# BEFORE THE OIL CONSERVATION DIVISION EXAMINER HEARING AUGUST 05, 2021

**CASE No. 22030** 

BOYD X STATE COM #15H WELLS

# EDDY COUNTY, NEW MEXICO



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

APPLICATION OF EOG RESOURCES, INC. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

**CASE NO. 22030** 

#### **TABLE OF CONTENTS**

**EOG Exhibit A** – Pooling Application Checklist

**EOG Exhibit B** – Application of EOG Resources Inc. for Compulsory Pooling, Eddy County,

New Mexico.

**EOG Exhibit C** – Affidavit of Janet Richardson, Land

**EOG Exhibit C-1 - C-102** 

**EOG Exhibit C-2** – BLM Record Title Owner Details

**EOG Exhibit C-3** – Proposed Communitization Agreement

**EOG Exhibit D** – Affidavit of Gregory Clark, Geologist

**EOG Exhibit D-1** – Yeso Structure Map

**EOG Exhibit D-2** – Yeso Cross-Section Map

**EOG Exhibit D-3** – Yeso Cross-Section

**EOG Exhibit E** – Notice Affidavit

**EOG Exhibit F** – Notice of Publication

# **COMPULSORY POOLING APPLICATION CHECKLIST (pdf)**

#### ALL INFORMATION IN THE APPLICATION MUST BE SUPPORTED BY SIGNED AFFIDAVITS

Case: 22030	APPLICANT'S RESPONSE
Date: August 5, 2021	
Applicant	EOG Resources Inc.
Decimand Occuptor 9 OCDID / officially of conditional lab	FOC Decourage Inc. (OCDID No. 7377)
Designated Operator & OGRID (affiliation if applicable)	EOG Resources Inc. (OGRID No. 7377)
Applicant's Counsel:	Holland & Hart LLP
Case Title:	APPLICATION OF EOG RESOURCES INC. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO
Entries of Appearance/Intervenors:	N/A
Well Family	Boyd X State Com #15H well
Formation/Pool	
Formation Name(s) or Vertical Extent:	Yeso
Primary Product (Oil or Gas):	Oil
Pooling this vertical extent:	Yeso formation
Pool Name and Pool Code:	N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565)
Well Location Setback Rules:	Horizontal well rules
Spacing Unit Size:	160-acre, more or less
Spacing Unit	
Type (Horizontal/Vertical)	Horizontal
Size (Acres)	160-acre, more or less
Building Blocks:	quarter-quarter sections
Orientation:	south/north
Description: TRS/County	S/2 N/2 of Section 16, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico
Standard Horizontal Well Spacing Unit (Y/N), If No, describe	Yes
Other Situations	
Depth Severance: Y/N. If yes, description	No
Proximity Tracts: If yes, description	NO  BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. A Submitted by: EOG Resources, Inc. Hearing Date: August 05, 2021 Case No. 22030
Released to Imaging: 8/3/2021 10:22:27 AM	

Joinder	
Sample Copy of Proposal Letter	N/A
List of Interest Owners (ie Exhibit A of JOA)	Exhibit C-2
Chronology of Contact with Non-Joined Working Interests	Exhibit C
Overhead Rates In Proposal Letter	N/A
Cost Estimate to Drill and Complete	N/A
Cost Estimate to Equip Well	N/A
Cost Estimate for Production Facilities	N/A
Geology	
Summary (including special considerations)	Exhibit D, D-1, D-2
Spacing Unit Schematic	Exhibit D, D-1, D-2
Gunbarrel/Lateral Trajectory Schematic	Exhibit D, D-1, D-2
Well Orientation (with rationale)	Exhibit D, D-1, D-2
Target Formation	Exhibit D, D-1, D-2
HSU Cross Section	Exhibit D, D-1, D-2
Depth Severance Discussion	N/A
Forms, Figures and Tables	
C-102	Exhibit C-1
Tracts	Exhibit C-2
Summary of Interests, Unit Recapitulation (Tracts)	Exhibit C-2
General Location Map (including basin)	Exhibit D-1
Well Bore Location Map	Exhibit D-1
Structure Contour Map - Subsea Depth	Exhibit D, D-1, D-2
Cross Section Location Map (including wells)	Exhibit D, D-1, D-2
Cross Section (including Landing Zone)	Exhibit D, D-1, D-2
Additional Information	
Special Provisions/Stipulations	N/A
CERTIFICATION: I hereby certify that the information p	provided in this checklist is complete and accurate.
Printed Name (Attorney or Party Representative):	Kaitlyn A. Luck
Signed Name (Attorney or Party Representative):	thinkul!
Date:	31-Jul-21

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

APPLICATION OF EOG RESOURCES, INC. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

**CASE NO.** 22030

**APPLICATION** 

EOG Resources, Inc. ("EOG" or "Applicant") (OGRID No. 7377), through its undersigned attorneys, hereby files this application with the Oil Conservation Division, pursuant to the

provisions of NMSA 1978, § 70-2-17, for an order pooling all uncommitted interests in the Yeso

formation underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the

S/2 N/2 of Section 16, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.

In support of its application, EOG states:

1. Applicant is a working interest owner in the proposed horizontal spacing unit and

has the right to drill thereon.

2. Applicant seeks to dedicate the above-referenced spacing unit to the

proposed initial Boyd X State Com #15H well (API No. 30-015-42223) that has been

drilled from a surface location in the SE/4 NE/4 (Unit H) of Section 16 to a bottom hole

location in the SW/4 NW/4 (Unit E) of Section 16.

3. The completed interval for this well will comply with statewide setbacks

for oil wells.

4. Applicant has sought and been unable to obtain voluntary agreement for the

development of these lands from all working interest owners in the subject acreage.

5. The pooling of interests will avoid the drilling of unnecessary wells, will

prevent waste, and will protect correlative rights.

BEFORE THE OIL CONSERVATION DIVISION

Santa Fe, New Mexico Exhibit No. B

Submitted by: EOG Resources, Inc. Hearing Date: August 05, 2021

Case No. 22030

6. In order to permit Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, all uncommitted interests in this spacing unit should be pooled, and Applicant should be designated the operator of the proposed well and spacing unit.

WHEREFORE, Applicant requests that this application be set for hearing before an Examiner of the Oil Conservation Division on August 5, 2021, and, after notice and hearing as required by law, the Division enter an order:

- A. Pooling all uncommitted interests in the spacing unit in the Yeso formation and approving the initial well thereon;
- B. Designating Applicant as operator of this spacing unit and the well that has been drilled thereon;
- C. Authorizing Applicant to recover its costs of drilling, equipping, and completing the well;
- D. Approving the actual operating charges and costs of supervision while drilling and after completion, together with a provision adjusting the rates pursuant to the COPAS accounting procedures; and
- E. Imposing a 200% charge for the risk assumed by Applicant in drilling and completing the well against any working interest owner who does not voluntarily participate in the drilling of the well.

