



New Mexico State Land Office

Oil, Gas & Minerals Division

Industry Day

2024



## Disclaimer

This presentation is guidance and not binding on the NM State Land Office (NMSLO). It does not provide legal advice and should not be construed as stating NMSLO's legal interpretation or position. Any reliance on this presentation does not limit NMSLO in its compliance activities or in the appealable decisions and orders it may issue.



## Oil, Gas & Minerals Division

**Allison Marks**

Director

(505) 827-5745

[amarks@slo.state.nm.us](mailto:amarks@slo.state.nm.us)

**John Winscott**

Deputy Director

(505) 827-5759

[jwinscott@slo.state.nm.us](mailto:jwinscott@slo.state.nm.us)

**Baylen Lamkin**

Petroleum Specialist Supervisor

(505) 827-6628

[blamkin@slo.state.nm.us](mailto:blamkin@slo.state.nm.us)

**Joseph Thompson**

Petroleum Specialist Advanced

(505) 827-5750

[jthompson@slo.state.nm.us](mailto:jthompson@slo.state.nm.us)





New Mexico State Land Office

# Communitization Agreements

# Communitization Agreements

## **Comm Agreement pre-authorization**

- Submit CA's 6-8 months early, in advance of APD if possible
- Review of surrounding acreage to prevent waste and ensure proper development  
(i.e. Stranded State acreage)
- Identify issues with OCD permitted acreage and pools
- Communicate any issues and questions with the SLO in advance

An approved Communitization Agreement must be in place before first production of the well

# Communitization Agreements

## **Submission Checklist**

- CA submitted on the most recent version of the form
- Fee - \$100/Section or portion thereof (Subject to change)
- All lessees of record signed and notarized
- Operator signed and notarized
- Effective date before first production of well
- Recapitulation adds up to 100%
- Acreage of CA matches OCD permit for well spacing
- Self-Certification form for Federal/Fee interests

# Communitization Agreements

- Self-Certification form for Federal/Fee interests

## NMSLO Communitization Agreement Self-Certification for Federal, Fee or Tribal Interests

Approval of this Communitization Agreement does not constitute an adjudication of any federal, Tribal or private interests, and neither the Commissioner of Public Lands nor the State Land Office warrant or certify that the information supplied by the party submitting this agreement is accurate with regard to all private, Tribal or federal interests. The responsibility of the Commissioner and State Land Office is to protect and adjudicate only the State Land Office interests during the processing of Communitization Agreements. The State Land Office will only verify the accuracy of state leases in the proposed Communitization Agreement. All nonstate interests must be certified by the Operator.

As Operator of [Communitization Agreement Well Name/API], [Individual Name and Title] on behalf of [Operator Name] hereby certifies that all lessees and/or working interest owners that are parties to this Communitization Agreement, as shown on Exhibit A, have the legal rights and interests they claim to the private or federal or Tribal leases subject to this Communitization Agreement and [Operator Name] has obtained written consent and authority to enter into this Agreement on their behalf. Written consent/signatures of lessees and/or other interest owners will be made available to the State Land Office immediately upon request. Any misrepresentation or material omission by the Operator in this respect will be grounds to void the Communitization Agreement.

**OPERATOR:** \_\_\_\_\_  
**BY:** \_\_\_\_\_ (Name and Title of Authorized Agent)

\_\_\_\_\_  
(Signature of Authorized Agent)

# Communitization Compliance

**30-025-36389**

**EUREKA 36 STATE #002**

CMD :  ONGARD 10/06/23 13:41:21  
OG5COMM MAINTAIN COMMUNITIZATION AGREEMENT OGSBLL -PROD  
Page No: 1  
Comm Agr Name : EUREKA 36 STATE WELL #1 COM NUM: 201397  
Comm Location : Sec: 36 Twp: 16S Rng: 34E STR-Location: W2  
Orig Operator : BLACK HILLS GAS RESOURCES, INC.  
Curr Operator : SPECIAL ENERGY CORP  
  
Effective Date : 07-18-1997 Apprvl Date : 09-26-1997 Status : TMN  
Rej/Termn Date : 08-01-2022 Rej/Termn Reason : LP Lack of Production  
  
County : LEA Inst : CS OCD Order# :  
Remarks :  
  
