

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

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

ORDER NO. PLC-591-A

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application, 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 provided evidence or a certification by a qualified person that the commingling of oil and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. 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.
8. 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”).

CONCLUSIONS OF LAW

9. 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.
10. To the extent that ownership is diverse, 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.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
12. Commingling involving 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.
13. 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. Applicant satisfied the notice requirements for subsequent additions of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC.
14. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Effective May 1, 2020, 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. This Order supersedes Order PLC-591.
3. No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 with a copy of the decision and agreement. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, then 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), then 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 conform this Order with the approved agreement(s). If OCD denies the 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 from each well 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, 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. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and gas production to less than if it had remained segregated, then Applicant shall submit a new surface commingle application to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value no later than sixty (60) days after the decrease in value has occurred. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the application, this Order shall terminate on the date of such action.
10. 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 and providing notice of the application to all owners of interest in the production to be added.
11. Applicant shall not commence commingling involving state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. OCD retains jurisdiction and reserves the right to modify or revoke this Order if it determines that the Application did not accurately describe the pools, leases, and wells in the Pooled Area(s) or any action affecting or related to the commingling of oil and gas production, or as deemed necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 4/30/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-591-A

Operator: EOG Resources, Inc. (7377)

Central Tank Battery: Savage 2 State Com Central Tank Battery

Central Tank Battery Location (NMPM): Section 2, Township 25 South, Range 32 East

Gas Custody Transfer Meter Location (NMPM): Section 2, Township 25 South, Range 32 East

Pools

Pool Name	Pool Code
WC-025 G-07 S243225C; LWR BONE SPRIN	97964
WC-025 G-09 S253309P; UPR WOLFCAMP	98180
WC-025 G-08 S253235G; LWR BONE SPRIN	97903

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
CA WC NMSLO 1373122	W/2 W/2	Sec 2-T25S-R32E
CA BS NMSLO 1377675	W/2 E/2	Sec 2-T25S-R32E
CA BS NMSLO 1378656	W/2 W/2	Sec 2-T25S-R32E
CA BS NMSLO 1378803	E/2 E/2	Sec 2-T25S-R32E
CA BS NMSLO 1378867	E/2 W/2	Sec 2-T25S-R32E
VB 11861	E/2 NW/4	Sec 2-T25S-R32E
VB 11941	E/2 SW/4	Sec 2-T25S-R32E
VB 11861	NE/4	Sec 2-T25S-R32E
VB 11941	SE/4	Sec 2-T25S-R32E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-44971	Savage 2 State Com 101H	D-02-25S-32E	97964	
30-025-44972	Savage 2 State Com 201H	D-02-25S-32E	97964	
30-025-44973	Savage 2 State Com 301H	D-02-25S-32E	97964	
30-025-44974	Savage 2 State Com 501H	D-02-25S-32E	97964	
30-025-44975	Savage 2 State Com 701H	D-02-25S-32E	98180	
30-025-45671	Savage 2 State Com 502H	C-02-25S-32E	97903	
30-025-45672	Savage 2 State Com 503H	C-02-25S-32E	97903	
30-025-45673	Savage 2 State Com 504H	C-02-25S-32E	97903	
30-025-45814	Savage 2 State Com 505Y	B-02-25S-32E	97903	
30-025-45693	Savage 2 State Com 506H	B-02-25S-32E	97903	
30-025-45694	Savage 2 State Com 507H	A-02-25S-32E	97903	
30-025-45695	Savage 2 State Com 508H	A-02-25S-32E	97903	
30-025-46341	Savage 2 State Com 741H	D-02-25S-32E	98180	
30-025-46332	Savage 2 State Com 702H	C-02-25S-32E	98180	
30-025-46333	Savage 2 State Com 704H	B-02-25S-32E	98180	
30-025-46342	Savage 2 State Com 705H	B-02-25S-32E	98180	
30-025-46348	Savage 2 State Com 707H	A-02-25S-32E	98180	
30-025-46337	Savage 2 State Com 708H	A-02-25S-32E	98180	
30-025-46338	Savage 2 State Com 721H	C-02-25S-32E	98180	
30-025-46339	Savage 2 State Com 722H	B-02-25S-32E	98180	
30-025-46340	Savage 2 State Com 723H	B-02-25S-32E	98180	
30-025-46343	Savage 2 State Com 726H	A-02-25S-32E	98180	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: [PLC-591-A](#)

Operator: [EOG Resources, Inc. \(7377\)](#)

Proposed Consolidated Leases

Consolidated Lease	Location (NMPM)		Acres	Consolidated Lease ID
CA WC NMSLO	E/2 W/2	Sec 2-T25S-R32E	160.19	A
CA WC NMSLO	E/2	Sec 2-T25S-R32E	320.67	B

Leases Comprising Proposed Consolidated Leases

Lease	Location (NMPM)		Acres	Consolidated Lease ID
VB 11861	E/2 NW/4	Sec 2-T25S-R32E	80.19	A
VB 11941	E/2 SW/4	Sec 2-T25S-R32E	80	A
VB 11861	NE/4	Sec 2-T25S-R32E	160.67	B
VB 11941	SE/4	Sec 2-T25S-R32E	160	B