Respectfully submitted,

HOLLAND & HART LLP

By:

Michael H. Feldewert
Adam G. Rankin
Julia Broggi
Kaitlyn A. Luck
Post Office Box 2208
Santa Fe, New Mexico 87504-2208
(505) 988-4421
(505) 983-6043 Facsimile
mfeldewert@hollandhart.com
agrankin@hollandhart.com
jbroggi@hollandhart.com
kaluck@hollandhart.com

ATTORNEYS FOR EOG RESOURCES, INC.

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

APPLICATION OF EOG RESOURCES, INC. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

**CASE NO. 22030** 

#### AFFIDAVIT OF JANET RICHARDSON

Janet Richardson, of lawful age and being first duly sworn, declares as follows:

- My name is Janet Richardson. I work for EOG Resources, Inc. ("EOG") as 1. a Landman.
- 2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum land matters. My credentials in petroleum land matters have been accepted by the Division and made a matter of record.
- 3. I am familiar with the application filed by EOG in this case, and I am familiar with the status of the lands in the subject area.
- None of the interest owners have indicated opposition to EOG presenting this 4. case by affidavit and I do not expect any opposition at the hearing.
- 5. EOG seeks an order pooling a record title owner in the Yeso formation underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Section 16, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico.
- 6. EOG intends to initially dedicate this proposed unit to the initial **Boyd X State** Com #15H well (API No. 30-015-42223) that has been drilled from a surface location in the SW/4 NW/4 (Unit E) of Section 16 to a bottom hole location in the SE/4 NE/4 (Unit H) of Section 16.

Released to Imaging: 8/3/2021 10:22:27 AM BEFORE THE OIL CONSERVATION DIVISION Santa Fe, New Mexico Exhibit No. C Submitted by: EOG Resources, Inc. Hearing Date: August 05, 2021 Case No. 22030

- 7. **EOG Exhibit C-1** is a C-102 for this well that reflects that the Division District Office has placed this well in the N. Seven Rivers; Glorieta-Yeso Pool (Pool code 97565).
- 8. **EOG Exhibit C-2** identifies the record title owner that EOG seeks to pool in the proposed spacing unit. EOG has conducted a diligent search of the public records in the county where the well is located, reviewed telephone directories, and conducted computer searches to locate contact information for this party but has been unable to locate the record title owner to obtain their signature on the communitization agreement for the underlying acreage.
- 9. **EOG Exhibit C-3** is a copy of the proposed communitization agreement for the underlying acreage.
- 10. I have provided the law firm of Holland & Hart LLP with the last known address of the record title owner that EOG seeks to pool and instructed that they be notified of this hearing.
- 11. **EOG Exhibits C-1, C-2**, and **C-3** were either prepared by me or compiled under my direction and supervision.

Released to Imaging: 8/3/2021 10:22:27 AM

FURTHER AFFIANT SAYETH NOT.

Janet Richardson

STATE OF NEW MEXICO

COUNTY OF EDDY

SUBSCRIBED and SWORN to before me this day of August, 2021 by Janet Richardson.

)

OFFICIAL SEAL
Cissy Vasquez
NOTARY PUBLIC
STATE OF NEW MEXICO
My Commission Expires: 1-14-2024

NOTARY PUBLIC

My Commission Expires:

huvary 14, 2024

Received by OCD: 8/3/2021 10:0201059 New Mexico Submitted by: EOG Resources, Inc. DISTRICT I 1625 N. French Dr., Hobbs, NM 88240 Phone (575) 393-6161 Fax: (575) 393-0720 Hearing Date: August 05, 2021 Form C-102 Case No. 22030 State of New Mexico Revised August 1, 2011 OIL CONSERVATION DIVISION 27 2014 one copy to appropriate District Office Energy, Minerals and Natural Resources DISTRICT II 811 S. First St., Artesia, NM 88210 Phone (575) 748-1283 Fax: (575) 748-9720

DISTRICT III 1220 South St. Francis DAMOCD ARTESIA 1000 Rio Brazos Rd., Aztec, NM 87410 Phone (505) 334-6178 Fax: (505) 334-6170 DISTRICT IV 1220 S. St. Francis Dr., Santa Fe, NM 87505 Phone (505) 476-3460 Fax: (505) 476-3462

☐ AMENDED REPORT

API Number	Pool Code	Pool Name	
30-015-42223	97565	N. Seven Rivers; Glorieta-Yeso	
Property Code	Pro	Well Number	
12062	BOYD X	15H	
OGRID No.	Ope	Elevation	
025575	YATES PETROL	EUM CORPORATION	3517

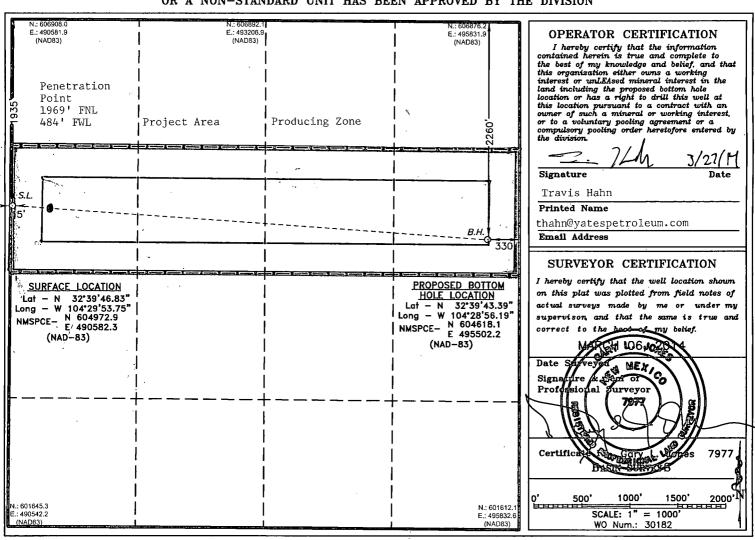
#### Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County	ĺ
E	16	19 S	25 E		1935	NORTH	15	WEST	EDDY	
Bottom Hole Location If Different From Surface										

lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Fe

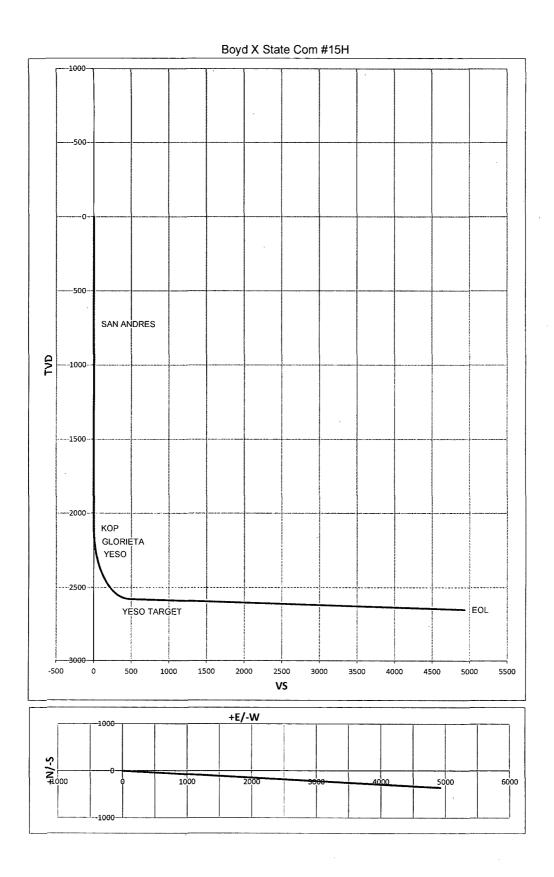
Γ	UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
	Н	16	19 S	25 E		2260	NORTH	. 330	EAST	EDDY
ſ	Dedicated Acres   Joint or Infill		r Infill C	onsolidation	Code Or	der No.				
	160									

#### NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



Well Name: Boyd X State Com #15H	Tgt N/-S:	-354.80	
	Tgt E/-W:	4919.90	EOC TVD/MD: 2577.62 / 2842.47
Surface Location: Section 16 , Township 19S Range 25E	VS:	4932.68	
Bottom Hole Location: Section 16 , Township 19S Range 25E	VS Az:	94.12	EOL TVD/MD: 2650.00 / 7305.43

MD	inc.	Azi.	T/VD	+N/-S	#E/AW	. Vs	DLS	Comments
<b>24.20</b>	<b>0</b>	0.000	%% O.4%	0 × °	0 0	3 to 0	70 ° 0	
725.00	0.00	0.00	725.00	0.00	0.00	0.00	0.00	SAN ANDRES
<b>2100.22</b>	<b>₩</b> ,0:00, <b>%</b>	0.00	2:100:22	0:00	0.00	0.00	0.00	KOP
2125.00	2.97	94.12	2124.99	-0.05	0.64	0.64	12.00	
<b>2150:00</b>	5.97	94.12	¥2149.91	<b>20.19</b>	2.59.	<b>%</b> 2.59	12:00	
2175.00	8.97	94.12	2174.69	-0.42	5.83	5.84	12.00	
2190.54	10.84	94.12	<b>2190.00</b>	-0.61	<b>%</b> 8 49 %	<b>8.52</b>	. 12:00	GLORIETA
2200.00	11.97	94.12	2199.28	-0.75	10.36	10.39	12.00	
<b>2225:00</b>	14:97	94.12	£2223.58	<b>2</b> 41-17	<b>16.17</b>		12:00	
2250.00	17.97	94.12	2247.56	-1.68	23.24	23.30	12.00	
<b>2275:00</b>	20.97	94.12	2271 12	-2.28	31.55	31:64	<b>12:00</b>	
2278.08	21.34	94.12	2274.00	-2.36	32.66	32.75	12.00	YESO
\$2300.00\$	23 97	94.12	£2294.22	-2.96	41 08	<b>24119</b>	<b>%</b> 12.00 }	
2325.00	26.97	94.12	2316.79	- <u>3</u> .74	51.81	51.94	12.00	
*2350.00	29 97%		2338.76	4.59	63:69	<b>63</b> 86	<b>312</b> 00 W	
2375.00	32.97	94.12	2360.08	-5.53	76.71	76.91	12.00	
<b>#2400!00</b>	35.97	94.12	2380 <sup>1</sup> 69*	<i>€</i> -6.55 €	<b>90</b> :82 %	<b>91.06</b>	<b>12.00</b>	
2425.00	38.97	94.12	2400.53	-7.64	105.99	106.27	12.00	
<b>2450:00</b> %	41/97	94 12	<b>2419</b> :54	8:81	<b>//122/18</b> //	122.49	12:00%	
2475.00	44.97	94.12	2437.68	-10.05	139.33	139.69	12.00	
	47.97	94*12***	<u>*2454</u> 190*	<b>11.35</b>	157.41	§ 157.82	12:00	
2525.00	50.97	94.12	2471.14	-12.72	176.36	176.82	12.00	
	×53.97	94.12		<u>-14.14</u>		<b>**196:64</b>	12.00%	
2575.00	56.97	94.12	2500.53	-15.63	216.67	217.24	12.00	
<b>%</b> 2600.00%	<b>59</b> 97	94.12	40.	<b>%</b> -17-16	<b>237.93</b>	-1(10) 1 - 1 - 3 - Min 9	12:00	
2625.00	62.97	94.12	2525.54	-18.74	259.83	260.51	12.00	
\$2650.00®	65.97	production of the control of the con	£2536.31	V94 V 784	282.33	132-17	10/03/20 2 2 138/1	
2675.00	68.97	94.12	2545.89	-22.02	305.36	306.15	12.00	
\$27,00:0 <u>0</u> \$		94.12	W W	23.72	328.86	<b>329</b> 71	<b>3.12.00</b>	
2725.00	74.97	94.12	2561.36	-25.44	352.76	353.68	12.00	
2750 0 0 °C	77.97	94:12	<b>₹2567</b> .20%	27:19		10110	12:00	
2775.00	80.97	94.12	2571.77	-28.96	401.52	402.56	12.00	
100	<b>83.97</b>		<b>2575.04</b>	MG 489 X 100 Bulleton	426.23	44.14	12.00	
2825.00	86.97	94.12	2577.02	-32.53	451.09	452.26	12.00	
W/ 21 1/6-2 (W.)	COMPANY	94.12	2577.62	233:79	Marca 77	%469 <sub>2</sub> 72∜	7,00000 77	YESO TARGET
7305.43	89.07	94.12	2650.00	-354.80	4919.90	4932.68	0.00	EOL



