

**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. 23359
Order No. R-22669**

**APPLICATION OF DAKOTA RESOURCES, INC. FOR APPROVAL OF A UNIT
AGREEMENT, 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 March 2, 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) Dakota Resources, Inc. (“Applicant”) is seeking approval from the State Land Office (“SLO”) of the Baldridge State BS/WC Unit (“Unit”) consisting of 1,598.72 acres of the following lands situated in Eddy County, New Mexico (“Unit Area”):

Township 24 South, Range 25 East, N.M.P.M.
Section 16: S/2
Section 17: All
Section 18: All

- (3) Unitized Interval: The unitized interval for the Unit includes the Bone Spring and Wolfcamp formations, which is defined as the stratigraphic equivalent of 5,400 to 10,161 feet MD in the Lamp Chop 17 State Com No. 1 well located in the Southwest quarter of the Southeast quarter of Section 17 of Township 24 South, Range 25 East, N.M.P.M. in Eddy County, New Mexico (API No. 30-015-26613).

- (4) Applicant presented testimony and exhibits as follows:

a. The Unit is a proposed state exploratory unit, and the Bone Spring and Wolfcamp Formations will be unitized. (Ex. 1, 2)

b. The Unit is comprised of five (5) tracts, all of which are state tracts. (Ex. 2)

c. The Unit obligation well is the proposed Baldrige Unit No. 1H well, a horizontal well with a surface location in the Southeast quarter of the Southeast quarter of Section 17 of Township 24 South, Range 25 East (API No. 30-015-PENDING) and a bottomhole location in the Southeast quarter of the Southeast quarter of Section 16 of Township 24 South, Range 25 East. The well is proposed to be completed in the Purple Sage; Wolfcamp (Gas) Pool (Pool Code 98220) with a horizontal spacing unit consisting of the South half of Section 16 of Township 24 South, Range 25 East. (Ex. 1-B)

e. Applicant presented the proposed Unit Agreement (“Unit Agreement”). The Unit Agreement designates Applicant as the Unit Operator and has provisions for expansion or contraction of the Unit. (Ex. 2)

f. Applicant did not provide additional notice of this application to any persons. Applicant is the only working interest owner in the Unit and the SLO is the only royalty interest owner. (TR 241).

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

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

(7) 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 1,598.72 acres situated in Eddy County, New Mexico and described above.

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

(4) OCD recognizes that Dakota Resources, Inc. 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: 4/27/2023