Total Acreage : 320.00 Federal Acreage : St Acreage : 320.00  
Fee Acreage : Indian Acreage :  
  
Leases in Comm : E07564 0004 K05275 0005\*

W5557: Pun does not exist for this COMM\_AGR

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 DELETE PF06 CONFIRM  
PF07 PF08 PF09 PF10 REINST PF11 TERMN PF12

CLR PA1 PA2 PA3

Time Frame	Production			
	Oil (BBLS)	Gas (MCF)	Water (BBLS)	Days P/I
Aug	0	0	0	31
Sep	0	0	0	30
Oct	0	0	0	31
Nov	0	0	0	30
Dec	0	0	0	0



# Communitization Compliance

CMD :  ONGARD 10/10/23 11:34:23  
 OG5COMM MAINTAIN COMMUNITIZATION AGREEMENT OGSBLL -PROD  
 Page No: 1  
 COM NUM: 204219

Comm Agr Name : REBEL 9 16 B2IP STATE COM #001H  
 Comm Location : Sec: 09 Twp: 21S Rng: 34E STR-Location: E2SE4  
 Orig Operator : MEWBOURNE OIL CO  
 Curr Operator : MEWBOURNE OIL CO

Effective Date : 11-01-2019 Apprvl Date : 07-16-2021 Status : APP  
 Rej/Termn Date : Rej/Termn Reason :

County : LEA Inst : CS OCD Order# :  
 Remarks : ALSO IN E2E2 OF SEC 16; BONE SPRING

Total Acreage : 240.00 Federal Acreage : St Acreage : 240.00  
 Fee Acreage : Indian Acreage :

Leases in Comm : B01484 0013 B02317 0017 VB2893 0000\*

M0015: Table update is successful.

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 DELETE PF06 CONFIRM  
 PF07 PF08 PF09 PF10 REINST PF11 TERMN PF12

CLR PA1 PA2 PA3

CMD :  ONGARD 10/10/23 11:34:58  
 OG5COM2 COMM WELL COMPLETION DETAILS OGSBLL -PROD  
 Page No: 1  
 Dedt Acr : 240.00

Comm Agr Name : REBEL 9 16 B2IP STATE COM #001H  
 Curr Operator : MEWBOURNE OIL CO  
 Comm Location : Sec : 09 Twp : 21S Rng : 34E STR-Location : E2SE4

S : 0  
 Property Name : REBEL 9 16 B2IP STATE COM

Well Number : 001H Sec : 16 Twp : 21S Rng : 34E UL : P Lot-Idn :  
 Well Compl Status : A  
 Pool Name : BERRY;BONE SPRING, SOUTH API Well# : 30 025 46263  
 Pun : 1390799

S :  
 Property Name : REBEL 9 16 B3IP STATE COM

Well Number : 002H Sec : 16 Twp : 21S Rng : 34E UL : P Lot-Idn :  
 Well Compl Status : A  
 Pool Name : BERRY;BONE SPRING, SOUTH API Well# : 30 025 46264  
 Pun : 1392203

E0005: Enter data to modify or PF keys to scroll

PF01 HELP PF02 PREV PF03 EXIT PF04 GoTo PF05 DELETE PF06 CONFIRM  
 PF07 BKWD PF08 FWD PF09 INXX PF10 PF11 PF12 COM3

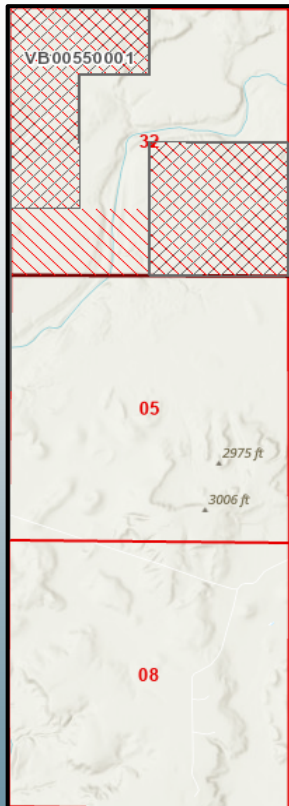
CLR PA1 PA2 PA3

Property	Well Number
[325085] REBEL 9 16 B2IP STATE COM	#001H
[326220] REBEL 9 16 B3IP STATE COM	#002H

