

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

APPLICATION FOR SURFACE COMMINGLING

SUBMITTED BY FRANKLIN MOUNTAIN ENERGY, LLC

ORDER NO. PLC-872

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. Franklin Mountain Energy, LLC (“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 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.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. 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.
6. 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.
7. 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

8. 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.

9. 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.
10. 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.
11. 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.
12. 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.
13. 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 or gas title transfer meter 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 or gas title transfer meter 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 a 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 commingling application to OCD to conform this Order with the approved Agreement(s). If Applicant fails to submit the new surface commingling

application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

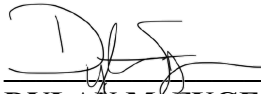
Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement 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 it with production from another well.
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. If a well is not included in Exhibit A but produces from a pool and 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, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.

10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
11. 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).
12. 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**



**DYLAN M. FUGE
DIRECTOR (ACTING)**

DATE: 4/27/23

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-872**

Operator: **Franklin Mountain Energy, LLC (373910)**

Central Tank Battery: **Tatanka Central Tank Battery**

Central Tank Battery Location: **UL N, Section 35, Township 25 South, Range 35 East**

Gas Title Transfer Meter Location: **UL N, Section 35, Township 25 South, Range 35 East**

Pools

Pool Name	Pool Code
WC-025 G-08 S253534O;BONE SPRING	97088
DOGIE DRAW;DELAWARE	97779
WC-025 G-09 S263504N;WOLFCAMP	98117

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Wolfcamp NMNM 105725666 (141099)	E/2 E/2	2-26S-35E
	E/2 E/2	11-26S-35E
CA Wolfcamp NMSLO PUN 1395811	W/2 W/2	2-26S-35E
VB 2840 0002	N/2	2-26S-35E
VB 2849 0002	S/2	2-26S-35E
NMNM 105552278 (012280)	All	11-26S-35E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-49877	Tatanka Federal Com #702H	E/2 W/2	2-26S-35E	98117
		E/2 W/2	11-26S-35E	
30-025-49873	Tatanka Federal Com #601H	W/2 W/2	2-26S-35E	97088
		W/2 W/2	11-26S-35E	
30-025-49881	Tatanka Federal Com #801H	W/2 W/2	2-26S-35E	98117
		W/2 W/2	11-26S-35E	
30-025-49882	Tatanka Federal Com #802H	W/2	2-26S-35E	98117
		W/2	11-26S-35E	
30-025-49865	Tatanka Federal Com #101H	W/2 W/2	2-26S-35E	97779
		W/2 W/2	11-26S-35E	
30-025-49870	Tatanka Federal Com #502H	E/2 W/2	2-26S-35E	97088
		E/2 W/2	11-26S-35E	
30-025-49866	Tatanka Federal Com #102H	E/2 W/2	2-26S-35E	97779
		E/2 W/2	11-26S-35E	
30-025-49869	Tatanka Federal Com #501H	W/2 W/2	2-26S-35E	97088
		W/2 W/2	11-26S-35E	
30-025-49874	Tatanka Federal Com #602H	E/2 W/2	2-26S-35E	97088
		E/2 W/2	11-26S-35E	
30-025-49883	Tatanka Federal Com #803H	E/2 W/2	2-26S-35E	98117
		E/2 W/2	11-26S-35E	
30-025-49878	Tatanka Federal Com #703H	W/2 E/2	2-26S-35E	98117
		W/2 E/2	11-26S-35E	

30-025-49884	Tatanka Federal Com #804H	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	98117
30-025-49875	Tatanka Federal Com #603H	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	97088
30-025-49871	Tatanka Federal Com #503H	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	97088
30-025-49872	Tatanka Federal Com #504H	E/2 E/2 E/2 E/2	2-26S-35E 11-26S-35E	97088
30-025-49867	Tatanka Federal Com #103H	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	97779
30-025-49868	Tatanka Federal Com #104H	E/2 E/2 E/2 E/2	2-26S-35E 11-26S-35E	97779
30-025-49879	Tatanka Federal Com #704H	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	98117
30-025-49885	Tatanka Federal Com #805H	E/2 E/2 E/2 E/2	2-26S-35E 11-26S-35E	98117
30-025-50090	Tatanka Federal Com #604H	E/2 E/2 E/2 E/2	2-26S-35E 11-26S-35E	97088
30-025-49880	Tatanka Federal Com #705H	E/2 E/2 E/2 E/2	2-26S-35E 11-26S-35E	98117
30-025-49886	Tatanka Federal Com #806H	E/2 E/2 E/2 E/2	2-26S-35E 11-26S-35E	98117
30-025-49901	Tatanka State Com #701H	W/2 W/2	2-26S-35E	98117

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **PLC-872**
Operator: **Franklin Mountain Energy, LLC (373910)**

