

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY KAISER-FRANCIS OIL COMPANY**

ORDER NO. PLC-1138

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. Kaiser-Francis Oil Company ("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 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.
6. 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

7. 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.
8. 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.
9. 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.

10. 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.
11. 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.
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 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.

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. 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.
4. 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.
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. 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.
9. 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.
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**



**ALBERT C. S. CHANG
DIRECTOR**

DATE: 06/12/2026

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-1138**

Operator: **Kaiser-Francis Oil Company (12361)**

Central Tank Battery: **Bell Lake South Unit 3 Pad**

Central Tank Battery Location: **UL J, Section 1, Township 24 South, Range 33 East**

Gas Title Transfer Meter Location: **UL J, Section 1, Township 24 South, Range 33 East**

Pools

Pool Name	Pool Code
BELL LAKE;BONE SPRING, SOUTH	98264
BELL LAKE;WOLFCAMP, SOUTH	98266

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
PA Bone Spring NMNM 105724735 (068292H)	ALL	36-23S-33E
	ALL	31-23S-34E
	ALL	32-23S-34E
	ALL	01-24S-33E
	ALL	12-24S-33E
	ALL	05-24S-34E
	ALL	06-24S-34E
	ALL	07-24S-34E
	ALL	08-24S-34E
	ALL	36-23S-33E
PA Wolfcamp NMNM 105719946 (068292K)	ALL	31-23S-34E
	ALL	32-23S-34E
	ALL	01-24S-33E
	ALL	12-24S-33E
	ALL	05-24S-34E
	ALL	06-24S-34E
	ALL	07-24S-34E
	ALL	08-24S-34E
	ALL	36-23S-33E
	ALL	31-23S-34E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-47621	BELL LAKE UNIT SOUTH #121H	W2	36-23S-33E	98264
		NW4	01-24S-33E	
30-025-47729	BELL LAKE UNIT SOUTH #222H	W2	36-23S-33E	98264
		NW4	01-24S-33E	
30-025-47627	BELL LAKE UNIT SOUTH #421H	W2	36-23S-33E	98266
		NW4	01-24S-33E	

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 600381

CONDITIONS

Operator: KAISER-FRANCIS OIL CO PO Box 21468 Tulsa, OK 741211468	OGRID: 12361
	Action Number: 600381
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	None	6/29/2026