# Yates Petroleum Corporation 105 S. Fourth Street Artesia, NM 88210

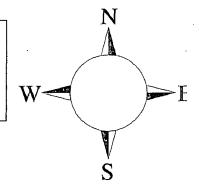
Hydrogen Sulfide (H2S) Contingency Plan

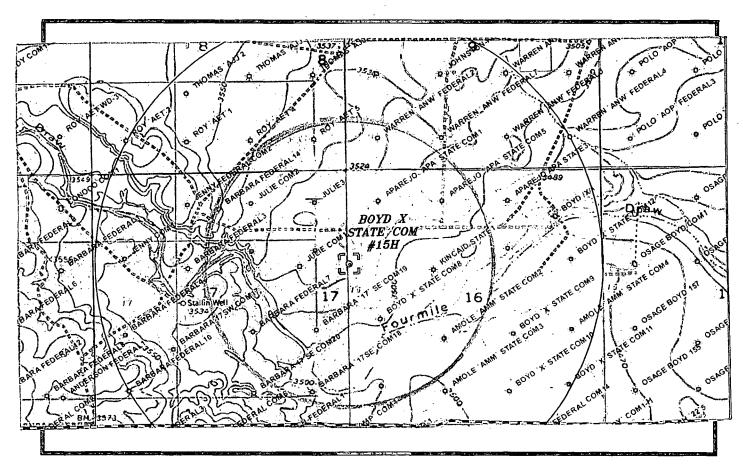
For

Boyd X State Com 15H 1935' FNL & 15' FWL Section 16, T19S-R25E Eddy County NM

## Boyd X State Com 15h

This is an open drilling site.  $H_2S$  monitoring equipment and emergency response equipment will be used within 500' of zones known to contain  $H_2S$ , including warning signs, wind indicators and  $H_2S$  monitor.





Assumed 100 ppm ROE = 3000'

100 ppm H2S concentration shall trigger activation of this plan

#### **Emergency Procedures**

In the case of a release of gas containing H<sub>2</sub>S, the first responder(s) must isolate the area and prevent entry by other persons into the 100 ppm ROE. Additionally the first responder(s) must evacuate any public places encompassed by the 100 ppm ROE. First responder(s) must take care not to injure themselves during this operation. Company and/or local officials must be contacted to aid in this operation. Evacuation of the public should be beyond the 100 ppm ROE.

All responders must have training in the detection of H<sub>2</sub>S, measures for protection against the gas, equipment used for protection and emergency response. Additionally, responders must be equipped with H<sub>2</sub>S monitors and air packs in order to control the release. Use the "buddy system' to ensure no injuries during the response.

#### **Ignition of Gas Source**

Should control of the well be considered lost and ignition considered, take care to protect against exposure to Sulfur Dioxide (SO<sub>2</sub>). Intentional ignition must be coordinated with the NMOCD and local officials. Additionally the NM State Police may become involved. NM State Police shall be the Incident Command on scene of any major release. Take care to protect downwind whenever there is an ignition of the gas

#### Characteristics of H<sub>2</sub>S and SO<sub>2</sub>

Common Name	Chemical Formula	Specific Gravity	Threshold Limit	Hazardous Limit	Lethal Concentr- ation
Hydrogen Sulfide	H <sub>2</sub> S	1.189 Air = 1	10 ppm	100 ppm/hr	600 ppm
Sulfur Dioxide	SO <sub>2</sub>	2.21 Air = 1	2 ppm	N/A	1000 ppm

#### **Contacting Authorities**

YPC personnel must liaison with local and state agencies to ensure a proper response to a major release. Additionally, the OCD must be notified of the release as soon as possible but no later than 4 hours. Agencies will ask for information such as type and volume of release, wind direction, location of release, etc. Be prepared with all information available. The following call list of essential and potential responders has been prepared for use during a release. YPC Company response must be in coordination with the State of New Mexico's 'Hazardous Materials Emergency Response Plan' (HMER)

### Yates Petroleum Corporation Phone Numbers

YPC Office	(575) 748-1471
Wade Bennett/Prod Superintendent	(575) 748-4236
LeeRoy Richards/Assistant Prod Superintendent	(575) 748-4228
Mike Larkin/Drilling	(575) 748-4222
Paul Hanes/Prod. Foreman/Roswell	(575) 624-2805
Tim Bussell/Drilling Superintendent	
Artesia Answering Service	(575) 748-4302
(During non-office hours)	

### **Agency Call List**

#### Eddy County (575)

Artesia	
State Police	746-2703
City Police	746-2703
Sheriff's Office	746-9888
Ambulance	911
Fire Department	746-2701
LEPC (Local Emergency Planning Committee)	746-2122
NMOCD	748-1283
Carlsbad	
State Police	885-3137
City Police	885-2111
Sheriff's Office	887-7551
Ambulance	911
Fire Department	
LEPC (Local Emergency Planning Committee)	887-3798
US Bureau of Land Management	887-6544
New Mexico Emergency Response Commission (Santa Fe)	(505)476-9600
24 HR	(505) 827-9126
New Mexico State Emergency Operations Center	
National Emergency Response Center (Washington, DC)	(800) 424-8802

#### Other

Cudd Pressure Control Halliburton	,	
B. J. Services	(575) 746-3569	
Flight For Life -4000 24th St	t, Lubbock, TX	(806) 743-9911
Aerocare -Rr 3 Box 49f, Lul	bbock, TX	(806) 747-8923
Med Flight Air Amb 2301 Y	ale Blvd SE #D3, Albuq, NM	(505) 842-4433
S B Air Med Svc 2505 Clark	Carr Loop SE, Albuq, NM	(505) 842-4949

2 Records found.

Lease Number:

#### LG-0864-0000

Company name: AMERICAN NATIONAL PETROLEUM CO..

Company ID: 26368
Assigned from: N/A
Total acres: 80.00
Prod stat: N/A

Lease term:

Lease term: 10 year lease term 1/8th roy

Issue date: 12/1/1972
Termination date: Active
Termination reason: N/A

Current term: Extended Primary Term

**Billing information:** 

Bill to: AMERICAN NATIONAL PETROLEUM CO..

Rent per acre: 0.25
Billing frequency: Annual
Minimum annual rent: 20.00
Last bill date: 11/5/2020
Next bill date: 12/1/2021
Escalation: 0.00

Land information:

Section	Township	Range	Unit Letter	Lot	Tract	Acreage
16	19S	25E	Е			40.00
			F			40.00

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C2
Submitted by: EOG Resources, Inc.
Hearing Date: August 05, 2021
Case No. 22030

#### AMERICAN NATIONAL PETROLEUM CO..

 OGRID:
 26368

 Issuing Agency:
 OCD

 Effective Date:
 3/25/1994

 Last Modified:
 1/1/18/1994

Address:

TONY WANG PO BOX 27725 HOUSTON, TX U.S.A. 772277725

**Phone:** 713-961-1770 **Fax:** 713-961-7216

NM State Land Office Oil, Gas, & Minerals Division STATE/STATE OR STATE/FEE

Revised March 2017

#### COMMUNITIZATION AGREEMENT

ONLINE Version

KNOW ALL MEN BY THESE PRESENTS:

