enter here what is granted in pooling order if applicable)

OPERATOR of Communitized Area: EOG Resources, Inc.

**DESCRIPTION OF LEASES COMMITTED:****TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: LR French Jr

Serial No. of Lease: LG-4087

Date of Lease: March 1, 1977

Description of Lands Committed:

Subdivisions: SE/4

Sect(s): 16 Twnshp: 18S , Rng: 33E NMPM Lea County,

NM No. of Acres: 160.00

Royalty Rate: 1/8

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Oxy USA WTP Limited Partnership

Serial No. of Lease: LH-1840

Date of Lease: September 1, 1982

Description of Lands Committed:

Subdivisions: NE/4

Sect(s): 16 Twnshp: 18S Rng: 33E NMPM Lea County,

NM No. of Acres: 160.00

Royalty Rate: 1/8

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>160.00</u>	<u>50.0000%</u>
No. 2	<u>160.00</u>	<u>50.0000%</u>
TOTALS	<u>320.00</u>	<u>100.0000%</u>

ONLINE  
version  
August, 2021

State/State  
Grace 16 State Com #501H  
(E/2 BSPG)

10

**NM State Land Office  
Oil, Gas, & Minerals Division**

**STATE/STATE OR  
STATE/FEE**

Revised August 2021

**COMMUNITIZATION AGREEMENT**

ONLINE Version

KNOW ALL PERSONS BY THESE PRESENTS:

API #: **30-025-49691**

STATE OF NEW MEXICO<sub>ss</sub>) Well Name: **Grace 16 State Com #901H**  
COUNTY OF **Lea** )

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of (date before 1<sup>st</sup> production) **February 1, 2022**, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized areas on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, and all such State leases are required to remain in good standing and compliant with State laws, rules & regulations, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the **Wolfcamp** formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

ONLINE  
version  
August, 2021

State/State:  
Grace 16 State Com #901H  
(E/2 WFMP)

1

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

Subdivisions: **E/2**

Of Sect(s): **16** Twp: **18S** Rng: **33E** **NMPM** **Lea County, NM**

Containing **320.00** acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.

4. **EOG Resources, Inc.** shall be the Operator of the said communitized area and all matters of operation shall be determined and performed by **EOG Resources, Inc.**

5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.

6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.

7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.

8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.

9. This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities, and so long as all State leases remain in good standing with all State laws, rules, and regulations; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the Operator to obtain a pipeline connection or to market the gas therefrom, and if either: **(a)** a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or **(b)** each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized

area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.

11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.

12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.

13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

**OPERATOR: EOG Resources, Inc.**



**BY: Matthew W. Smith**  
**Agent and Attorney-in-Fact**

### Acknowledgment in an Representative Capacity

State of Texas )  
County of Midland )  
SS)

Date : \_\_\_\_\_

Name(s) of Person(s)

(Seal)

Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease #: ST NM LG-4087**

**Lessee of Record: LR French Jr**

**BY: \_\_\_\_\_(Name and Title of Authorized Agent)**

**\_\_\_\_\_(Signature of Authorized Agent)**

**Acknowledgment in an Individual Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By  
Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Lease #: ST NM LH-1840**

**Lessee of Record: OXY USA WTP LIMITED PARTNERSHIP**

**BY: \_\_\_\_\_(Name and Title of Authorized Agent)**

\_\_\_\_\_(Signature of Authorized Agent)

**Acknowledgment in an Individual Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date

By

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**Acknowledgment in a Representative Capacity**

State of )  
SS)  
County of )

This instrument was acknowledged before me on \_\_\_\_\_ Date: \_\_\_\_\_

By: \_\_\_\_\_

Name(s) of Person(s)

(Seal)

\_\_\_\_\_  
Signature of Notarial Officer

My commission expires: \_\_\_\_\_

**EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated February 1 , 2022

by and between EOG Resources, Inc., (Operator) LR French Jr, and

Oxy USA WTP Limited Partnership, (Record Title Holders/Lessees of Record) covering the  
Subdivisions : E/2 of Sect(s): 16, Twnshp 18S, Rnge: 33E, NMPM Lea County, NM

Limited in depth from \_\_\_ft to \_\_\_ft. (enter here what is granted in pooling order if applicable)

OPERATOR of Communitized Area: EOG Resources, Inc.

**DESCRIPTION OF LEASES COMMITTED:****TRACT NO. 1**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: LR French Jr

Serial No. of Lease: LG-4087

Date of Lease: March 1, 1977

Description of Lands Committed:

Subdivisions: SE/4

Sect(s): 16 Twnshp: 18S , Rng: 33E NMPM Lea County,

NM No. of Acres: 160.00

Royalty Rate: 1/8

**TRACT NO. 2**

Lessor: State of New Mexico acting by and through its Commissioner of Public Lands

Lessee of Record: Oxy USA WTP Limited Partnership

Serial No. of Lease: LH-1840

Date of Lease: September 1, 1982

Description of Lands Committed:

Subdivisions: NE/4

Sect(s): 16 Twnshp: 18S Rng: 33E NMPM Lea County,

NM No. of Acres: 160.00

Royalty Rate: 1/8

**RECAPITULATION**

<b>Tract number</b>	<b>Number of Acres Committed</b>	<b>Percentage of Interest In Communitized Area (Must equal 100%)</b>
No. 1	<u>160.00</u>	<u>50.0000%</u>
No. 2	<u>160.00</u>	<u>50.0000%</u>
TOTALS	<u>320.00</u>	<u>100.0000%</u>

