

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:**

**CASE NO. 15387
ORDER NO. R-14063**

**APPLICATION OF EOG RESOURCES, INC. FOR APPROVAL OF THE BRIDGE
STATE UNIT, LEA COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on October 1, 2015 at Santa Fe, New Mexico, before Examiner William V. Jones.

NOW, on this 26th day of October, 2015, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The Applicant, EOG Resources, Inc. ("EOG") seeks approval of its Bridge State Exploratory Unit Agreement for all oil and gas in all formations from the surface to all depths underlying the following-described 3520 acres, more or less, of State Trust Lands located in Lea County, New Mexico:

Township 22 South, Range 35 East, NMPM

Section 16:	S/2
Section 20:	SE/4 NE/4, W/2 NE/4, W/2, SE/4
Section 21:	All
Section 22:	E/2, SW/4
Section 27:	N/2 NE/4, SE/4 NE/4, NW/4, SE/4
Section 28:	N/2, SW/4, W/2 SE/4
Section 29:	E/2, SW/4

(3) The Applicant appeared at the hearing through legal counsel and presented testimony by affidavit as follows.

- (a) The proposed Unit comprises eight (8) separately owned tracts. All lands in the Unit are within the State Trust and administered by the State Land Office.
- (b) EOG is the only lessee of record and is the majority working interest owner in all eight (8) tracts and has obtained preliminary approval of the Unit from the State Land Office.
- (c) Notice of the Division hearing was provided to all overriding royalty owners: Yates Petroleum Corporation, Abo Petroleum Corporation, and Myco Industries, Inc. Notice was not provided to OXY Y-1 Company (Oxy) a working interest owner or to the Commissioner of Public Lands ("NMSLO"). Applicant's attorney indicated after the hearing that Oxy was not notified since they will be a signatory if they decide to participate. NMSLO was not notified since it had given its preliminary approval.
- (d) The Unit Agreement will be effective upon final approval by the Commissioner of Public Lands. [The State Land Office has indicated that it will ratify the agreement if at least 75 percent of the proposed unit lands are committed by lessees of record.]
- (e) EOG has not yet obtained a permit to drill the initial well within the Unit. The initial well will be drilled vertically deep enough to examine the Wolfcamp formation, with the primary objective being the shallower Bone Spring formation.

(4) As detailed in Exhibit B of the Unit Agreement, EOG controls 100 percent of the lands and of the tracts within the proposed Unit. The Commissioner of Public Lands has given preliminary approval of this proposed Unit and has also asked EOG to obtain approval of the Unit from the Oil Conservation Division.

(5) All working interest owners and all lessees of record are being asked to sign the Unit Agreement; however, the final version of this voluntary Unit will only include lands on which the lessees of record have agreed to participate. Thereafter, the owners in all lands voluntarily committed to the unit will share in each well based on acreage contribution to the Unit.

(6) No other party appeared at the hearing or otherwise opposed this application.

(7) All of the proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant.

(8) The proposed Unit should be approved in order to prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED THAT:

(1) The Bridge State Exploratory Unit Agreement executed by EOG Resources, Inc. is hereby approved for all oil and gas in all formations for all depths underlying the following-described 3520 acres, more or less, of State Trust lands located in Lea County, New Mexico:

Township 22 South, Range 35 East, NMPM

Section 16: S/2
Section 20: SE/4 NE/4, W/2 NE/4, W/2, SE/4
Section 21: All
Section 22: E/2, SW/4
Section 27: N/2 NE/4, SE/4 NE/4, NW/4, SE/4
Section 28: N/2, SW/4, W/2 SE/4
Section 29: E/2, SW/4

(2) The plan contained in the Bridge State Exploratory Unit Agreement for the development and operation of the above-described unit area is hereby approved in principle; provided, however, notwithstanding any of the provisions contained in the unit agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation that is now, or may hereafter be, vested in the Division to supervise and control operations for the unit and production of oil and gas therefrom.

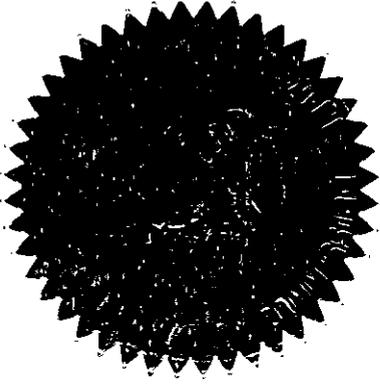
(3) The unit operator shall file with the Division an executed original or executed counterpart of the unit agreement within 30 days of the effective date thereof; in the event of subsequent joinder by any other party, or expansion or contraction of the unit area, the unit operator shall file with the Division, within 30 days thereafter, copies of the unit agreement reflecting the subscription of those interests having joined or ratified.

(4) All: (i) plans of development and operation; (ii) creations, expansions or contractions of participating areas; and (iii) expansions or contractions of the unit area shall be submitted to the Division Director for approval.

(5) This order shall become effective upon the approval of the unit agreement by the Commissioner of Public Lands. This order shall terminate upon the termination of the unit agreement. The last unit operator shall notify the Division immediately in writing of such termination.

(6) Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



SEAL

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Scott Dawson for
DAVID R. CATANACH
Director