

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

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

ORDER NO. PC-1397

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 add additional pools, leases, and wells and identified the parameters to make such additions.
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.

CONCLUSIONS OF LAW

9. 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.
10. 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.
11. 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.
12. 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.
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) NMAC and 19.15.12.10.C.(4)(h) NMAC.
14. Applicant did not give adequate notice that it sought authorization to add pools, leases, or wells as required by 19.15.12.10.C.(4)(g) NMAC.
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. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified 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.

2. This Order supersedes Orders PC-1288 and PC-1288-A.
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.
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 or 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: Jun 3, 2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PC-1397

Operator: EOG Resources, Inc. (7377)

Central Tank Battery: Dragon 36 State Central Tank Battery

Central Tank Battery Location: UL F K, Section 36, Township 24 South, Range 33 East

Gas Title Transfer Meter Location:

Pools

Pool Name	Pool Code
RED HILLS; LOWER BONE SPRING	51020
RED HILLS; UPPER BONE SPRING SHALE	97900
WC-025 G-09 S243336I; UPPER WOLFCAMP	98092

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
LG 42350000	All	36-24S-33E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-40925	Dragon 36 State #3H	All	36-24S-33E	97900
30-025-40926	Dragon 36 State #4H	All	36-24S-33E	97900
30-025-40927	Dragon 36 State #5H	All	36-24S-33E	97900
30-025-40928	Dragon 36 State #6H	W/2 E/2	36-24S-33E	97900
30-025-40929	Dragon 36 State #7H	All	36-24S-33E	97900
30-025-40930	Dragon 36 State #8H	All	36-24S-33E	97900
30-025-41465	Dragon 36 State #9H	All	36-24S-33E	97900
30-025-44624	Dragon 36 State #301H	E/2	36-24S-33E	51020
30-025-44625	Dragon 36 State #302H	E/2	36-24S-33E	51020
30-025-42500	Dragon 36 State #501H	E/2 E/2	36-24S-33E	51020
30-025-42501	Dragon 36 State #502H	E/2 E/2	36-24S-33E	51020
30-025-49280	Dragon 36 State #504H	E/2	36-24S-33E	51020
30-025-49281	Dragon 36 State #505H	W/2	36-24S-33E	51020
30-025-49495	Dragon 36 State #507H	W/2	36-24S-33E	51020
30-025-49496	Dragon 36 State #508H	W/2	36-24S-33E	51020
30-025-49282	Dragon 36 State #509H	W/2	36-24S-33E	51020
30-025-49283	Dragon 36 State #510H	W/2	36-24S-33E	51020
30-025-42316	Dragon 36 State #701H	W/2 E/2	36-24S-33E	98092
30-025-42317	Dragon 36 State #702H	W/2 E/2	36-24S-33E	98092
30-025-42656	Dragon 36 State #703H	E/2 W/2	36-24S-33E	98092
30-025-42657	Dragon 36 State #704H	E/2 W/2	36-24S-33E	98092
30-025-42658	Dragon 36 State #705H	W/2 W/2	36-24S-33E	98092
30-025-42655	Dragon 36 State #706H	W/2 W/2	36-24S-33E	98092
30-025-43715	Dragon 36 State #707H	E/2 E/2	36-24S-33E	98092
30-025-43716	Dragon 36 State #708H	E/2 E/2	36-24S-33E	98092
30-025-29086	Diamond SM 36 State #1H	A H I	36-24S-33E	98092