

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

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

ORDER NO. PLC-663

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application, issues the following Order.

FINDINGS OF FACT

1. Ameredev Operating, LLC (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production (“Application”) from the pools, leases, and wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. 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 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.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant provided evidence or a certification by a qualified person that 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.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.
8. Applicant submitted one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single pooled area (“Pooled Area”).

CONCLUSIONS OF LAW

9. 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, and 19.15.12 NMAC.
10. To the extent that ownership is diverse, Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2), (C)(4)(c), and (C)(4)(e) NMAC.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
12. Commingling involving 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) and (C)(4)(h) NMAC.
13. 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. Applicant satisfied the notice requirements for subsequent additions of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC.
14. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Effective April 15, 2020, Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 with a copy of the decision and agreement. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, then 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), then Applicant shall comply with the approved agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to conform this Order with the approved agreement(s). If OCD denies the application, this Order shall terminate on the date of such action.
3. 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.
4. The oil and gas production from each well shall be separated and metered prior to commingling.
5. Applicant shall measure the commingled oil at a central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.

6. Applicant shall measure the commingled gas at the central delivery point described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) 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, then Applicant shall submit a new surface commingle application to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value no later than sixty (60) days after the decrease in value has occurred. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the application, this Order shall terminate on the date of such action.
9. 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 via the OCD Fee Portal and providing notice of the application to all owners of interest in the production to be added.
10. Applicant shall not commence commingling involving state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
11. OCD retains jurisdiction and reserves the right to modify or revoke this Order if it determines that the Application did not accurately describe the pools, leases, and wells in the Pooled Area(s) or any action affecting or related to the commingling of oil and gas production, or as deemed necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 4/14/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-663

Operator: Ameredev Operating, LLC (372224)

Central Tank Battery: Red Bud State Com Central Tank Battery

Central Tank Battery Location (NMPM): Units B & C, Section 5, Township 26 S, Range 36 E

Gas Custody Transfer Meter Location (NMPM): Units B & C, Section 5, Township 26 S, Range 36 E

Pools

Pool Name	Pool Code
JAL; WOLFCAMP, WEST	33813
WC-025 G-09 S263619C; WOLFCAMP	98234
WC-025 G-08 S263620C; LWR BONE SPRIN	98150

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
NMNM 137470	W/2 W/2	Sec 5-T26S-R36E
NMNM 137473	W/2 W/2	Sec 8-T26S-R36E
NMNM 137472	E/2 SE/4, NE/4 NE/4	Sec 7-T26S-R36E
NMNM 140366	SE/4 NE/4 Sec 7, SE/4 SE/4 Sec 6	T26S-R36E
NMNM 137471	NE/4 SE/4	Sec 6-T26S-R36E
NMNM 137807	E/2 NE/4	Sec 6-T26S-R36E
NMNM 137470	W/2 NE/4, E/2 NW/4, NE/4 SW/4	Sec 5-T26S-R36E
NMNM 06727	W/2 SE/4, SE/4 SW/4	Sec 5-T26S-R36E
NMNM 137473	E/2 W/2	Sec 8-T26S-R36E
NMNM 18644	W/2 E/2	Sec 8-T26S-R36E
CA WC Red Bud 25-36-32 State 105H	W/2 E/2 Sec 29, W/2 E/2 Sec 32	T25SR36E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-44470	Red Bun 25 36 32 State Com 105H	O-32-25S-36E	33813	
30-025-44471	Red Bun 25 36 32 State Com 115H	O-32-25S-36E	33813	
30-025-46494	Holly 26 36 05 Federal Com 111H	D-05-26S-36E	98234	
30-025-46495	Holly 26 36 05 Federal Com 113H	C-05-26S-36E	98234	
30-025-46496	Holly 26 36 05 Federal Com 121H	D-05-26S-36E	98234	
30-025-46656	Holly 26 36 05 Federal Com 091H	D-05-26S-36E	98150	
30-025-46665	Holly 26 36 05 Federal Com 123H	C-05-26S-36E	98234	
30-025-46806	Holly 26 36 05 Federal Com 102H	D-05-26S-36E	98234	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: [PLC-663](#)

Operator: [Ameredev Operating, LLC \(372224\)](#)

Proposed Consolidated Leases

Consolidated Lease	Location (NMPM)		Acres	Consolidated Lease ID
CA BS	W/2 W/2 Sec 5 & 8, E/2 E/2 Sec 6 & 7	T26S-R36E	640	A
CA WC	W/2 E/2 Sec 5 & 8, E/2 W/2 Sec 5 & 8	T26S-R36E	640	B
CA WC	W/2 W/2 Sec 5 & 8, E/2 E/2 Sec 6 & 7	T26S-R36E	640	C

Leases Comprising Proposed Consolidated Leases

Lease	Location (NMPM)		Acres	Consolidated Lease ID
NMNM 137470	W/2 W/2	Sec 5-T26S-R36E	160	A
NMNM 137473	W/2 W/2	Sec 8-T26S-R36E	160	A
NMNM 137472	E/2 SE/4, NE/4 NE/4	Sec 7-T26S-R36E	120	A
NMNM 140366	SE/4 NE/4 Sec 7, SE/4 SE/4 Sec 6	T26S-R36E	80	A
NMNM 137471	NE/4 SE/4	Sec 6-T26S-R36E	40	A
NMNM 137807	E/2 NE/4	Sec 6-T26S-R36E	80	A
NMNM 137470	W/2 NE/4, E/2 NW/4, NE/4 SW/4	Sec 5-T26S-R36E	200	B
NMNM 06727	W/2 SE/4, SE/4 SW/4	Sec 5-T26S-R36E	120	B
NMNM 137473	E/2 W/2	Sec 8-T26S-R36E	160	B
NMNM 18644	W/2 E/2	Sec 8-T26S-R36E	160	B
NMNM 137470	W/2 W/2	Sec 5-T26S-R36E	160	C
NMNM 137473	W/2 W/2	Sec 8-T26S-R36E	160	C
NMNM 137472	E/2 SE/4, NE/4 NE/4	Sec 7-T26S-R36E	120	C
NMNM 140366	SE/4 NE/4 Sec 7, SE/4 SE/4 Sec 6	T26S-R36E	80	C
NMNM 137471	NE/4 SE/4	Sec 6-T26S-R36E	40	C
NMNM 137807	E/2 NE/4	Sec 6-T26S-R36E	80	C