



P.O. Box 2267, Midland, Texas 79702  
Phone: (432) 848-9133

Date: February 23, 2022

Re: Request to Terminate Order PLC-786; Holyfield 9 Fed Com CTB

Dear Mr. McClure:

EOG Resources, Inc. respectfully requests to terminate the Order PLC-786 due to the denial of the Holyfield 9 Fed Com CTB commingle application by the Bureau of Land Management (BLM).

Enclosed please find EOG Resources, Inc. NMOCD approved Holyfield 9 Fed Com CTB commingle application under Order PLC-786 and the BLM denial of the Holyfield 9 Fed Com CTB commingle application.

For questions regarding this application, please contact me at 432-247-6331 or [lisa\\_trascher@eogresources.com](mailto:lisa_trascher@eogresources.com)

Kind regards,

**EOG Resources, Inc.**

By: Lisa Trascher  
Lisa Trascher  
Regulatory Specialist

**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-786**

**ORDER**

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

**FINDINGS OF FACT**

1. EOG Resources, Inc. (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. 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.
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 of 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 certified 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 stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.
9. 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 acreage of each lease to be consolidated into a single pooled area ("Pooled Area"), as described in Exhibit B.

### **CONCLUSIONS OF LAW**

10. 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, 19.15.12. NMAC, and 19.15.23. NMAC.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10.A.(2) NMAC, 19.15.12.10.C.(4)(c) NMAC, and 19.15.12.10.C.(4)(e) NMAC, as applicable.
12. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9.A.(5) NMAC and 19.15.23.9.A.(6) NMAC, as applicable.
13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10.B.(1) NMAC or 19.15.12.10.C.(1) NMAC, as applicable.
14. 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) NMAC and 19.15.12.10.C.(4)(h) NMAC.
15. 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.
16. 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 oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described 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.

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.

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 until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the Agreement, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
4. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
5. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15. NMAC or 19.15.23.8. NMAC.
6. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
7. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
8. 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, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new

surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.

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 in accordance with 19.15.12.10.C.(4)(g) NMAC.
10. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil and gas production to it.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
13. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**

  
\_\_\_\_\_  
**ADRIENNE SANDOVAL  
DIRECTOR**

**DATE:** 10/07/2021

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **PLC-786**  
Operator: **EOG Resources, Inc. (7377)**  
Central Tank Battery: **Holyfield 9 Fed Com Central Tank Battery**  
Central Tank Battery Location: **Unit N Section 9, Township 25 South, Range 34 East**  
Gas Title Transfer Meter Location:

### Pools

Pool Name	Pool Code
<b>RED HILLS; LOWER BONE SPRING</b>	<b>51020</b>
<b>RED HILLS; BONE SPRING, EAST</b>	<b>97369</b>

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
<b>NMNM 016139</b>	<b>All minus A H</b>	<b>4-25S-34E</b>
	<b>All minus M</b>	<b>9-25S-34E</b>
<b>Fee</b>	<b>A H</b>	<b>4-25S-34E</b>
<b>NMNM 132943</b>	<b>M</b>	<b>9-25S-34E</b>

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
<b>30-025-47696</b>	<b>Holyfield 9 Federal Com #302H</b>	<b>E/2</b>	<b>4-25S-34E</b>	<b>51020</b>
		<b>E/2</b>	<b>9-25S-34E</b>	
<b>30-025-47697</b>	<b>Holyfield 9 Federal Com #303H</b>	<b>E/2</b>	<b>4-25S-34E</b>	<b>97369</b>
		<b>E/2</b>	<b>9-25S-34E</b>	
<b>30-025-47698</b>	<b>Holyfield 9 Federal Com #304H</b>	<b>E/2</b>	<b>4-25S-34E</b>	<b>51020</b>
		<b>E/2</b>	<b>9-25S-34E</b>	
<b>30-025-47699</b>	<b>Holyfield 9 Federal Com #305H</b>	<b>W/2</b>	<b>4-25S-34E</b>	<b>97369</b>
		<b>W/2</b>	<b>9-25S-34E</b>	
<b>30-025-47701</b>	<b>Holyfield 9 Federal Com #308H</b>	<b>W/2</b>	<b>4-25S-34E</b>	<b>51020</b>
		<b>W/2</b>	<b>9-25S-34E</b>	
<b>30-025-47702</b>	<b>Holyfield 9 Federal Com #309H</b>	<b>W/2</b>	<b>4-25S-34E</b>	<b>51020</b>
		<b>W/2</b>	<b>9-25S-34E</b>	
<b>30-025-47703</b>	<b>Holyfield 9 Federal Com #406H</b>	<b>W/2</b>	<b>4-25S-34E</b>	<b>51020</b>
		<b>W/2</b>	<b>9-25S-34E</b>	

