

**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-465-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 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 April 15, 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-465.
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: 4/14/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-465-A

Operator: EOG Resources, Inc. (220345)

Central Tank Battery: Neptune 10 State Com Central Tank Battery

Central Tank Battery Location (NMPM): Unit K, Section 10, Township 24 South, Range 33 East

Gas Custody Transfer Meter Location (NMPM): Unit K, Section 10, Township 24 South, Range 33 East

Central Tank Battery: Neptune 10 State Com East Central Tank Battery

Central Tank Battery Location (NMPM): Unit H, Section 10, Township 24 South, Range 33 East

Gas Custody Transfer Meter Location (NMPM): Unit H, Section 10, Township 24 South, Range 33 East

Pools

Pool Name	Pool Code
TRIPLE X; BONE SPRING	59900
WC-025 G-09 S243310P; UPPER WOLFCAMP	98135

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
VA 7301	E/2 SE/4	Sec 10-T24S-R33E
VO 52892	E/2 E/2	Sec 3-T24S-R33E
VO 43972	E/2 NE/4	Sec 10-T24S-R33E
VA 7301	W/2 SE/4	Sec 10-T24S-R33E
VO 52892	W/2 E/2	Sec 3-T24S-R33E
VO 43972	W/2 NE/4	Sec 10-T24S-R33E
CA BS 1377388, 201H	W/2 Sec 10, W/2 Sec 3	T24S-R33E
CA WC, 704H 705H	E/2 W/2 Sec 10, E/2 W/2 Sec 3	T24S-R33E
CA WC, 701H	W/2 W/2 Sec 10, W/2 W/2 Sec 3	T24S-R33E
CA BS, 505H	W/2 W/2 Sec 10, W/2 W/2 Sec 3	T24S-R33E
CA BS, 503H 504H	E/2 W/2 Sec 10, E/2 W/2 Sec 3	T24S-R33E
CA BS 45366, 502H	W/2 E/2	Sec 10-T24S-R33E
CA BS 45365, 501H	E/2 E/2	Sec 10-T24S-R33E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-42322	Neptune 10 State Com 501H	P-10-24S-33E	59900	
30-025-42323	Neptune 10 State Com 502H	P-10-24S-33E	59900	
30-025-43454	Neptune 10 State Com 503H	N-10-24S-33E	59900	
30-025-43455	Neptune 10 State Com 504H	N-10-24S-33E	59900	
30-025-43456	Neptune 10 State Com 505H	M-10-24S-33E	59900	
30-025-43457	Neptune 10 State Com 701H	M-10-24S-33E	98135	
30-025-43807	Neptune 10 State Com 704H	N-10-24S-33E	98135	
30-025-43808	Neptune 10 State Com 705H	N-10-24S-33E	98135	
30-025-44125	Neptune 10 State Com 602H	N-10-24S-33E	59900	
30-025-45634	Neptune 10 State Com 201H	M-10-24S-33E	59900	
30-025-45635	Neptune 10 State Com 202H	N-10-24S-33E	59900	

30-025-45636	Neptune 10 State Com 301H	M-10-24S-33E	59900
30-025-45637	Neptune 10 State Com 302H	M-10-24S-33E	59900
30-025-44468	Neptune 10 State Com 101H	P-10-24S-33E	59900
30-025-44464	Neptune 10 State Com 102H	O-10-24S-33E	59900
30-025-46733	Neptune 10 State Com 203H	O-10-24S-33E	59900
30-025-46734	Neptune 10 State Com 204H	P-10-24S-33E	59900
30-025-46735	Neptune 10 State Com 205H	P-10-24S-33E	59900
30-025-44469	Neptune 10 State Com 206H	P-10-24S-33E	59900
30-025-46736	Neptune 10 State Com 303H	P-10-24S-33E	59900
30-025-44467	Neptune 10 State Com 401H	O-10-24S-33E	59900
30-025-43805	Neptune 10 State Com 702H	M-10-24S-33E	98135
30-025-43806	Neptune 10 State Com 703H	M-10-24S-33E	98135
30-025-44124	Neptune 10 State Com 601H	M-10-24S-33E	59900

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

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Operator: EOG Resources, Inc. (220345)

Pooled Areas

Pooled Area	Location (NMPM)		Acres	Pooled Area ID
CA BS 101H	E/2 E/2 Sec 3, E/2 E/2 Sec 10	T24S-R33E	320.05	A
CA BS 102H	W/2 E/2 Sec 3, W/2 E/2 Sec 10	T24S-R33E	320.08	B

Leases Comprising Pooled Areas

Lease	Location (NMPM)		Acres	Pooled Area ID
VA 7301	E/2 SE/4	Sec 10-T24S-R33E	80	A
VO 52892	E/2 E/2	Sec 3-T24S-R33E	160.05	A
VO 43972	E/2 NE/4	Sec 10-T24S-R33E	80	A
VA 7301	W/2 SE/4	Sec 10-T24S-R33E	80	B
VO 52892	W/2 E/2	Sec 3-T24S-R33E	160.08	B
VO 43972	W/2 NE/4	Sec 10-T24S-R33E	80	B