

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

**IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION TO CONSIDER:**

**Case No. 23794
Order No. R-23057**

**APPLICATION OF EOG RESOURCES, INC. FOR APPROVAL OF THE PADRON
STATE BS-WC UNIT, EDDY COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

The Director of the New Mexico Oil Conservation Division (“OCD”), having heard this matter through a Hearing Examiner on October 5, 2023, and after considering the testimony, evidence, and the recommendations of the Hearing Examiner,

FINDS THAT:

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

- (2) EOG Resources, Inc. (“Applicant”) is seeking approval from the New Mexico State Land Office (“SLO”) of the Padron State BS-WC Unit (“Unit”) consisting of 10,874.14 acres of the following lands situated in Eddy County, New Mexico (“Unit Area”):

Township 24 South, Range 27 East, N.M.P.M.

Section 14: ALL
Section 22: ALL
Section 23: ALL
Section 26: ALL
Section 27: ALL
Section 34: ALL
Section 35: ALL
Section 36: ALL

Township 25 South, Range 27 East, N.M.P.M.

Section 1: ALL
Section 2: ALL

Section 3: ALL
Section 9: ALL
Section 10: ALL
Section 11: ALL
Section 14: ALL
Section 15: ALL
Section 22: ALL

(3) Unitized Interval: The unitized interval for the Unit is the Bone Spring and Wolfcamp Formations, which is defined as the stratigraphic equivalent of 5,913 feet MD to 11,003 feet MD in the Cohiba BPY State No. 1 well located in unit letter D of Section 1 of Township 25 South, Range 27 East, N.M.P.M. in Eddy County, New Mexico (API No. 30-015-33999).

(4) The currently existing pools within the unitized interval underlying the Unit are designated by the OCD as:

WILLOW LAKE;BONE SPRING,WEST [96415]
WC-015 G-02 S252715A;BONE SPRING [97816]
HAY HOLLOW;BONE SPRING, NORTH [30216]
PURPLE SAGE;WOLFCAMP (GAS) [98220]

(5) Applicant presented testimony and exhibits as follows:

- a. The Unit is a state exploratory unit and the Bone Spring and Wolfcamp Formations will be unitized.
- b. The Unit is comprised of 33 tracts of which 32 are state tracts, and 1 is a fee tract.
- c. Applicant presented the proposed Unit Agreement (“Unit Agreement”). The Unit Agreement designates Applicant as the Unit Operator.
- d. Notice was provided of this application to the record title owners, royalty owners and overriding royalty owners within the Unit Area.

(6) Applicant requested the exclusion of some existing wells from the Unit. Applicant identified 15 existing Bone Spring and Wolfcamp wells that it is proposing to exclude from the Unit. The SLO has granted preliminary approval to exclude existing short lateral Bone Spring wells from the unit.

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

(8) All proposed unit acreage appears prospective for recovery of oil and gas from the target formations under the concept proposed by the Applicant. These acres should be unitized and should equally share in the benefits from future oil and gas recovery.

(9) The approval of the Unit will serve to prevent waste and protect correlative rights within the lands assigned to the Unit Area.

IT IS THEREFORE ORDERED THAT:

(1) OCD recommends approval of the Unit.

(2) The Unit Area comprises 10,874.14 acres situated in Eddy County, New Mexico and is described above.

(3) This Order shall become effective upon the signature of all parties to the Unit Agreement.

(4) OCD recognizes that EOG Resources, Inc. (OGRID No. 7377) is designated the Unit Operator under the Unit Agreement.

(5) Upon the approval of the Unit Agreement and filing of the Unit Agreement with the OCD, the Unit Area will be recognized by the OCD as a “unitized area” as provided in 19.15.16 NMAC.

(6) The Unit Operator will ensure that the names of the Unit wells are uniform and include the name of the Unit.

(7) The plan contained in the 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 OCD to supervise and control operations for the unit and production of oil and gas therefrom.

(8) The Unit Operator shall file with the OCD the fully executed Unit Agreement within 30 days of the effective date of the Unit Agreement. In the event of (a) subsequent joinder by any other party, (b) expansion or contraction of the Unit Area, (c) change of Unit Operator, or (d) termination of the Unit or Unit Agreement, the Unit Operator shall file with OCD, within 30 days after approval or notification of BLM, the amended Unit Agreement or other documentation reflecting the changes.

(9) All filings required by this Order shall be submitted to the OCD Engineering Bureau (OCD.Engineer@emnrd.nm.gov). OCD may notify the Unit Operator of any changes to the filing process without need to amend this Order.

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

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**DYLAN M. FUGE
DIRECTOR (ACTING)**

Date: 2/13/24