

## Jones, William V, EMNRD

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**From:** Khalsa, Niranjana <nkhalsa@slo.state.nm.us>  
**Sent:** Thursday, October 6, 2016 8:53 AM  
**To:** Jones, William V, EMNRD; Kautz, Paul, EMNRD  
**Subject:** RE: Draft of Case 15555

Hello Will,

Sorry for the late response, my daughter got sick and I have been in and out all week.

We'd like the project area to coincide with first production, which is 3/1/2016. I have spoken to our royalty division and the amending for reporting won't be too much trouble.

The wells are already operating under a commingling order, because there are Bone Spring Comm wells producing in the section as well. Commissioner granted commingling approval back in Dec last year for several wells, and then several more in February. I believe there are currently 6 or 7 wells, both Wolfcamp and BS commingling production already. Because the location of the tank battery is on a single lease, and all the BS wells SHLs are on that lease, we don't need a business lease for any of that production, but would need one for the Wolfcamp production, whose SHLs are on the other lease, and therefore pipelines are in use to get production to the CTB. This is why a business lease and ROWs then becomes necessary. The large project area allows for immediate production of the 4 new WC wells without interruption or shut-in, and allows EOG to drill more wells in the WC as needed without hindrance.

Thanks for your consideration,  
Niranjana

**Niranjana Khalsa**  
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**From:** Jones, William V, EMNRD [mailto:WilliamV.Jones@state.nm.us]  
**Sent:** Friday, September 30, 2016 6:10 PM  
**To:** Kautz, Paul, EMNRD <paul.kautz@state.nm.us>; Khalsa, Niranjana <nkhalsa@slo.state.nm.us>  
**Cc:** Jordan L. Kessler (JLKessler@hollandhart.com) <JLKessler@hollandhart.com>; Brooks, David K, EMNRD

**Jones, William V, EMNRD**

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**From:** Sharp, Karen, EMNRD  
**Sent:** Tuesday, October 4, 2016 3:51 PM  
**To:** Jones, William V, EMNRD  
**Cc:** Kautz, Paul, EMNRD  
**Subject:** EOG / no new pool designation

Will:  
Just finished talking to Paul...we can't do new pool because there are a number of wells in that same pool in different sections. Pool currently attached will remain in effect for those 8 wells. New C102s will need to be submitted with amended acreage dedication to 640 acres. The districts will work with the acreage changes online. The effective date of the new project area of 640 acres will be the date of the earliest production among the 8 wells involved. Again...the districts will work with that data, so there will be no actual effective date in the order itself. Paul will determine the date with review of the 4 completions currently in place.

Easy, easy Will. No problem....

*Karen Sharp*

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"The mind replays what the heart can't delete"

<DavidK.Brooks@state.nm.us>; McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>

**Subject:** Draft of Case 15555

Hello Paul and Niranjana,

Please look this over – especially the effective date.

Let me know if you need the Project Area to be effective prior to the date of first production?

And can you easily move 5 months of past production for four wells, each dedicated to 160-acres over to dedication to 640-acres.

The first date of production was March of 2016 and they have reported through July.

I believe that ownership is identical between the 160-acre and 640-acre dedications.

If you want or need an effective date after August of 2016, let me know.

Hello Jordan and Niranjana,

Since these four 160's are adjacent CA's but identically owned and in the same Pool, then the OCD would not have required a surface commingle.

I have asked David Brooks about the interpretation of that rule and that was his take on it.

I don't know if the SLO would have still required a business lease?

So that one particular need for this Project Area may have never existed?

Of course, the project area gives EOG flexibility in future well locations.

(The OCD has always required each individual well-completion to separately report production, so EOG would still be testing each well from time to time.)

Will

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