Well Name: Boyd X State #15H

STATE OF NEW MEXICO

API#: 30-015-42223

COUNTY OF EDDY

EDDY §

THAT THIS AGREEMENT [which is NOT to be used for carbon dioxide or helium] is entered into as of March 1<sup>st</sup>, 2017, by and between the parties subscribing, ratifying or consenting hereto, such parties hereinafter being referred to as "Parties hereto";

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by the Legislature, as set forth in Sec. 19-10-53, New Mexico Statutes, Annotated, 1978, in the interest of conservation of oil & gas and the prevention of waste to consent to and approve the development or operation of State Trust Lands under agreements made by lessees of oil & gas leases thereon, jointly or severally with other oil & gas lessees of State Trust Lands, or oil and gas lessees or mineral owners of privately owned or fee lands, for the purpose of pooling or communitizing such lands to form a proration unit or portion thereof, or well-spacing unit, pursuant to any order, rule or regulation of the New Mexico Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department where such agreement provides for the allocation of the production of oil or gas from such pools or communitized area on an acreage or other basis found by the Commissioner of Public Lands to be fair and equitable.

WHEREAS, the parties hereto, own working, royalty, or other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement, which leases are more particularly described in the schedule attached hereto, marked Exhibit "A" and made a part hereof, for all purposes; and

WHEREAS, said leases, insofar as they cover the N. Seven Rivers; Glorieta-Yeso formation or pool as defined by the NMOCD, as further described on Exhibit "A" (hereinafter referred to as "said formation") in and under the land hereinafter described cannot be independently developed and operated in conformity with the well spacing program established for such formation in and under said lands; and

WHEREAS, the parties hereto desire to communitize and pool their respective interests in said leases subject to this agreement for the purpose of developing, operating and producing hydrocarbons in the said formation in and under the land hereinafter described subject to the terms hereof.

NOW THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the undersigned as follows:

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. C3
Submitted by: EOG Resources, Inc.
Hearing Date: August 05, 2021
Case No. 22030

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

S2N2 of Section 16, Twnshp 19 South, Rng 25 East, NMPM Eddy County, New Mexico

containing 160.00 acres, more or less. It is the judgment of the parties hereto that the communitization, pooling and consolidation of the aforesaid land into a single unit for the development and production of hydrocarbons from the said formation in and under said land is necessary and advisable in order to properly develop and produce the hydrocarbons in the said formation beneath the said land in accordance with the well spacing rules of the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and in order to promote the conservation of the hydrocarbons in and that may be produced from said formation in and under said lands, and would be in the public interest;

AND, for the purposes aforesaid, the parties hereto do hereby communitize for proration or spacing purposes only the leases and/or depths described in Exhibit "A" hereto insofar as they cover hydrocarbons within and that may be produced from the said formation (hereinafter referred to as "communitized substances") beneath the above-described land, into a single communitization, for the development, production, operation and conservation of the hydrocarbons in said formation beneath said lands.

Attached hereto and made a part of this agreement for all purposes, is Exhibit A showing the acreage, depths communitized and ownership (Lessees of Record) of all leases within the communitized area.

- 2. The communitized area shall be developed and operated as an entirety with the understanding and agreement between the parties hereto that all communitized substances produced therefrom shall be allocated among the leases described in Exhibit "A" hereto in the proportion that the number of surface acres covered by each of such leases and included within the communitized area bears to the total number of acres contained in the communitized area.
- 3. Subject to Paragraph 4, the royalties payable on communitized substances allocated to the individual leases and the rentals provided for in said leases shall be determined and paid in the manner and on the basis prescribed in each of said leases. Except as provided for under the terms and provisions of the leases described in Exhibit "A" hereto or as herein provided to the contrary, the payment of rentals under the terms of said leases shall not be affected by this agreement; and except as herein modified and changed or heretofore amended, the oil and gas leases subject to this agreement shall remain in full force and effect as originally issued and amended.
- 4. <u>EOG Resources, Inc.</u> shall be the Operator of said communitized area and all matters of operation shall be determined and performed by <u>EOG Resources, Inc.</u>

- 5. The State of New Mexico hereafter is entitled to the right to take in kind its share for the communitized substances allocated to such tract, and Operator shall make deliveries of such royalty share taken in kind in conformity with applicable contracts, laws, and regulations.
- 6. There shall be no obligation upon the parties hereto to offset any well or wells situated on the tracts of land comprising the communitized area, nor shall the Operator be required to measure separately the communitized substances by reason of the diverse ownership of the separate tracts of land comprising the said communitized area; provided, however, that the parties hereto shall not be released from their obligation to protect the communitized area from drainage of communitized substances by wells which may be drilled within offset distance (as that term is defined) of the communitized area.
- 7. The commencement, completion, and continued operation or production of a well or wells of communitized substances on the communitized area shall be considered as the commencement, completion, continued operation or production as to each of the leases described in Exhibit "A" hereto.
- 8. The production of communitized substances and disposal thereof shall be in conformity with the allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State laws. This agreement shall be subject to all applicable Federal and State laws, executive orders, rules and regulations affecting the performance of the provisions hereof, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if compliance is prevented by or if such failure results from compliance with any such laws, orders, rules and regulations.
- This agreement shall be effective as of the date hereinabove written upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Commissioner of Public Lands, shall remain in full force and effect for a period of one year from the date hereof and as long thereafter as communitized substances are produced from the communitized area in paying quantities; provided, that this agreement shall not expire if there is a well capable of producing gas in paying quantities located upon some part of the communitized area, if such a well is shut-in due to the inability of the operator to obtain a pipeline connection or to market the gas therefrom, and if either: (a) a shut-in royalty has been timely and properly paid pursuant to the provisions of one of the State of New Mexico oil and gas leases covering lands subject to this agreement so as to prevent the expiration of such lease; or (b) each of the State of New Mexico oil and gas leases covering lands subject to this agreement is in its primary term (if a five-year lease), or in its primary or secondary term (if a ten-year lease), or is held by production from another well. Provided further, however, that prior to production in paying quantities from the communitized area, and upon fulfillment of all requirements of the Commissioner of Public Lands with respect to any dry hole or abandoned well drilled upon the communitized area, this Agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production of communitized substances if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are

commenced and are thereafter conducted with reasonable diligence. As to State Trust Lands, written notice of intention to commence such operations shall be filed with the Commissioner of Public Lands within thirty (30) days after the cessation of such production, and a report of the status of such operations shall be made by the Operator to the Commissioner every thirty (30) days, and the cessation of such operations for more than twenty (20) consecutive days shall be considered as an abandonment of such operations as to any lease from the State of New Mexico included in this agreement.