# Communitization Compliance

**30-015-46483**

## **CORRAL CANYON 8 32 FEDERAL #12H (326508)**



CMD :  ONGARD 10/10/23 11:39:19  
OG5COMM MAINTAIN COMMUNITIZATION AGREEMENT OGSBLL -PROD  
Page No: 1  
Comm Agr Name : CORRAL CANYON 8 32 FEDERAL COM #121H COM NUM: 204635  
Comm Location : Sec: 08 Twp: 25S Rng: 29E STR-Location: N2  
Orig Operator : XTO ENERGY, INC  
Curr Operator : XTO ENERGY, INC

Effective Date : 12-15-2019 Apprvl Date : 07-05-2022 Status : APP  
Rej/Termn Date : Rej/Termn Reason :

County : EDDY Inst : CS OCD Order# :  
Remarks : INCLUDES ALL, SEC.05-T25S-R29E & S2, SEC.32-T24S-R29E

Total Acreage : 638.97 Federal Acreage : 598.97 St Acreage : 40.00  
Fee Acreage : Indian Acreage :

Leases in Comm : VB0055 0001\*

W5557: Pun does not exist for this COMM\_A  
PF01 HELP PF02 PF03 EXIT PF04 GoTo  
PF07 PF08 PF09 PF10 REINS

CLR PA1 PA2 PA3

### Well Completions

#### [98220] PURPLE SAGE; WOLFCAMP (GAS)

Status: New, Not Drilled  
Bottomhole Location: L-32-24S-29E 2440 FSL 331 FWL  
Lat/Long: 32.173213, -104.014045 NAD83  
Acreage: 638.97 05-25S-29E Units: C(3) D(4) E F K L M N  
08-25S-29E Units: C D E F  
32-24S-29E Units: K L M N

# Communitization Compliance

CMD :  ONGARD 10/06/23 13:47:59  
 OGSCOMM MAINTAIN COMMUNITIZATION AGREEMENT OGSBLL -PROD  
 Page No: 1  
 Comm Agr Name : MAYFLY 14 STATE COM WELL #1 COM NUM: 201761  
 Comm Location : Sec: 14 Twp: 16S Rng: 35E STR-Location: W2  
 Orig Operator : DAVID H ARRINGTON OIL & GAS INC  
 Curr Operator : X

Effective Date : 11-01-1999 Apprvl Date : 10-11-2002 Status : APP  
 Rej/Termn Date : Rej/Termn Reason :

County : LEA Inst : CS OCD Order# :  
 Remarks : COM COVERS: PENN

Total Acreage : Federal Acreage : St Acreage :  
 Fee Acreage : Indian Acreage :

Leases in Comm :

W5600: Current operator is not same for all WC

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 DELETE PF06 CONFIRM  
 PF07 PF08 PF09 PF10 REINST PF11 TERMN PF12

CLR PA1 PA2 PA3

CMD :  ONGARD 10/06/23 13:49:05  
 OGSCOM2 COMM WELL COMPLETION DETAILS OGSBLL -PROD  
 Page No: 1  
 Comm Agr Name : MAYFLY 14 STATE COM WELL #1 Dedt Acr :  
 Curr Operator :  
 Comm Location : Sec : 14 Twp : 16S Rng : 35E STR-Location : W2

S :   
 Property Name : MAYFLY 14 STATE COM

Well Number : 001 Sec : 14 Twp : 16S Rng : 35E UL : D Lot-Idn :  
 Well Compl Status : A  
 Pool Name : SHOE BAR;ATOKA, NORTH (GAS) API Well# : 30 025 34695  
 Pun : 1307389

S :   
 Property Name : MAYFLY 14 STATE COM

Well Number : 006 Sec : 14 Twp : 16S Rng : 35E UL : K Lot-Idn :  
 Well Compl Status : A  
 Pool Name : SHOE BAR;ATOKA, NORTH (GAS) API Well# : 30 025 24895  
 Pun : 1221165

M0002: This is the first page

PF01 HELP PF02 PREV PF03 EXIT PF04 GoTo PF05 DELETE PF06 CONFIRM  
 PF07 BKWD PF08 FWD PF09 INXX PF10 PF11 PF12 COM3

CLR PA1 PA2 PA3

30-025-34695	MAYFLY 14 STATE COM #001	Gas	State	State	Active	D-14-16S-35E	D	8/2023	09/17/1999	[330423] Extex Operating Company
30-025-24895	MAYFLY 14 STATE COM #006	Oil	State	State	Active	K-14-16S-35E	K	3/2023	11/10/1974	[247692] JAY MANAGEMENT COMPANY, LLC



