

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

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

**Case No. 21980
Order No. R-21810**

**APPLICATION OF EOG RESOURCES, INC FOR APPROVAL OF THE FORD
EXPLORATORY UNIT, SANDOVAL COUNTY, NEW MEXICO.**

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing July 1, 2021, at Santa Fe, New Mexico, before Examiners Kathleen Murphy and John Garcia.

NOW, on this 24th day of August 2021, the Division Director, having considered the testimony, the record, and the recommendations of the Examiners,

FINDS THAT:

- (1) Due public notice has been given, and the Oil Conservation Division ("OCD") has jurisdiction of this case and its subject matter.
- (2) EOG Resources, Inc ("EOG" or "Applicant") is seeking approval from the U.S. Bureau of Land Management ("BLM") of the Ford Exploratory Unit ("Unit") consisting of 18,978.54 acres (more or less) of the following Federal and Indian Allotted lands situated in Sandoval County, New Mexico ("Unit Area"):

TOWNSHIP 21 NORTH, RANGE 4 WEST, N.M.P.M.

Section 1: Lots 1-4, S/2 N/2, SW/4, NW/4 SE/4, E/2 SE/4, SW/4 SE/4

Section 2: Lots 1-4, S/2 N/2, S/2

Section 3: Lots 5-8, S/2 N/2, S/2

Section 4: Lots 5-8, S/2 N/2, S/2

Section 5: Lots 5-8, S/2 N/2, S/2

Section 6: Lots 8-14, S/2 NE/4, SE/4 NW/4, E/2 SW/4, SE/4

Section 7: Lots 1-4, E/2 W/2, E/2

Section 8: ALL

Section 9: ALL
Section 10: ALL
Section 11: ALL
Section 12: ALL
Section 18: Lots 1-4, E/2 W/2, E/2

TOWNSHIP 21 NORTH, RANGE 5 WEST, N.M.P.M.

Section 1: Lots 1-4, S/2 N/2, S/2
Section 2: Lots 1-4, S/2 N/2, SW/4, SE/4
Section 3: Lots 1-4, S/2 N/2, SW/4, SE/4
Section 10: ALL
Section 11: ALL
Section 12: ALL
Section 13: ALL
Section 14: ALL
Section 15: ALL
Section 21: ALL
Section 22: ALL
Section 23: ALL
Section 24: ALL
Section 25: ALL
Section 26: W /2, NE/4, SE/4
Section 27: ALL
Section 28: ALL

(3) Unitized Interval: The unitized interval for the Ford Exploratory Unit includes all depths underlying said Sections within the Unit Area.

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

a. The Ford Exploratory Unit is a proposed Federal Exploratory Unit and all depths underlying said sections will be unitized.

b. The Unit is comprised of fifteen (15) Federal and Indian allotted tracts. Eleven of the tracts are 100% EOG working interest. Three of the remaining tracts are unissued Federal leases, and when the leases are issued by the BLM, the working interest and record title will be assigned to EOG. The last tract of the fifteen is an unleased Indian allotted tract within the Unit that comprises a total of 0.84% of the proposed unit area. The Federal Indian Minerals Office (FIMO) has committed to BLM the inclusion of the unleased parcel into the unit. EOG is in the process of negotiating an oil and gas lease with FIMO on behalf of the Indian allotted owners.

c. The Unit obligation well is Bullitt 06 Fed #605H well, a horizontal well with a surface location in the SW/4 SW/4 of Section 6 of Township 21 North, Range 4 West (API No. 30-043-21354) and completed in the WC 21N4W6; Gallup Pool (98350).

d. EOG presented a proposed Unit Agreement (“Unit Agreement”). EOG Exhibit B-2. The Unit Agreement designates EOG as the Unit Operator and has provisions for expansion or contraction.

e. EOG has received preliminary approval of the Unit from the BLM and FIMO.

f. Notice was provided of this application to the working interest owners and overriding royalty owners within the Unit Area.

(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 the 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 Ford Exploratory Unit of Federal and Indian allotted lands in Sandoval County, New Mexico.

(2) The Unit Area comprises 18,978.54 acres (more or less) situated in Sandoval 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 EOG Resources Inc (OGRID No 7377) is designated the Unit Operator under the proposed 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@state.nm.us). 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.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



ADRIENNE SANDOVAL
Director