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Delaware NMNM 105770974	E/2 E/2 E/2 E/2	2-26S-35E 11-26S-35E	320	A
CA Wolfcamp NMNM 105774393	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	320	B1
CA Wolfcamp NMNM 105770980	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	320	B2
CA Delaware NMNM 105770973	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	320	C
CA Wolfcamp NMNM 105770984	E/2 E/2	2-26S-35E 11-26S-35E	640	D1
CA Wolfcamp NMNM 105770983	E/2 E/2	2-26S-35E 11-26S-35E	640	D2
CA Wolfcamp NMNM 105770979	E/2 W/2, W/2 E/2 E/2 W/2, W/2 E/2	2-26S-35E 11-26S-35E	640	E
CA Bone Spring NMNM 105770977	W/2 E/2 W/2 E/2	2-26S-35E 11-26S-35E	320	F
CA Bone Spring NMNM 105770976	E/2 W/2 E/2 W/2	2-26S-35E 11-26S-35E	320	G
CA Wolfcamp NMNM 105770982	W/2 W/2	2-26S-35E 11-26S-35E	640	H
CA Delaware NMNM 105770970	W/2 W/2 W/2 W/2	2-26S-35E 11-26S-35E	320	I
CA Bone Spring NMNM 105770975	W/2 W/2 W/2 W/2	2-26S-35E 11-26S-35E	320	J
CA Delaware BLM	E/2 W/2 E/2 W/2	2-26S-35E 11-26S-35E	320	K
CA Bone Spring BLM	E/2 E/2 E/2 E/2	2-26S-35E 11-26S-35E	320	L

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
VB 2840 0002	E/2 NE/4	2-26S-35E	80	A
VB 2849 0002	E/2 SE/4	2-26S-35E	80	A
NMNM 105552278 (012280)	E/2 E/2	11-26S-35E	160	A
VB 2840 0002	W/2 NE/4	2-26S-35E	80	B1
VB 2849 0002	W/2 SE/4	2-26S-35E	80	B1
NMNM 105552278 (012280)	W/2 E/2	11-26S-35E	160	B1

VB 2840 0002	W/2 NE/4	2-26S-35E	80	B2
VB 2849 0002	W/2 SE/4	2-26S-35E	80	B2
NMNM 105552278 (012280)	W/2 E/2	11-26S-35E	160	B2
VB 2840 0002	W/2 NE/4	2-26S-35E	80	C
VB 2849 0002	W/2 SE/4	2-26S-35E	80	C
NMNM 105552278 (012280)	W/2 E/2	11-26S-35E	160	C
VB 2840 0002	NE/4	2-26S-35E	160	D1
VB 2849 0002	SE/4	2-26S-35E	160	D1
NMNM 105552278 (012280)	E/2	11-26S-35E	320	D1
VB 2840 0002	NE/4	2-26S-35E	160	D2
VB 2849 0002	SE/4	2-26S-35E	160	D2
NMNM 105552278 (012280)	E/2	11-26S-35E	320	D2
VB 2840 0002	B C F G	2-26S-35E	160	E
VB 2849 0002	J K N O	2-26S-35E	160	E
NMNM 105552278 (012280)	W/2 E/2, E/2 W/2	11-26S-35E	320	E
VB 2840 0002	W/2 NE/4	2-26S-35E	80	F
VB 2849 0002	W/2 SE/4	2-26S-35E	80	F
NMNM 105552278 (012280)	W/2 E/2	11-26S-35E	160	F
VB 2840 0002	E/2 NW/4	2-26S-35E	80	G
VB 2849 0002	E/2 SW/4	2-26S-35E	80	G
NMNM 105552278 (012280)	E/2 W/2	11-26S-35E	160	G
VB 2840 0002	NW/4	2-26S-35E	160	H
VB 2849 0002	SW/4	2-26S-35E	160	H
NMNM 105552278 (012280)	W/2	11-26S-35E	320	H
VB 2840 0002	W/2 NW/4	2-26S-35E	80	I
VB 2849 0002	W/2 SW/4	2-26S-35E	80	I
NMNM 105552278 (012280)	W/2 W/2	11-26S-35E	160	I
VB 2840 0002	W/2 NW/4	2-26S-35E	80	J
VB 2849 0002	W/2 SW/4	2-26S-35E	80	J
NMNM 105552278 (012280)	W/2 W/2	11-26S-35E	160	J
VB 2840 0002	E/2 NW/4	2-26S-35E	80	K
VB 2849 0002	E/2 SW/4	2-26S-35E	80	K
NMNM 105552278 (012280)	E/2 W/2	11-26S-35E	160	K
VB 2840 0002	E/2 NE/4	2-26S-35E	80	L
VB 2849 0002	E/2 SE/4	2-26S-35E	80	L
NMNM 105552278 (012280)	E/2 E/2	11-26S-35E	160	L

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

COMMENTS

Action 211721

COMMENTS

Operator: Franklin Mountain Energy LLC 44 Cook Street, Suite 1000 Denver, CO 80206	OGRID: 373910
	Action Number: 211721
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

COMMENTS

Created By	Comment	Comment Date
dmcclure	Approved under Action ID: 114388	4/28/2023

District I
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CONDITIONS

Action 211721

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Operator: Franklin Mountain Energy LLC 44 Cook Street, Suite 1000 Denver, CO 80206	OGRID: 373910
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CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	4/28/2023