New Mexico State Land Office

# Unit Agreements



# Unit Agreements

## Unit updates

- Surface use presentation required prior to approval
  - Goal to minimize surface disturbance?
  - What determines surface location? (Species, erosion, Ephemeral stream, etc..)
  - Pipeline size?
  - Frequency of wildlife crossing?
  - Were Cultural Resource guidelines followed?
- New Unit form forthcoming
- New Unit change of operator form

# Unit Change of Operator and Name Change

- Change of Operators are filed with OCD
- Unit operator needs to change everything associated with entire sale
- However, if an operator acquires a unit, the operator cannot change the wells in a unit until the change of unit is approved by the SLO.
- By law, an operator that changes its name cannot have the name change approved with OCD until SLO signs off.

# Unit Change of Operator and Name Change

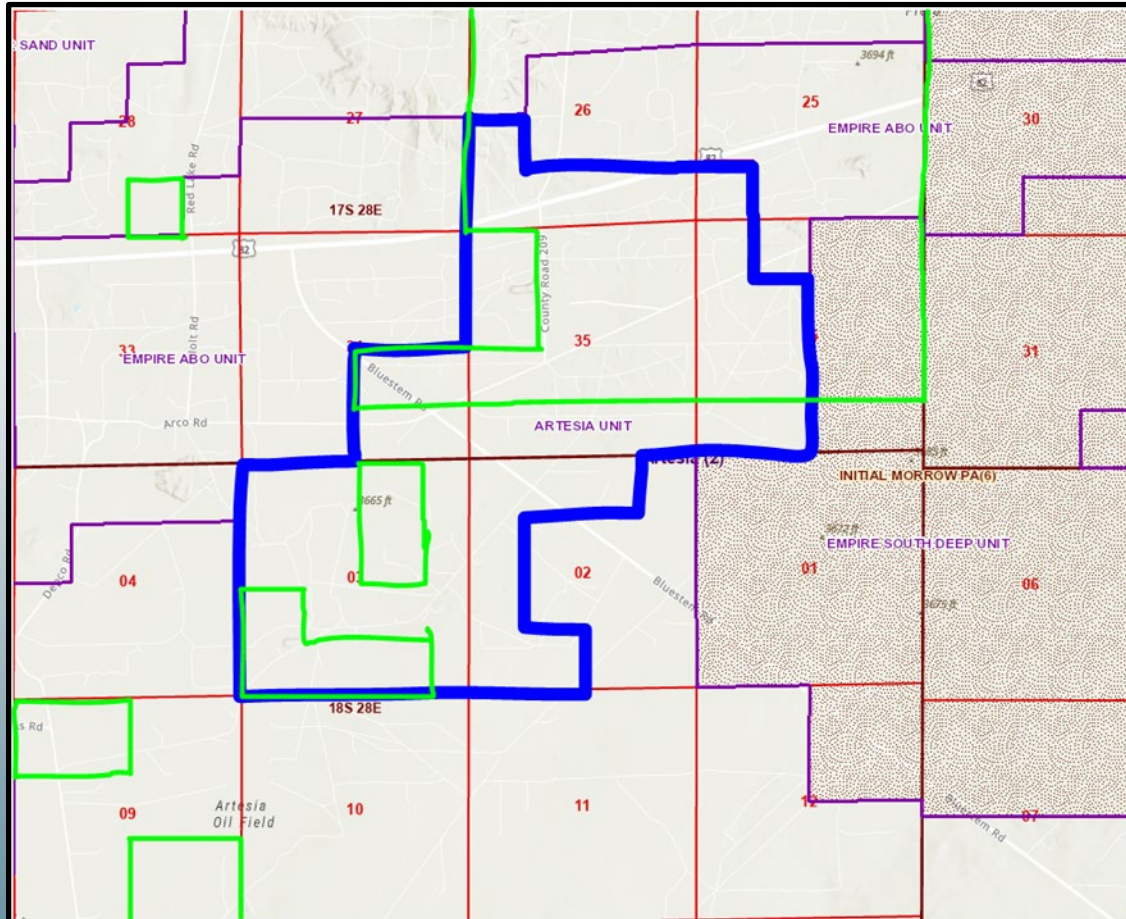
- Notice of Unit Operator Transfer form
  - Unit Resignation form
  - Unit Designation form
  - The Current Unit operator must resign. The Successor operator must accept the duties and responsibilities as the successor operator in writing
- Checklist
  - List of well names, description of the wells and their status
  - Review by Environmental Division
  - Subject to BLM approval if Federal lands are included
  - Checklist must be executed by the Resigning Unit operator and the Designated Unit operator

