

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

**APPLICATION FOR SURFACE COMMINGLING  
SUBMITTED BY TAP ROCK OPERATING, LLC**

**ORDER NO. CTB-1112**

**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. Tap Rock Operating, 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 in the notice for the Application stated that it sought authorization prospectively include additional pools, leases, and wells in accordance with 19.15.12.10.C.(4)(g) NMAC but failed to identify adequate or acceptable parameters.

**CONCLUSIONS OF LAW**

6. 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.
7. 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.
8. 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.
9. 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.

10. 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.
11. Applicant's defined parameters to prospectively include additional pools, leases, and wells do not comply with 19.15.12.10.C.(4)(g) NMAC.
12. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

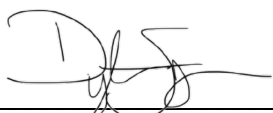
1. Applicant is authorized to surface commingle oil and gas production from the pools, leases, and wells identified in Exhibit A.

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.

2. 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.
3. 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.
4. 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.
5. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
6. 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.
7. Applicant's request for authorization to add pools, leases, and wells prospectively pursuant to 19.15.12.10.C.(4)(g) NMAC is denied.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

9. 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).
10. 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:** 2/13/24

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: CTB-1112

Operator: Tap Rock Operating, LLC (372043)

Central Tank Battery: Queen Keely Central Tank Battery

Central Tank Battery Location: UL B, Section 21, Township 21 South, Range 33 East

Gas Title Transfer Meter Location: UL B, Section 21, Township 21 South, Range 33 East

### Pools

Pool Name	Pool Code
WC-025 G-08 S213304D; BONE SPRING	97895

### Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Bone Spring NMSLO 204621 PUN 1399693	W/2	21-21S-33E
	W/2	28-21S-33E
CA Bone Spring NMSLO 204605 PUN 1399584	E/2	21-21S-33E
	E/2	28-21S-33E

### Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-51577	Queen Keely State Com #111H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51578	Queen Keely State Com #112H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51579	Queen Keely State Com #113H	E/2	21-21S-33E	97895
		E/2	28-21S-33E	
30-025-51532	Queen Keely State Com #114H	E/2	21-21S-33E	97895
		E/2	28-21S-33E	
30-025-51516	Queen Keely State Com #118H	E/2	21-21S-33E	97895
		E/2	28-21S-33E	
30-025-51580	Queen Keely State Com #125H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51581	Queen Keely State Com #126H	E/2	21-21S-33E	97895
		E/2	28-21S-33E	
30-025-51582	Queen Keely State Com #131H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51583	Queen Keely State Com #132H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	
30-025-51584	Queen Keely State Com #133H	E/2	21-21S-33E	97895
		E/2	28-21S-33E	
30-025-51585	Queen Keely State Com #134H	E/2	21-21S-33E	97895
		E/2	28-21S-33E	
30-025-51517	Queen Keely State Com #151H	W/2	21-21S-33E	97895
		W/2	28-21S-33E	

30-025-51533	Queen Keely State Com #152H	W/2 W/2	21-21S-33E 28-21S-33E	97895
30-025-51586	Queen Keely State Com #153H	E/2 E/2	21-21S-33E 28-21S-33E	97895
30-025-51587	Queen Keely State Com #154H	E/2 E/2	21-21S-33E 28-21S-33E	97895
30-025-51588	Queen Keely State Com #157H	W/2 W/2	21-21S-33E 28-21S-33E	97895
30-025-51589	Queen Keely State Com #191H	W/2 W/2	21-21S-33E 28-21S-33E	97895
30-025-51518	Queen Keely State Com #193H	E/2 E/2	21-21S-33E 28-21S-33E	97895
30-025-51519	Queen Keely State Com #195H	W/2 W/2	21-21S-33E 28-21S-33E	97895
30-025-51590	Queen Keely State Com #196H	E/2 E/2	21-21S-33E 28-21S-33E	97895

**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) 748-9720  
**District III**  
1000 Rio Brazos Rd., Aztec, 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

CONDITIONS

Action 314094

CONDITIONS

Operator: TAP ROCK OPERATING, LLC 523 Park Point Drive Golden, CO 80401	OGRID: 372043
	Action Number: 314094
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

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.	2/13/2024