

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY EARTHSTONE OPERATING, LLC**

ORDER NO. PLC-1127

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. Earthstone Operating, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools and leases described in Exhibit A (“Application”).
2. Applicant included a complete list of the wells currently dedicated to each pool and lease.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. 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.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools and leases in accordance with 19.15.12.10(C)(4)(g) NMAC.
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 as described 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 (“CA Pooled Area”), as described in Exhibit A.
8. 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.
9. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

CONCLUSIONS OF LAW

10. 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.
11. 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.
12. 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.
13. 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.
14. 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.
15. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. 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.
16. 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 and leases as described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from the wells included in Exhibit A provided that they produce from a pool and lease described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from the pools and leases as described 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 as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. For each CA Pooled Area described in Exhibit A, 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 CA 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 the formation or dedicated lands are modified or if a modification is made that will affect this Order. 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 CA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the CA Pooled Area until the Proposed Agreement which includes the CA Pooled Area is approved. After the Proposed Agreement is approved, the oil and gas production from the CA 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 as described 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. If Applicant recovers oil or gas production from produced water prior to Applicant injecting it or transferring custody of it, then that production shall be allocated to each well in the proportion that it contributed to the total produced water.
6. If Applicant recovers gas production using a vapor recovery unit (VRU), then that gas production shall be allocated to each well in the proportion that it contributed to the total oil production.

7. 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.
8. 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.
9. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
10. Applicant shall install and utilize vessels that are appropriately designed to ensure sufficient separation of the fluids and to accurately measure oil and gas production.
11. 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.
12. 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 in accordance with 19.15.12.10(C)(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
13. If a well is not included in Exhibit A but produces from a pool and lease as described 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.
14. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
15. 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).

16. 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**



**ALBERT C. S. CHANG
DIRECTOR**

DATE: 06/12/2026

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-1127**

Operator: **Earthstone Operating, LLC (331165)**

Central Tank Battery: **Delorean 9-10 Federal om Central Tank Battery**

Central Tank Battery Location: **UL P, Section 8, Township 19 South, Range 33 East**

Central Tank Battery: **Mercury/English Buffalo Central Tank Battery**

Central Tank Battery Location: **UL O, P, Section 23, UL A, B, Section 26, Township 18 South, Range 33 East**

Gas Title Transfer Meter Location: **UL P, Section 8, Township 19 South, Range 33 East**

Pools

Pool Name	Pool Code
E-K;BONE SPRING	21650
TONTO;BONE SPRING	59475

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Bone Spring NMNM 106738072	N2N2	09-19S-33E
	N2N2	10-19S-33E
CA Bone Spring NMNM 106738077	N2S2	09-19S-33E
	N2S2	10-19S-33E
CA Bone Spring NMNM 106738078	S2S2	09-19S-33E
	S2S2	10-19S-33E
CA Bone Spring NMNM 106775110	W2	26-18S-33E
	W2	35-18S-33E
BLM Lease NMNM 105448671 (0001177A)	ALL	33-18S-33E
	ALL	34-18S-33E
	ALL	35-18S-33E
BLM Lease NMNM 105552435 (026692)	SWSW, E2SW, SE4	17-18S-33E
	NENE	22-18S-33E
	E2SW, SE4	26-18S-33E
BLM Lease NMNM 105468160 (096242)	NE4, E2NW	26-18S-33E
PROPOSED CA Bone Spring NMNM	E2	26-18S-33E
	E2	35-18S-33E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-52955	DELOREAN 9 10 2BS FEDERAL COM	S2S2	09-19S-33E	59475
	#088H	S2S2	10-19S-33E	
30-025-52949	DELOREAN 9 10 1BS FEDERAL COM	N2N2	09-19S-33E	59475
	#001H	N2N2	10-19S-33E	
30-025-52953	DELOREAN 9 10 2BS FEDERAL COM	N2N2	09-19S-33E	59475
	#005H	N2N2	10-19S-33E	

30-025-52951	DELOREAN 9 10 1BS FEDERAL COM #003H	N2S2 N2S2	09-19S-33E 10-19S-33E	59475
30-025-52952	DELOREAN 9 10 1BS FEDERAL COM #004H	S2S2 S2S2	09-19S-33E 10-19S-33E	59475
30-025-53836	ENGLISH BUFFALO 26 35 FEDERAL COM #221H	W2 W2	26-18S-33E 35-18S-33E	21650
30-025-53834	ENGLISH BUFFALO 26 35 FEDERAL COM #122H	W2 W2	26-18S-33E 35-18S-33E	21650
30-025-53908	MERCURY 26 35 FEDERAL COM #223H	E2 E2	26-18S-33E 35-18S-33E	21650
30-025-53906	MERCURY 26 35 FEDERAL COM #113H	E2 E2	26-18S-33E 35-18S-33E	21650

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/oed/contact-us>

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

CONDITIONS

Action 599446

CONDITIONS

Operator: Earthstone Operating, LLC 300 N. Marienfeld St Ste 1000 Midland, TX 79701	OGRID: 331165
	Action Number: 599446
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	None	6/25/2026