# Cross Unit Well Compliance

- Non unit operators are not allowed to drill in a unit
- If a non unit operator drills a well in a unit, the unit operator will assume control of the well
- SLO discourages cross unit well development



# Unit Compliance



■ - Unit Boundary  
■ - X0-0647-417

(f) Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto shall be segregated as to that portion committed and that not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the Effective Date hereof.

# Unit Compliance

	API	Well	Type	Mineral Owner	Surface Owner	Status	ULSTR	OCD Unit Letter	Last Production	Spud Date	Plugged On	Current Operator
<a href="#">View</a>	30-015-25774	RED LAKE UNIT #001	Oil	State	State	Active	I-24-16S-28E	I	8/2023	07/27/1987		[330662] K&M RESOURCES LLC
<a href="#">View</a>	30-015-25681	RED LAKE UNIT #002	Injection	State	State	Active	O-24-16S-28E	O	3/2022	12/02/1988		[330662] K&M RESOURCES LLC
<a href="#">View</a>	30-015-25747	RED LAKE UNIT #003	Oil	State	State	Active	P-24-16S-28E	P	11/2022	04/29/1987		[330662] K&M RESOURCES LLC

CMD :  ONGARD 10/20/23 11:18:06  
 OG5UNIT MAINTAIN/INQUIRE UNITIZATION AGREEMENT OGSBLL -PROD

Unit Name : RED LAKE UNIT  
 Rec Eff Date : 01-25-2021 UNIT NUMBER : 300170  
 Unit Operator : [329487] BXP Operating, LLC  
 Oper Eff Date : 08-01-2019  
 Unit Type : FWTFLL Federal Waterfl Allc Type : 1 (1: By Tract, 2: By PA)  
 Unit Stat : AC Active Segregation Clause(S/M/E) : E

Unit Eff Date : 05-06-1991 Unit Expn Date :   
 SLO Apprvl Date : 05-06-1991 OCD Apprvl Date : 05-06-1991  
 BLM Apprvl Date : 05-06-1991 Auto Elimn Date :   
 Contraction Date :   
 Termn Date :  Termn Reason :   
 Federal Acreage : 331.24 State Acreage : 757.55  
 Fee Acreage : 40.00 Indian Acreage : 0.00  
 Total Acreage : 1,128.79  
 Remarks : NO AUTO ELIM

E0009: Enter data to modify record

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 DELETE PF06 CONFIRM  
 PF07 PF08 PF09 PF10 TERMN PF11 REINST PF12

CLR PA1 PA2 PA3

Received by OCD: 4/20/2022 9:09:10 AM

C-145

Page 1 of 4

District I  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone: (575) 393-6161 Fax: (575) 393-0720  
District II  
 811 S. First St., Artesia, NM 88210  
 Phone: (575) 748-1283 Fax: (575) 748-0720  
District III  
 1000 Rio Brazos Rd., Artesia, NM 87410  
 Phone: (505) 334-6178 Fax: (505) 334-6170  
District IV  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone: (505) 476-3470 Fax: (505) 476-3462

State of New Mexico  
 Energy, Minerals and Natural  
 Resources  
 Oil Conservation Division  
 1220 S. St Francis Dr.  
 Santa Fe, NM 87505  
 Change of Operator

