New Mexico State Land Office

Oil, Gas & Minerals Division

Industry Day

2024
Disclaimer

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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
Communitization Compliance

30-025-36389

EUREKA 36 STATE #002

<table>
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<th>Time Frame</th>
<th>Oil (BBLS)</th>
<th>Gas (MCF)</th>
<th>Water (BBLs)</th>
<th>Days Paid</th>
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<td>0</td>
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W5557: Pan does not exist for this COMM_AGR
## Communitization Compliance

### Communitization Agreement Details
- **Comm Agr Name:** REBEL 9 16 B2IP STATE COM #001H
- **Comm Location:** Sec: 09 Twp: 21S Rng: 34E STR-Location: E25E4
- **Orig Operator:** MELBOURNE OIL CO
- **Curr Operator:** MELBOURNE OIL CO
- **Effective Date:** 11-01-2019
- **Approv Date:** 07-16-2021
- **Status:** APP
- **County:** LEA
- **Inst:** CS
- **OCD Order#:**
- **Remarks:** ALSO IN E252 OF SEC 16; BONE SPRING
- **Total Acreage:** 240.00
- **Fee Acreage:**
- **St Acreage:** 240.00
- **Leases in Comm:** 801484 0013 802137 0017 V82903 0000

**M0015:** Table update is successful.

### Comm Well Completion Details
- **Comm Agr Name:** REBEL 9 16 B2IP STATE COM #001H
- **Comm Location:** Sec: 09 Twp: 21S Rng: 34E STR-Location: E25E4
- **Comm Well Type:**
- **Owner:** MELBOURNE OIL CO
- **Status:**
- **County:** LEA
- **Inst:** CS
- **OCD Order#:**
- **Remarks:**
- **Total Acreage:**
- **Fee Acreage:**
- **St Acreage:**
- **Leases in Comm:** 801484 0013 802137 0017 V82903 0000

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<td>REBEL 9 16 B2IP STATE COM</td>
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<td>REBEL 9 16 B3IP STATE COM</td>
<td>#002H</td>
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</table>
Communitization Compliance

**30-015-46483**

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

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<tr>
<td>Comm Location</td>
<td>Sec: 08 Twp: 25S Rng: 20E STR-Location: N2</td>
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<td>Orig Operator</td>
<td>XTO ENERGY, INC</td>
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<td>Curr Operator</td>
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<td>Apprvl Date</td>
<td>07-05-2022</td>
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<td>Inst</td>
<td>CS</td>
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<tr>
<td>Remarks</td>
<td>INCLUDES ALL, Sec. 08-T25S-R20E &amp; Sec. 32-T24S-R20E</td>
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<td>Leases In Comm</td>
<td>V60055 0001</td>
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**Well Completions**

- **[98220] PURPLE SAGE; WOLFCAMP (GAS)**
  - New, Not Drilled
  - Bottomhole Location: L-32-245-20E
  - Acreage: 838.97

**Map**

- A map of the area with sections labeled 05 and 08.
Communitization Compliance

CMD: ONGARD

MAINTAIN COMMUNITIZATION AGREEMENT

OG5COMM

10/06/23 13:47:59

Comm Agr Name: MAYFLY 14 STATE COM WELL #1
Comm Location: Sec: 14 Twp: 16S Rng: 35E STR-Location: W2
Orig Operator: DAVID H A R R I N G T O N O I L & 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 TERMIN PF12

CMD: ONGARD

COMM WELL COMPLETION DETAILS

OG58BL - PROD

10/06/23 13:49:05

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 BKND PF08 FWD PF09 INXX PF10 PF11 PF12 COM3

30-025-24695 MAYFLY 14 STATE COM #001 Gas State State Active D-14-16S-35E D 8/2023 09/17/1999 [330423] Extex Operating Company

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
(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
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 McKinney SWD facility
  - H-pump
  - 1-1,000 Gun Barrel Tank
  - 2-1,000 bbl FG Tanks
  - 1-800 bbl Skin Oil Tank

- Production Batteries
  - Water Inlet
  - 3-300 bbl Oil Tanks
  - 3-500 bbl Water Tanks
  - Production Tesnor

- Insert injection lines
- Blue lines indicate 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
Unit Compliance

[324032] CO YETI 15 22 FEDERAL.COM

[4523] CHEVRON U S A INC

Well Completions

[96719] WC-025 G-06 S253209L; BONE SPRING

Status: New, Not Drilled
Bottomhole Location: O-22-25S-32E 25 FSL 1430 FEL
Lat/Long: 15-25S-32E Units: A B G H J O P
Acreage: 040

[22-25S-32E Units: A B G H J O P]
Questions?