- 10. Operator will furnish the Oil Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department, and the Commissioner of Public Lands of the State of New Mexico, with any and all reports, statements, notices and well logs and records which may be required under the laws and regulations of the State of New Mexico.
- 11. It is agreed between the parties hereto that the Commissioner of Public Lands, or his duly authorized representatives, shall have the right of supervision over all operations under the communitized area to the same extent and degree as provided in the oil and gas leases described in Exhibit "A" hereto and in the applicable oil and gas regulations of the State of New Mexico.
- 12. If any order of the Oil Conservation Division of the New Mexico Energy Minerals and Natural Resources Department, upon which this agreement is predicated or based is in anyway changed or modified, then in such event said agreement is likewise modified to conform thereto.
- 13. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.
- 14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

**OPERATOR:** 

EOG RESOURCES, INC.

By: Reese Lantrip

Title: Vice President and General Manager

STATE OF NEW MEXICO §
§
COUNTY OF EDDY §
The foregoing instrument was acknowledged before me this 4th day of June, 2017, by Reese Lantrip as Vice President and General Manager for EOG RESOURCES, INC., a
New Mexico corporation, on behalf of said corporation.
M. OFFICIAL SEAL DITES: NOTARY PUBLIC STATE OF NEW MEXICO  Notary Public
My commission expires: 8-17-19
LESSEES OF RECORD:
UNIT PETROLEÚM COMPANY

By: Title:

By: Arey D. Lindsey
Title: Attorney in Fact

EOG Y RESOURCES, INC.

By: Reese Lantrip

Title: Vice President and General Manager

STATE OF	<u> </u>	
COUNTY OF	§ §	
The foregoing instrument was	as acknowledged before me this	day of, 2017,
COMPANY, a	company, on behalf of sai	id company.
My Commission Expires:		Notary Public
STATE OF Texas	§ § 4 §	
The foregoing instrument was by Amy Dinberg Linberg LLC, a Delaware My Commission Expires:	as HHORMAN fact company on behalf of said company.  P. ISBE	day of
STATE OF NEW MEXICO	<u>§</u> §	
COUNTY OF EDDY		
The foregoing instrument was by Reese Lantrip as Vice New Mexico corporation, on YOLANDA A. MAESE NOTARY PUBLIC-STATE OF NEW My commission expires:	Spe	day of June , 2017, r EOG Y RESOURCES, INC., a  Notary Public

#### **EXHIBIT A**

Attached to and made a part of that Communitization Agreement dated \_\_\_\_\_\_, by and between EOG Resources, Inc., as Operator and State of New Mexico acting by and through its Commissioner of Public Lands covering the S2N2 of Section 16, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico

Limited in depth from N/A ft. to \_\_\_\_\_ ft. (enter here what is granted in pooling order if applicable)

OPERATOR of Communitized Area: EOG Resources, Inc.

#### **DESCRIPTION OF LEASES COMMITTED:**

TRACT NO. 1

Lessee of Record: Unit Petroleum Company

Serial No. of Lease: LG-864-0

Date of Lease: December 1, 1972

Description of Lands Committed: Township 19 South, Range 25 East, N.M.P.M.

Section 16: S2NW

Eddy County, New Mexico

No. of Acres: 80.00

TRACT NO. 2

Lessee of Record: ZPZ Delaware I LLC

Serial No. of Lease: L0-1897-2

Date of Lease: December 17, 1968

Description of Lands Committed: Township 19 South, Range 25 East, N.M.P.M.

Section 16: SWNE

Eddy County, New Mexico

No. of Acres: 40.00

TRACT NO. 3

Lessee of Record: EOG Y Resources, Inc.

Serial No. of Lease: E1-0167-4

Date of Lease: June 19, 1956

Description of Lands Committed: Township 19 South, Range 25 East, N.M.P.M.

Section 16: SE4NE4

Eddy County, New Mexico

No. of Acres: 40.00

### **RECAPITULATION**

Tract Number	<b>Number of Acres</b>	Percentage of Interest in
	Committed	Communitized Area
No. 1	80.00	50.00%
No. 2	40.00	25.00%
No. 3	40.00	25.00%
Total	160.00	100.00%

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

APPLICATION OF EOG RESOURCES, INC. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

**CASE NO. 22030** 

#### AFFIDAVIT OF GREGORY CLARK

Gregory Clark, of lawful age and being first duly sworn, declares as follows:

- My name is Gregory Clark. I work for EOG Resources, Inc. ("EOG") as a Geologic Advisor.
- 2. I have previously testified before the New Mexico Oil Conservation Division as an expert witness in petroleum geology. My credentials as a petroleum geologist have been accepted by the Division and made a matter of record.
- 3. I am familiar with the application filed by EOG in this case, and I have conducted a geologic study of the lands in the subject area.
- 4. **EOG Exhibit D-1** is also a subsea structure map that I prepared of the top of Yeso (Paddock) Structure. Within Section 16, there is a red box on the map outlining the spacing unit for this case. The contour interval is 100 feet. The structure map shows that the Paddock Subsea Structure is dipping gently to the east. The structure appears consistent in this section. I do not observe any faulting, pinchouts, or other geologic hazards to developing a horizontal well.
- 5. **EOG Exhibit D-2** shows the location of the 4 wells that were used to construct a cross-section from A to A'. I consider these wells to be representative of the geology of the area.
- 6. **EOG Exhibit D-3** is a stratigraphic cross section prepared by me for the 4 representative wells from A to A'. The exhibit shows logs for gamma ray and density for the wells. The proposed targeted interval in the Paddock member of the Yeso formation for **Boyd X**

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D
Submitted by: EOG Resources, Inc.
Hearing Date: August 05, 2021

Case No. 22030

**State Com #15H well** is labeled and depicted with a red bracket. The logs in the cross-section demonstrate that the targeted interval within the Paddock member of the Yeso formation is consistent in thickness, across the entire spacing unit.

- 7. Based on my geologic study of the areas, I have not identified any geologic impediments to drilling horizontal wells in the area.
- 8. In my opinion, each tract comprising the proposed spacing unit will be productive and contribute more-or-less equally to production from the wellbore.
- 9. In my opinion, the laydown orientation of the proposed well is the preferred orientation for horizontal well development in this area and is appropriate to efficiently and effectively develop the subject acreage.
- 10. In my opinion, the granting of EOG's applications in this case is in the best interest of conservation, the prevention of waste, and protection of correlative rights.
- 11. **E G Exhibits D-1 through D-3** were either prepared by me or compiled under my direction and supervision.

FURTHER AFFIANT SAYETH NOT.