Form C-145  
 Revised May 19, 2017  
 Permit 314294

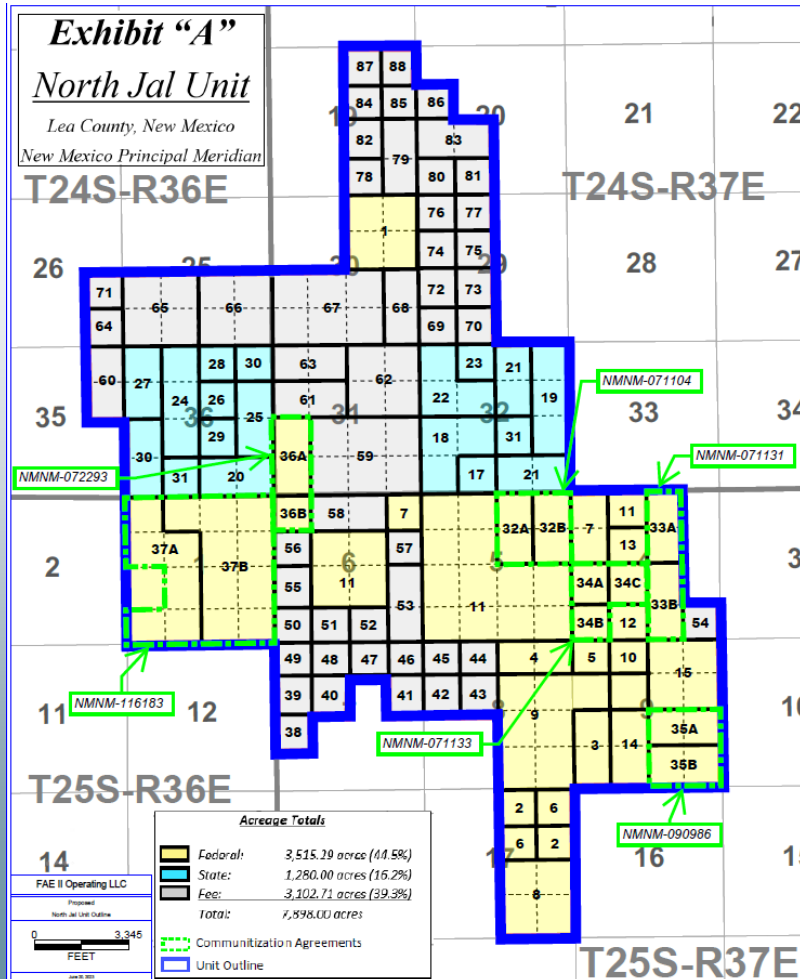
## Previous Operator Information

OGRID: 329487  
 Name: BXP Operating, LLC  
 Address: 11757 KATY FREEWAY  
 SUITE 475  
 City, State, Zip: HOUSTON, TX 77079

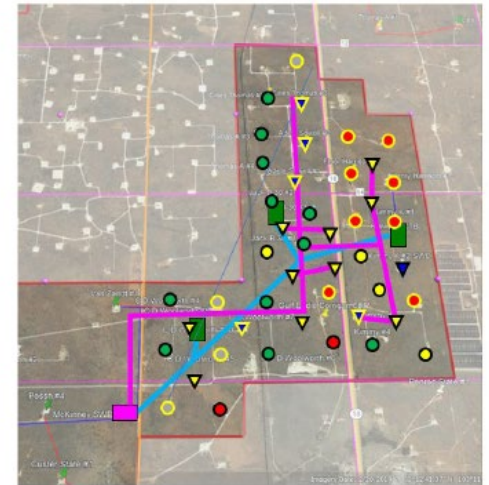
## New Operator Information

Effective Date:  Effective on the date of approval by the OCD  
 OGRID: 330662  
 Name: K&M RESOURCES LLC  
 Address: P.O. BOX 1540  
 City, State, Zip: ARTESIA, NM 88211

# Unit Compliance



- Utilize existing facilities and flowlines
- Upgrade as needed and lay new lines as needed
- Example: Year 1 Development
  - Central Injection Facilities
    - Expand on existing McKinny SWD facility
    - H-pump
    - 1- 1,000 Gun-Barrel Tank
    - 2- 1,000 bbl FG Tanks
    - 1- 300 bbl Skim Oil Tank
  - Production Batteries
    - Heater Treater
    - 3- 300 bbl Oil Tanks
    - 2- 500 bbl Water Tanks
    - Production Tester
- Injection Lines
- Produced Water Lines



FAE II OPERATING LLC ("FAE II"), as "Unit Operator" of the proposed NORTH JAL UNIT (NJU), hereby submits for your approval, the proposed initial Plan of Development (POD).