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Exhibit B**

Order: **PLC-786**  
Operator: **EOG Resources, Inc. (7377)**

**Pooled Areas**

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring NMNM 143620	W/2	4-25S-34E	639.96	A
	W/2	9-25S-34E		
CA Bone Spring BLM	E/2	4-25S-34E	639.56	B
	E/2	9-25S-34E		

**Leases Comprising Pooled Areas**

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
NMNM 016139	W/2	4-25S-34E	599.96	A
	W/2 minus M	9-25S-34E		
NMNM 132943	M	9-25S-34E	40	A
NMNM 016139	E/2 minus A H	4-25S-34E	559.83	B
	E/2	9-25S-34E		
Fee	E/2 NE/4	4-25S-34E	79.73	B

Well Name	Well Number	US Well Number	Lease Number	Case Number	Operator
HOLYFIELD 9 FED	302H	3002547696	NMNM16139	NMNM16139	EOG
HOLYFIELD 9 FED	303H	3002547697	NMNM16139	NMNM16139	EOG
HOLYFIELD 9 FED	406H	3002547703	NMNM132943	NMNM132943	EOG
HOLYFIELD 9 FED	304H	3002547698	NMNM16139	NMNM16139	EOG
HOLYFIELD 9 FED	708H	3002547701	NMNM16139	NMNM16139	EOG
HOLYFIELD 9 FED	709H	3002547702	NMNM132943	NMNM132943	EOG
HOLYFIELD 9 FED	305H	3002547699	NMNM16139	NMNM16139	EOG

Notice of Intent

Sundry ID: 2630251

Type of Submission: Notice of Intent

Type of Action: Commingling (Surface)

Date Sundry Submitted: 08/24/2021

Time Sundry Submitted: 12:02

Date proposed operation will begin: 09/19/2021

**Procedure Description:** EOG Resources, Inc. ("EOG") respectfully requests approval to surface lease commingle oil from the following wells in the following leases and CAs in Section 4 & 9 in Township 25 South, Range 34 East within the Bone Spring pool listed below, for Leases NM NM 016139, NM NM 132943, and Fee Leases. This Commingle and Allocation Approval (CAA) will not negatively affect the royalty of the federal government. Any allocation meters (non-FMPs) will meet API measurement standards for allocation measurement found in chapters 20.1 and 20.2. All leases, unit PAs, or CAs in the proposed CAA are capable of production in paying quantities, defined as 1 bbl/day of oil or 10 MCF/day of gas. Gas analysis is not required because EOG is applying under 3173.14(a)(1)(iii) (Federal unit PA or CA where each unit PA or CA proposed for commingling has the same proportion of Federal interest, and which interest is subject to the same fixed royalty rate and revenue distribution). The proportion of Federal interest to be commingled in this application is not identical. EOG Resources, Inc. is requesting a variance, under 3170.6(a) (any party subject to a requirement of a regulation in this part may request a variance from the requirement), because the proposed allocation method used for any such commingled measurement does not have the potential to affect the determination of the total volume or quality of production, as required under 3173.14(a). A Monte Carlo simulation has been provided to the PMT to show that the risk of misallocation and negative royalty impacts as a result of commingling production from the above referenced CAs is very low. The methodology and assumptions used to run the Monte Carlo simulation are detailed below. The location of the FMP is on the lease. There is no new surface disturbance included as part of the proposed CAA. These spacing units are initially dedicated to the following wells:

Surface Disturbance

Is any additional surface disturbance proposed?: No

NOI Attachments

Procedure Description

Fed\_Application\_.MCM.Holyfield\_Updated\_20211122145805.pdf



## Conditions of Approval

### Specialist Review

EOG\_Commingling\_Application\_Response\_20220204114555.pdf

### Operator Certification

*I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.*

**Operator Electronic Signature:** LISA TRASCHER

**Signed on:** NOV 22, 2021 02:58 PM

**Name:** EOG RESOURCES INCORPORATED

**Title:** Regulatory Specialist

**Street Address:** 5509 Champions Drive

**City:** Midland

**State:** TX

**Phone:** (432) 247-6331

**Email address:** lisa\_trascher@eogresources.com

### Field Representative

**Representative Name:**

**Street Address:**

**City:**

**State:**

**Zip:**

**Phone:**

**Email address:**

### BLM Point of Contact

**BLM POC Name:** Jonathon W Shepard

**BLM POC Phone:** 5752345972

**Disposition:** Denied

**Signature:** Jonathon Shepard

**BLM POC Title:** Petroleum Engineer

**BLM POC Email Address:** jshepard@blm.gov

**Disposition Date:** 02/04/2022