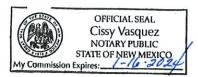
GREGORY CLARK

STATE OF NE	W MEXICO	)
COUNTY OF	EDDY	)

SUBSCRIBED and SWORN to before me this day of August

Agust 2021 by

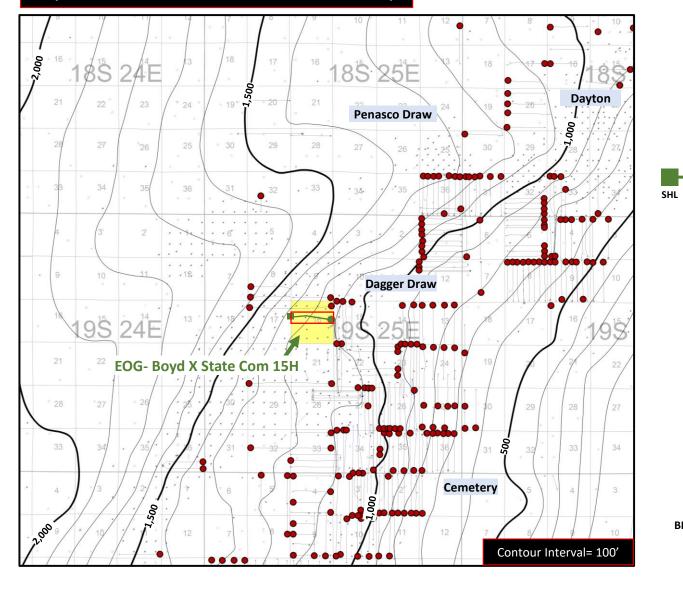
Gregory Clark.



NOTARY PUBLIC

My Commission Expires:

## Top of Paddock Subsea Structure Map



## **Map Legend**

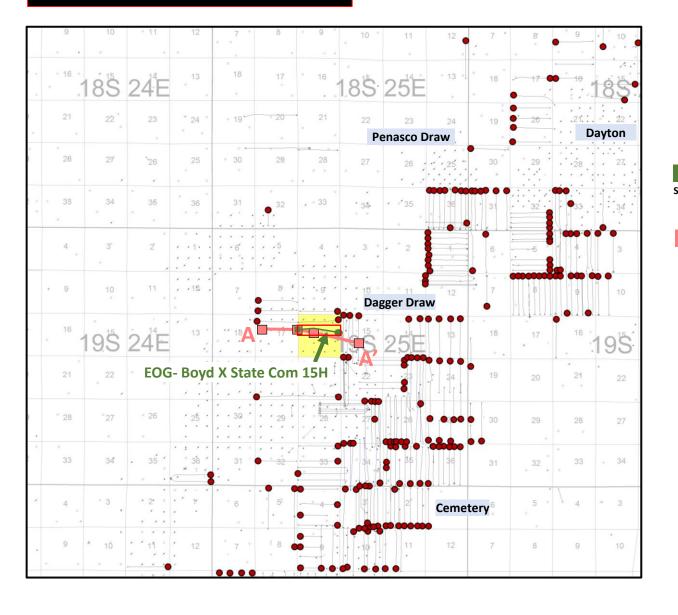
Yeso Horizontal Producer

EOG- Boyd X State Com 15H

EOG Acreage

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D1
Submitted by: EOG Resources, Inc.
Hearing Date: August 05, 2021
Case No. 22030

## Line of Cross Section A-A' Map



## **Map Legend**

**Yeso Horizontal Producer** 

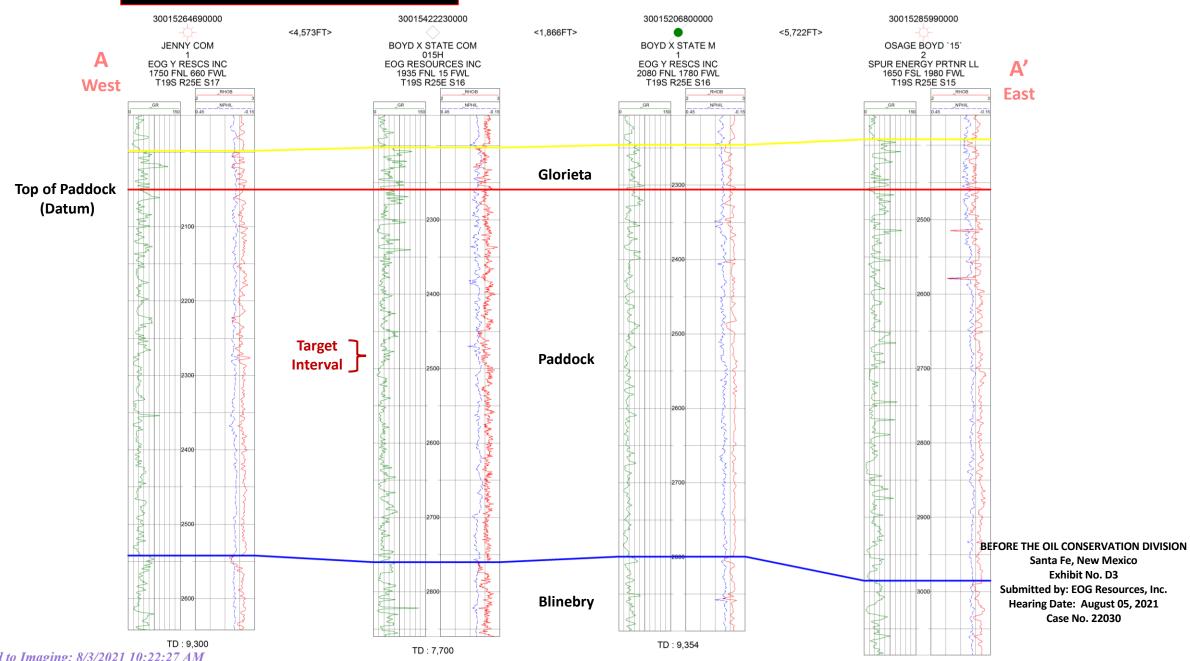
EOG- Boyd X State Com 15H

Cross Section Line

EOG Acreage

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. D2
Submitted by: EOG Resources, Inc.
Hearing Date: August 05, 2021
Case No. 22030

# Received by OCD: 8/3/2021 1 Stratigraphic Cross Section A-A'



Released to Imaging: 8/3/2021 10:22:27 AM

TD: 9,580

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

APPLICATION OF EOG RESOURCES, INC. FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO.

**CASE NO. 22030** 

	AFF	<b>IDA</b>	VIT
--	-----	------------	-----

STATE OF NEW MEXICO	)
	) ss
COUNTY OF SANTA FE	)

Kaitlyn A. Luck, attorney in fact and authorized representative of EOG Resources, Inc., the Applicant herein, being first duly sworn, upon oath, states that the above-referenced Application has been provided under the notice letters and proof of receipts attached hereto.

Kaitlyn A. Luck

SUBSCRIBED AND SWORN to before me this 3rd day of August, 2021 by Kaitlyn A.