Items are included as follows:

- Initial POD summary;
- Historical summary of the area;
- Initial development timeline;
- Current status of all wells within the unit;
- Target development wells, their current status and proposed work plan;
- List of applications and permits currently submitted for approval;
- Production graphs for each productive pool within the unit;
- Cumulative oil production vs produced water-oil ratio (WOR) plot;
- Operations report reviewing surface infrastructure;
- Field operations map with wells, flowlines, and roads;
- Geological report reviewing type log, cross section(s) and unitized formations;
- Structural maps of each unitized formation within the unit and geologic interpretations;
- Base map with participating area boundaries.



# Unit Compliance

Received by OCD: 7/15/2022 1:04:48 PM

Page 2 of 13

Division I  
1225 N. French Dr., Hobbs, NM 88240  
Phone: (575) 393-6161 Fax: (575) 398-6720  
Division II  
811 E. First St., Artesia, NM 88210  
Phone: (575) 748-1283 Fax: (575) 748-9720  
Division III  
1000 East Business Road, Artesia, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170  
Division IV  
1225 N. French Dr., Santa Fe, NM 87505  
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources  
Department  
OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

FORM C-102  
Revised August 1, 2011  
Submit one copy to appropriate  
District Office

☐ AMENDED REPORT  
As Drilled

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number 30-025-48658	Post Code 96674	Tract Name TRIPLE X; BONE SPRING, WEST
Producers Code 328891	Property Name APOLLO STATE COM	Well Number 173H
OCRID No. #372043	Operator Name TAP ROCK OPERATING, LLC.	Elevation 3543'

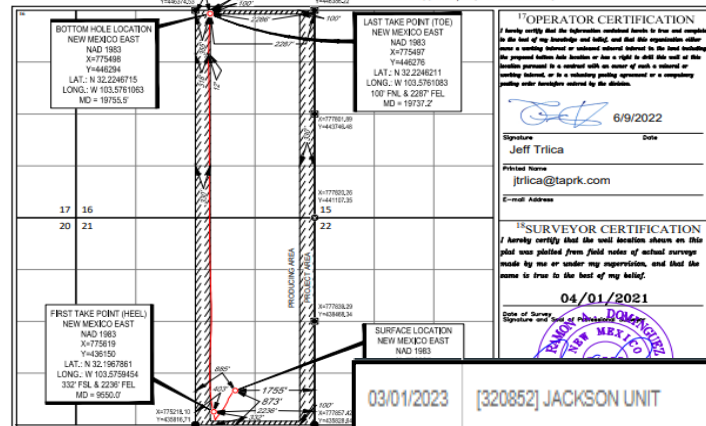
10 Surface Location		East/West Line		County
U.L. or lot no. O	Section 21	Township 24-S	Range 33-E	LEA
East from the 873'	North/South line SOUTH	East from the 1755'		

11 Bottom Hole Location If Different From Surface		East/West Line		County
U.L. or lot no. B	Section 16	Township 24-S	Range 33-E	LEA
East from the 82'	North/South line NORTH	East from the 2286'		

Dedicated Acres 640	Joint or Infill Infill	Consolidation Code	Order No.
------------------------	---------------------------	--------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.

FTP: 332' FSL; 2236 FEL Section 16  
LTP: 100' FNL; 2287 FEL Section 16



Released by Imaging: 3/1/2023 2:59:42 PM



## Well Completions

### [96674] TRIPLE X; BONE SPRING, WEST

Status: Active  
Bottomhole Location: B-16-24S-33E 82 FNL 2286 FEL  
Lat/Long: 32.2246715, -103.5761063 NAD83  
Acreage: 640 16-24S-33E Units: A B G H I J O P  
21-24S-33E Units: A B G H I J O P

03/01/2023	[320852] JACKSON UNIT	#173H	[372043] TAP ROCK OPERATING, LLC
04/16/2021	[328891] APOLLO STATE COM	#173H	[372043] TAP ROCK OPERATING, LLC



