

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

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

ORDER NO. CTB-937

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. EOG Resources, Inc. (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and wells identified in Exhibit A.
2. 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.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
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 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 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.
7. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

CONCLUSIONS OF LAW

8. 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, and 19.15.12 NMAC.

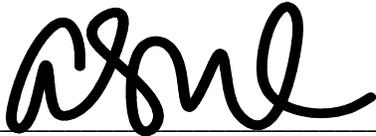
9. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC, as applicable.
10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
11. Commingling of oil 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) and (C)(4)(h) NMAC.
12. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. Subsequent additions of pools, leases, and wells within Applicant's defined parameters, as modified herein, will not, in reasonable probability, reduce the commingled production's value or otherwise adversely affect the interest owners in the production to be added.
13. 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 and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.
3. No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved Agreement(s). If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.
4. Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B.
5. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.

6. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
7. Applicant shall measure the commingled gas at a central delivery point described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
9. Applicant may submit an application to amend this Order to add pools, leases, and subsequently drilled wells with spacing units adjacent to or within the tracts commingled by this Order by submitting a Form C-107-B via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
11. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 9/17/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-937

Operator: EOG Resources, Inc. (7377)

Central Tank Battery: Stonewall 28 Fed Com Central Tank Battery

Central Tank Battery Location (NMPM): Unit G, Section 28, Township 24 South, Range 34 East

Gas Custody Transfer Meter Location (NMPM): Unit G, Section 28, Township 24 South, Range 34 East

Pools

| Pool Name | Pool Code |
|-------------------------------|-----------|
| RED HILLS; BONE SPRING, NORTH | 96434 |

Leases as defined in 19.15.12.7(C) NMAC

| Lease | Location (NMPM) | |
|-------------------|--------------------------------|------------------|
| NM 19452 | E/2 NW/4 | Sec 28-T24S-R34E |
| NM 15684 | E/2 SW/4 | Sec 28-T24S-R34E |
| NMNM 120363 | E/2 W/2 | Sec 33-T24S-R34E |
| NM 19452 | W/2 NE/4, NW/4 SE/4 | Sec 28-T24S-R34E |
| NM 15684 | SW/4 SE/4 | Sec 28-T24S-R34E |
| NMNM 120363 | W/2 E/2 | Sec 33-T24S-R34E |
| CA BS NMNM 140816 | W/2 W/2 Sec 28, W/2 W/2 Sec 33 | T24S-R34E |

Wells

| Well API | Well Name | Location (NMPM) | Pool Code | Train |
|--------------|---------------------------|-----------------|-----------|-------|
| 30-025-44866 | Stonewall 28 Fed Com 301H | D-28-24S-34E | 96434 | |
| 30-025-44867 | Stonewall 28 Fed Com 302H | D-28-24S-34E | 96434 | |
| 30-025-44873 | Stonewall 28 Fed Com 308H | B-28-24S-34E | 96434 | |
| 30-025-44926 | Stonewall 28 Fed Com 309H | B-28-24S-34E | 96434 | |

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **CTB-937**

Operator: **EOG Resources, Inc. (7377)**

Pooled Areas

| Pooled Area | Location (NMPM) | | Acres | Pooled Area ID |
|-------------|-----------------------|-----------|-------|----------------|
| CA BS BLM | E/2 W/2 Sec 28 and 33 | T24S-R34E | 320 | A |
| CA BS BLM | W/2 E/2 Sec 28 and 33 | T24S-R34E | 320 | B |

Leases Comprising Pooled Areas

| Lease | Location (NMPM) | | Acres | Pooled Area ID |
|-------------|---------------------|------------------|-------|----------------|
| NM 19452 | E/2 NW/4 | Sec 28-T24S-R34E | 80 | A |
| NM 15684 | E/2 SW/4 | Sec 28-T24S-R34E | 80 | A |
| NMNM 120363 | E/2 W/2 | Sec 33-T24S-R34E | 160 | A |
| NM 19452 | W/2 NE/4, NW/4 SE/4 | Sec 28-T24S-R34E | 120 | B |
| NM 15684 | SW/4 SE/4 | Sec 28-T24S-R34E | 40 | B |
| NMNM 120363 | W/2 E/2 | Sec 33-T24S-R34E | 160 | B |