My Commission Expires:

Luck.

Nov. 12,2023

OFFICIAL SEAL
Carla Garcia
NOTARY PUBLIC - STATE OF NEW MEXICO
My Commission Expires: NOV 12, 2023

BEFORE THE OIL CONSERVATION DIVISION
Santa Fe, New Mexico
Exhibit No. E
Submitted by: EOG Resources, Inc.
Hearing Date: August 05, 2021
Case No. 22030



Kaitlyn A. Luck **Phone** (505) 988-4421 kaluck@hollandhart.com

July 16, 2021

#### VIA CERTIFIED MAIL CERTIFIED RECEIPT REQUESTED

ATTN: POOLED PARTIES

Re: Application of EOG Resources, Inc. for Compulsory Pooling, Eddy County,

New Mexico.

**Boyd X State Com #15H well** 

Dear Sir or Madam:

This letter is to advise you that EOG Resources, Inc. has filed the enclosed application with the New Mexico Oil Conservation Division.

During the COVID-19 Public Health Emergency, state buildings are closed to the public and hearings will be conducted remotely. The hearing will be conducted on August 5, 2021 beginning at 8:15 a.m. To participate in the electronic hearing, see instructions posted the OCD Hearings website: http://www.emnrd.state.nm.us/OCD/announcements.html.

You are not required to attend this hearing, but as an owner of an interest that may be affected by this application, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging the matter at a later date. Parties appearing in cases are required by Division Rule 19.15.4.13.B to file a Prehearing Statement four business days in advance of a scheduled hearing. This statement must be filed with the Division, by mail at 1220 S. St. Francis Dr., Santa Fe, NM, 87505 or email at OCD. Hearings@state.nm.us, and should include: the names of the parties and their attorneys; a concise statement of the case; the names of all witnesses the party will call to testify at the hearing; the approximate time the party will need to present its case; and identification of any procedural matters that are to be resolved prior to the hearing.

If you have any questions about this matter, please contact Janet Richardson, at (575) 748-4353, or Janet Richardson@eogresources.com.

Sincerely,

Kaitlyn A. Luck

Ann hull

ATTORNEY FOR EOG RESOURCES INC.

#### EOG - Boyd X State Com 15H Case No 22030 Postal Delivery Report

TrackingNo	ToName	DeliveryAddress	City	State	Zip	USPS_Status
						Your item departed our USPS facility in ALBUQUERQUE,
						NM 87101 on August 1, 2021 at 9:52 pm. The item is
9414811898765804643105	American National Petroleum Co.	PO Box 27725	Houston	TX	77227	currently in transit to the destination.

## Carlsbad Current Argus.

#### Affidavit of Publication Ad # 0004830310 This is not an invoice

**HOLLAND AND HART POBOX 2208** 

**SANTA FE, NM 87504** 

I, a legal clerk of the Carlsbad Current Argus, a newspaper published daily at the City of Carlsbad, in said county of Eddy, state of New Mexico and of general paid circulation in said county; that the same is a duly qualified newspaper under the laws of the State wherein legal notices and advertisements may be published; that the printed notice attached hereto was published in the regular and entire edition of said newspaper and not in supplement thereof on the date as follows, to wit:

07/21/2021

Subscribed and sworn before me this July 21, 2021:

e of WI, County of Brown **NOTARY PUBLIC** 

My commission expires

KATHLEEN ALLEN Notary Public State of Wisconsin

Ad # 0004830310 # of Affidavits1

This is not an invoice

**BEFORE THE OIL CONSERVATION DIVISION** Santa Fe, New Mexico **Exhibit No. F** Submitted by: EOG Resources, Inc. Hearing Date: August 05, 2021 Case No. 22030

STATE OF NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DE-PARTMENT OIL CONSERVATION DIVI-SION SANTA FE, NEW MEXICO

The State of New Mexico, Energy Minerals and Natural Resources Department. Oil Conservation Division ("Division") hereby gives notice that the Division will hold public hearings before a hearing examiner on the following case. During the COVID-19 Public Health Emergency, state buildings are closed to the public and Division hearings will be conducted remotely. The public hearing for the following case will be electronic and conducted remotely. The hearing will be conducted on Thursday, August 5, 2021, beginning at 8:15 a.m. To participate in the electronic hearing, see the instructions posted below. The docket may be viewed at htt p://www.emnrd.state.nm.us/OCD/hearings.html or obtained from Marlene Salvidrez, at Marlene.Salvidrez@state.nm.us/maging/CaseFileCriteria.aspx. If you are an individual with a disability who needs a reader, amplifier, qualified sign language interpreter, or other form of auxiliary aid or service to attend or participate in a hearing, contact Marlene Salvidrez@state.nm.us, or the New Mexico Relay Network at 1-800-659-1779, no later than July 25, 2021.

Persons may view and participate in the hearings through the following link:

https://nmemnrd.webex.com /nmemnrd/onstage/g.php?M TID=e12d56bf176d7f280e15 d2923570bbb1c Event number: 146 234 7684 Event password: u47kXsERRb4

Join by video: 1462347684@ nmemnrd.webex.com Numeric Password: 949758 You can also dial 173.243.2.68 and enter your meeting number

Join by audio: 1-844-992-4726 United States Toll Free Access code: 146 234 7684

STATE OF NEW MEXICO TO: All named parties and persons having any right, title, interest or claim in the following case and notice to the public.

(NOTE: All land descriptions herein refer to the New Mexico Principal Meridian whether or not so stated.)

To: All pooled parties, including: American National Petroleum Co. Case No. 22030: Application of EOG Resources, Inc. for compulsory pooling, Eddy

county, new mexico. Appli-cant in the above-styled cause seeks an order pool-ing all uncommitted interest ing all uncommitted interest owners in the Bone Spring formation underlying a standard 160-acre, more or less, horizontal spacing unit comprised of the S/2 N/2 of Section 16, Township 19 South, Range 25 East, NMPM, Eddy County, New Mexico. Applicant seeks to dedicate the above-referenced horizontal spacing unit to the initial Boyd X State Com #15H well (API No. 30-015-42223) that has been drilled from a surface location in the 5E/4 NE/4 (Unit H) of Section 16 to a bottom hole location in the SW/4 NW/4 (Unit E) of Section 16. The completed interval for the well will comply with statewide setbacks for oil wells. Also, to be considered will be the cost of drilling and completing the well, the allocation of the cost thereof, the actual operating costs and charges for supervision, the designation of applicant as operator, and the imposition of 200% charge for risk involved in drilling and completing the well. Said area is located approximately 6 miles west of Lakewood, New Mexico. #4830310, Current Argus, July 21, 2021 owners in the Bone Spring