

**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-720

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. (“Operator”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Operator 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.
3. Operator proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. To the extent that ownership is diverse, Operator 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. Operator provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Operator 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. Operator in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
8. Operator stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well which produces from a pool and spacing unit dedicated to a well identified in Exhibit A.
9. Operator submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying

the leases 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, and 19.15.12 NMAC.
11. Operator satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
12. Operator’s proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
13. 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) and (C)(4)(h) NMAC.
14. Operator satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Operator’s defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production’s value or otherwise adversely affect the interest owners in the production to be added.
15. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Operator is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.

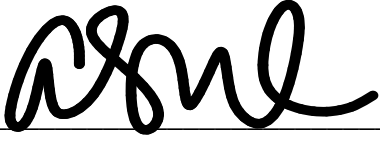
Operator is authorized to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well producing from the same pool and spacing unit dedicated to a well identified in Exhibit A.

2. For each Pooled Area described in Exhibit B, Operator shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Operator fails to submit the Proposed Agreement, this Order shall terminate on the following day.
3. No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Operator shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Operator withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Operator shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Operator shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Operator shall submit a new surface commingle application to OCD to conform this Order with the

approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

4. Operator 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.
5. The allocation of oil and gas production to an infill well shall be determined in the same manner as oil and gas production to the well dedicated to the pool and spacing unit.
6. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
7. Operator shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
8. Operator shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Operator shall report the gas in accordance with 19.15.18.12(F) NMAC.
9. Operator shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
10. 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 Operator 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 Operator 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.
11. Operator may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
12. Operator shall submit Forms C-102 and C-103 to the OCD Engineering Bureau identifying an infill well prior to commingling and off-lease measuring, as applicable, oil and gas production from an infill well with the production from another well.
13. Operator shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
14. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

A handwritten signature in black ink, appearing to read 'AS', is written over a horizontal line.

**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 1/11/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-720

Operator: EOG Resources, Inc. (7377)

Central Tank Battery: Antietam 9 Fed Com Central Tank Battery

Central Tank Battery Location (NMPM): SW/4 Section 9, Township 25 South, Range 33 East

Gas Custody Transfer Meter Location (NMPM): SW/4 Section 9, Township 25 South, Range 33 East

Pools

Pool Name	Pool Code
WC-025 G-09 S253309P; UPR WOLFCAMP	98180
DRAPER MILL; BONE SPRING	96392

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
CA WC NMNM 137576	W/2 W/2 Sec 9, W/2 NW/4 Sec 16	T25S-R33E
CA WC NMNM 137577	E/2 W/2 Sec 9, E/2 NW/4 Sec 16	T25S-R33E
CA WC NMNM 139983	W/2 E/2 Sec 9, W/2 NE/4 Sec 16	T25S-R33E
NMNM 118726	E/2 E/2	Sec 9-T25S-R33E
VO 44222	E/2 NE/4	Sec 16-T25S-R33E
NMNM 118726	W/2 W/2	Sec 9-T25S-R33E
VO 44222	W/2 NW/4	Sec 16-T25S-R33E
NMNM 118726	E/2 W/2	Sec 9-T25S-R33E
VO 44222	E/2 NW/4	Sec 16-T25S-R33E
NMNM 118726	W/2 E/2	Sec 9-T25S-R33E
VO 44222	W/2 NE/4	Sec 16-T25S-R33E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-43477	Antietam 9 Fed Com #701H	D-09-25S-33E	98180	
30-025-43478	Antietam 9 Fed Com #702H	D-09-25S-33E	98180	
30-025-43479	Antietam 9 Fed Com #703H	C-09-25S-33E	98180	
30-025-43480	Antietam 9 Fed Com #704H	C-09-25S-33E	98180	
30-025-44347	Antietam 9 Fed Com #705H	C-09-25S-33E	98180	
30-025-44348	Antietam 9 Fed Com #706H	C-09-25S-33E	98180	
30-025-44349	Antietam 9 Fed Com #707H	C-09-25S-33E	98180	
30-025-44351	Antietam 9 Fed Com #708H	B-09-25S-33E	98180	
30-025-44352	Antietam 9 Fed Com #709H	B-09-25S-33E	98180	
30-025-44353	Antietam 9 Fed Com #710H	B-09-25S-33E	98180	
30-025-45476	Antietam 9 Fed Com #713H	A-09-25S-33E	98180	
30-025-45477	Antietam 9 Fed Com #714H	A-09-25S-33E	98180	
30-025-45478	Antietam 9 Fed Com #715H	A-09-25S-33E	98180	
30-025-47370	Antietam 9 Fed Com #501H	D-09-25S-33E	96392	
30-025-47786	Antietam 9 Fed Com #502Y	D-09-25S-33E	96392	
30-025-47372	Antietam 9 Fed Com #503H	D-09-25S-33E	96392	

30-025-47373	Antietam 9 Fed Com #504H	C-09-25S-33E	96392
30-025-47374	Antietam 9 Fed Com #505H	C-09-25S-33E	96392
30-025-47375	Antietam 9 Fed Com #506H	B-09-25S-33E	96392
30-025-47481	Antietam 9 Fed Com #507H	B-09-25S-33E	96392
30-025-47482	Antietam 9 Fed Com #508H	B-09-25S-33E	96392
30-025-47359	Antietam 9 Fed Com #754H	A-09-25S-33E	98180
30-025-47382	Antietam 9 Fed Com #755H	A-09-25S-33E	98180
30-025-47360	Antietam 9 Fed Com #756H	A-09-25S-33E	98180

Lease	Location (NMPM)		Acres	Pooled Area ID
NMNM 118726	E/2 E/2	Sec 9-T25S-R33E	160	A
VO 44222	E/2 NE/4	Sec 16-T25S-R33E	80	A
NMNM 118726	W/2 W/2	Sec 9-T25S-R33E	160	B
VO 44222	W/2 NW/4	Sec 16-T25S-R33E	80	B
NMNM 118726	E/2 W/2	Sec 9-T25S-R33E	160	C
VO 44222	E/2 NW/4	Sec 16-T25S-R33E	80	C
NMNM 118726	W/2 E/2	Sec 9-T25S-R33E	160	D
VO 44222	W/2 NE/4	Sec 16-T25S-R33E	80	D
NMNM 118726	E/2 E/2	Sec 9-T25S-R33E	160	E
VO 44222	E/2 NE/4	Sec 16-T25S-R33E	80	E