ONLINE  
version  
August, 2021

State/State  
Grace 16 State Com #901H  
(E/2 WFMP)

1(

**From:** [Lisa Youngblood](#)  
**To:** [McClure, Dean, EMNRD](#)  
**Subject:** [EXTERNAL] RE: surface commingling application PLC-869  
**Date:** Thursday, December 29, 2022 11:57:02 AM  
**Attachments:** [Comm Agmt - Grace 16 State Com #501H \(E2 BSPG\).pdf](#)  
[Comm Agmt - Grace 16 State Com #901H \(E2 WFMP\).pdf](#)

**CAUTION:** This email originated outside of our organization. Exercise caution prior to clicking on links or opening attachments.

Mr. McClure,

Please see attached. Please let me know if there is anything else you need from me.

Thank you,

**Lisa Youngblood**

Regulatory Specialist



5509 Champions Drive | Midland, TX 79706  
 Building 1, Room 3003  
 Direct Line (432) 247-6331  
 Cell Phone (432) 241-1259  
[Lisa\\_youngblood@eogresources.com](mailto:Lisa_youngblood@eogresources.com)

---

**From:** McClure, Dean, EMNRD <Dean.McClure@emnrd.nm.gov>  
**Sent:** Thursday, December 29, 2022 11:42 AM  
**To:** Lisa Youngblood <[Lisa\\_Youngblood@eogresources.com](mailto:Lisa_Youngblood@eogresources.com)>  
**Subject:** surface commingling application PLC-869

**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Ms. Youngblood,

I am reviewing surface commingling application PLC-869 which involves a commingling project that includes the Grace 16 State Com CTB and is operated by EOG Resources, Inc. (7377).

I am not finding record of the CAs for this project on the NMSLO website. Please provide the CA packets for the following tracts of land:

<b>CA Bone Spring NMSLO</b>	<b>E/2</b>	<b>16-18S-33E</b>
<b>CA Wolfcamp NMSLO</b>	<b>E/2</b>	<b>16-18S-33E</b>

Dean McClure  
 Petroleum Engineer, Oil Conservation Division  
 New Mexico Energy, Minerals and Natural Resources Department  
 (505) 469-8211



**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY EOG RESOURCES, INC.**

**ORDER NO. PLC-869**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the OCD Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. EOG Resources, Inc. (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7.B. NMAC.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless of whether they have a right or option to take their interests in kind, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant certified the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC.
8. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.
9. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying



the acreage of each lease to be consolidated into a single pooled area ("Pooled Area"), as described in Exhibit B.

### **CONCLUSIONS OF LAW**

10. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, 19.15.12. NMAC, and 19.15.23. NMAC.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
12. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
14. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10.B.(3) NMAC and 19.15.12.10.C.(4)(h) NMAC.
15. Applicant did not give adequate notice that it sought authorization to prospectively include additional pools, leases, or wells as required by 19.15.12.10.C.(4)(g) NMAC.
16. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s). If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
5. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
6. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
7. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
8. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, no later

than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.

9. Applicant's request for authorization to add pools, leases, and wells prospectively pursuant to 19.15.12.10.C.(4)(g) NMAC is denied.
10. If a well is not included in Exhibit A but produces from a pool and lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
13. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



**ADRIENNE E. SANDOVAL  
DIRECTOR**

**DATE:** 12/29/2022

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **PLC-869**

Operator: **EOG Resources, Inc. (7377)**

Central Tank Battery: **Grace 16 State Com Central Tank Battery**

Central Tank Battery Location: **UL P, Section 16, Township 18 South, Range 33 East**

Gas Title Transfer Meter Location:

### Pools

Pool Name	Pool Code
<b>CORBIN; BONE SPRING, SOUTH</b>	<b>13160</b>
<b>CORBIN; WOLFCAMP, SOUTH</b>	<b>13320</b>

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
<b>LH 18400001</b>	<b>NE/4</b>	<b>16-18S-33E</b>
<b>LG 40870000</b>	<b>SE/4</b>	<b>16-18S-33E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-025-49159</b>	<b>Grace 16 State Com #502H</b>	<b>E/2</b>	<b>16-18S-33E</b>	<b>13160</b>
<b>30-025-49691</b>	<b>Grace 16 State Com #901H</b>	<b>E/2</b>	<b>16-18S-33E</b>	<b>13320</b>

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit B

Order: **PLC-869**  
Operator: **EOG Resources, Inc. (7377)**

### Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring NMSLO	E/2	16-18S-33E	320	A
CA Wolfcamp NMSLO	E/2	16-18S-33E	320	B

### Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
LH 18400001	NE/4	16-18S-33E	160	A
LG 40870000	SE/4	16-18S-33E	160	A
LH 18400001	NE/4	16-18S-33E	160	B
LG 40870000	SE/4	16-18S-33E	160	B

**District I**

1625 N. French Dr., Hobbs, NM 88240  
Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**

811 S. First St., Artesia, NM 88210  
Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**

1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**

1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS

Action 107768

**CONDITIONS**

Operator: EOG RESOURCES INC P.O. Box 2267 Midland, TX 79702	OGRID: 7377
	Action Number: 107768
	Action Type: [C-107] Surface Commingle or Off-Lease (C-107B)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	12/29/2022