

**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. 25126
Order No. R-23725**

**APPLICATION OF TEXAS STANDARD
OPERATING NM LLC FOR APPROVAL
OF A UNIT AGREEMENT, LEA 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 February 13, 2025, and after considering the administrative record including sworn testimony, admitted evidence, and the recommendations of the Hearing Examiner,

FINDS THAT:

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

(2) Texas Standard Operating NM, LLC (“Applicant”) is seeking approval from the U.S. Bureau of Land Management (“BLM”) and New Mexico State Land Office (“SLO”), as applicable, of the TXS Big Dog State Exploratory Unit (“Unit”) consisting of 7,022.74 acres of the following lands situated in Lea County, New Mexico (“Unit Area”):

Township 17 South, Range 36 East, N.M.P.M.
Section 33: S/2

Township 18 South, Range 36 East, N.M.P.M.
Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All

Section 9: All
Section 10: All
Section 15: All
Section 16: All
Section 17: All
Section 18: NE/4
Section 21: NE/4

(3) Unitized Interval: The unitized interval for the Unit is the Cisco and Canyon formations, which are defined as the stratigraphic equivalent of the top of the Cisco formation found at 10,984 feet MD to the base of the Canyon formation found at 11,245 feet MD in the Airpath AEM State No. 1 well located in the Southeast quarter of the Southeast quarter of Section 8 of Township 18 South, Range 36 East, N.M.P.M. in Lea County, New Mexico (API No. 30-025-29865).

(4) OCD currently does not have a designation for the unitized interval underlying the Unit.

(5) Applicant presented testimony and exhibits as follows:

a. The Unit is a proposed state exploratory unit and the Penn Shale formation will be unitized.

b. The Unit is comprised of thirty (30) tracts of which all are state tracts.

c. The Unit obligation well is the Big Dog State Unit No. 1H well, which will be drilled and completed within the unitized interval.

d. Applicant presented the proposed Unit Agreement ("Unit Agreement"). The Unit Agreement designates Applicant as the Unit Operator.

e. Notice of this application was provided to 59 persons and the SLO. Public notice was published in the newspaper of general circulation.

(6) BTA Oil Producers, LLC ("BTA") entered an appearance and objected to this case proceeding by affidavit on January 14, 2025. On January 22, 2025, BTA withdrew its objection based on Applicant's agreement to not develop the Southeast quarter of Section 32 and the Northwest quarter of Section 33 in Township 17 South, Range 36 East and to exclude that acreage from the Unit.

XTO Permian Operating, LLC ("XTO") entered an appearance and objected to this case proceeding by affidavit on January 23, 2025. On February 7, 2025, XTO withdrew its objection based on Applicant's agreement to not develop the Southeast quarter of Section 32 and the

Northwest quarter of Section 33 in Township 17 South, Range 36 East and to exclude that acreage from the Unit.

EOG Resources, Inc. and MRC Permian Company entered an appearance in this case, but did not provide testimony.

(7) 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.

(8) 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 consisting of 7,022.74 acres of the following lands situated in Lea County, New Mexico:

Township 17 South, Range 36 East, N.M.P.M.
Section 33: S/2

Township 18 South, Range 36 East, N.M.P.M.
Section 4: All
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: All
Section 10: All
Section 15: All
Section 16: All
Section 17: All
Section 18: NE/4
Section 21: NE/4

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

(4) OCD recognizes that Texas Standard Operating NM, LLC (OGRID No. 329818) 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 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 OCD to supervise and control operations for the unit and production of oil and gas therefrom.
- (8) The Unit Operator shall file with OCD the fully executed Unit Agreement within thirty (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 thirty (30) days after approval or notification of the BLM or SLO, the amended Unit Agreement or other documentation reflecting the changes.
- (9) All filings required by this Order shall be submitted to OCD via a Post Hearing Statement and the OCD Engineering Bureau shall be notified of the submission via email at 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



GERASIMOS RAZATOS
DIRECTOR (ACTING)

Date: 4/9/2025