# Unit Compliance

[324932] CO YETI 15 22 FEDERAL COM

#053H

[4323] CHEVRON U S A INC

CMD : ONGARD 10/12/23 11:46:07  
OG5UNIT MAINTAIN/INQUIRE UNITIZATION AGREEMENT OGSBL -PROD

Unit Name : COTTON DRAW UNIT (CONTRACTED)  
Rec Eff Date : 09-01-2004 UNIT NUMBER : 300107  
Unit Operator : [61082] DEVON ENERGY PRODUCTION CO., LP  
Oper Eff Date : 09-01-2004  
Unit Type : FEXPL Federal Explora Allc Type : 2 (1: By Tract, 2: By P  
Unit Stat : AC Active Segregation Clause(S/M/E) : M

Unit Eff Date : 07-28-1958 Unit Expn Date : 06-18-2012  
SLO Apprvl Date : 07-28-1958 OCD Apprvl Date : 07-28-1958  
BLM Apprvl Date : 07-28-1958 Auto Elimn Date :  
Contraction Date :  
Termn Date : Termn Reason :  
Federal Acreage : 8,586.64 State Acreage : 1,517.88  
Fee Acreage : 0.00 Indian Acreage : 0.00  
Total Acreage : 10,104.52  
Remarks : AUTO ELIM; EDDY LEA COS

E0009: Enter data to modify record

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 DELETE PF06 CO  
PF07 PF08 PF09 PF10 TERMN PF11 REINST PF12

CLR PA1 PA2 PA3

CMD : ONGARD 10/12/23 1  
OG5UNPL MAINTAIN UNIT POOLS OGSBL Page

Unit Name : COTTON DRAW UNIT (CONTRACTED)  
Unit Type : Federal Explora As of Date : 10-12-2023

S	Pool#	Pool Name	Eff Date	Termn Date
---	-------	-----------	----------	------------

	96641	PADUCA; BONE SPRING	07-28-1958	
	96715	WC-025 G-06 S253209L; BONE SPRING	09-28-2020	
	96757	COTTON DRAW; DELAWARE SOUTH	07-28-1958	
	97899	WC-025 G-06 S253206M; BONE SPRING	04-04-2012	
	97903	WC-025 G-08 S253235G; LWR BONE SPRIN	09-28-2020	
	98220	PURPLE SAGE; WOLFCAMP (GAS)	02-01-2017	
	98270	WC-025 G-08 S253216D; UPPER WOLFCAMP	03-01-2022	

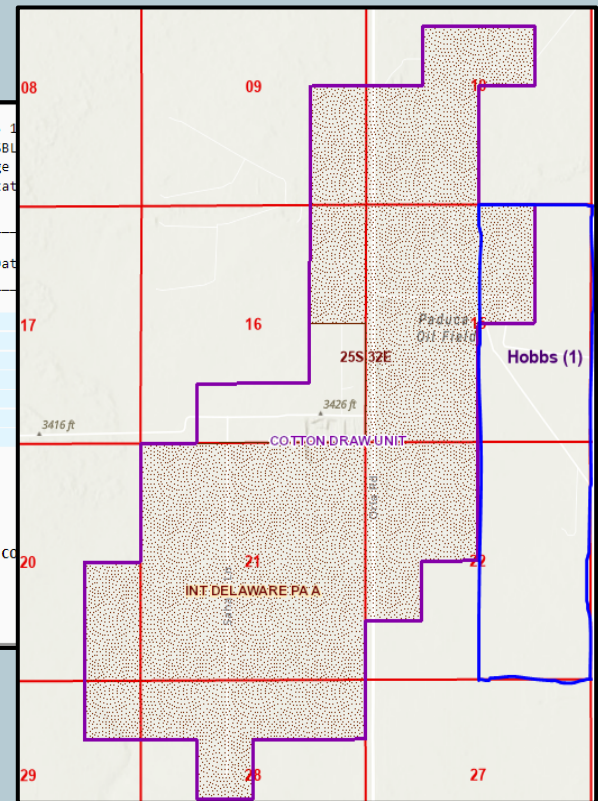
M0001: This is the last page

PF01 HELP PF02 PF03 EXIT PF04 GoTo PF05 PF06 CO  
PF07 PF08 PF09 PF10 PF11 PF12

## Well Completions

[96715] WC-025 G-06 S253209L; BONE SPRING

Status: New, Not Drilled  
Bottomhole Location: O-22-25S-32E 25 FSL 1430 FEL  
Lat/Long:  
Acreage: 640 15-25S-32E Units: A B G H I J O P  
22-25S-32E Units: A B G H I J O P



# Industry Day 2024

**Questions?**