

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY XTO ENERGY, INC.**

ORDER NO. PLC-671

ORDER

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

FINDINGS OF FACT

1. XTO Energy, Inc. (“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 intends to keep the oil and gas production from one or more group(s) of wells segregated from the oil and gas production from all other wells prior to measuring it with an allocation meter. Each group is identified as its own train in Exhibit A.
8. 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.

9. 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 leases to be consolidated into a single pooled area ("Pooled Area").

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, and 19.15.12 NMAC.
11. 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.
12. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
13. 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.
14. 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.
15. 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 May 1, 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. This Order supersedes Orders PLC-583 and PLC-613.
3. 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.
4. 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.

5. The allocation of oil and gas production from each train shall be separated and metered prior to commingling.
6. The allocation of oil and gas production shall be based on the production life of each well. The production of a well shall be measured for three periods: (a) the initial production period shall be measured from the first production until either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

For each well, during the initial production period, the oil and gas production shall be separated and metered prior to commingling.

For each well, during the plateau period, the oil and gas production shall be allocated using a minimum of four (4) well tests per month.

For each well, during the decline period, the oil and gas production shall be allocated on the basis of: (a) four (4) well tests per month when the decline rate is greater than 21% per month; (b) three (3) well tests per month when the decline rate is between 21% and 13% per month; (c) two well tests per month when the decline rate is between 13% and 6% per month; and (d) one (1) well test per month when the decline rate is less than 6% per month.

Applicant shall submit a Form C-103 each quarter to the Engineering Bureau in Santa Fe that identifies the allocation method for each well, and for any well allocated by the well test method, Applicant shall provide the following information: (a) the current decline rate; (b) the minimum number of well tests per month required by this Order; and (c) the number of well tests conducted each month.

Upon OCD's request, Applicant shall submit a Form C-103 to the Engineering Bureau in Santa Fe that provides the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from each well for either (a) a minimum of twenty-four (24) consecutive hours; or (b) a combination of nonconsecutive periods that meet the following conditions: (i) each period shall be a minimum of six (6) hours; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

The well test requirements of this Order shall be suspended for any well shut-in for a period greater than fifteen (15) days until the well is no longer shut-in.

7. 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.
8. Applicant shall measure the commingled gas at a 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.

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. 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.
11. 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.
12. Applicant shall not commence commingling involving state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
13. 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: 4/30/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-671

Operator: XTO Energy, Inc. (5380)

Central Tank Battery (1): Corral Canyon Expansion Central Tank Battery

Central Tank Battery Location (NMPM): Unit P, Section 5, Township 25 South, Range 29 East

Gas Custody Transfer Meter Location (NMPM): Unit P, Section 5, Township 25 South, Range 29 East

Central Tank Battery (2): Corral Canyon 10 East Central Tank Battery

Central Tank Battery Location (NMPM): Unit B, Section 10, Township 25 South, Range 29 East

Gas Custody Transfer Meter Location (NMPM): Unit B, Section 10, Township 25 South, Range 29 East

Pools

Pool Name	Pool Code
WILLOW LAKE; BONE SPRING, SOUTHEAST	96217
CORRAL CANYON; DELAWARE, NORTHWEST	96464
PURPLE SAGE; WOLFCAMP (GAS)	98220

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
CA BS NMNM 136965	W/2 W/2	Sec 5-T25S-R29E
	W/2 SW/4	Sec 32-T24S-R29E
CA BS NMNM 136963	E/2 W/2	Sec 5-T25S-R29E
	E/2 SW/4	Sec 32-T24S-R29E
CA BS NMNM 135273	E/2 E/2	Sec 5-T25S-R29E
	E/2 SE/4	Sec 32-T24S-R29E
CA BS NMNM 139615	W/2 W/2 Sec 8, W/2 W/2 Sec 17	T25-R29E
CA BS NMNM 139616	E/2 W/2 Sec 8, E/2 W/2 Sec 17	T25-R29E
CA BS NMNM 139712	W/2 E/2 Sec 8, W/2 E/2 Sec 17	T25-R29E
CA BS NMNM 139713	E/2 E/2 Sec 8, E/2 E/2 Sec 17	T25-R29E
CA BS NMNM 139714	W/2 W/2 Sec 9, W/2 W/2 Sec 16	T25-R29E
CA BS NMSLO, Corral Canyon Fed 3H	W/2 E/2	Sec 5-T25S-R29E
	W/2 SE/4	Sec 32-T24S-R29E
NMNM 15302	W/2, E/2 E/2	Sec 3-T25S-R29E
NMNM 15302	W/2 W/2	Sec 4-T25S-R29E
NMNM 15302	W/2 E/2	Sec 4-T25S-R29E
NMNM 136870	NE/4 NW/4	Sec 9-T25S-R29E
NMNM 136870	SE/4 NW/4	Sec 9-T25S-R29E
NMNM 136870	E/2 SW/4	Sec 9-T25S-R29E
VO 49021	E/2 W/2	Sec 16-T25S-R29E
NMNM 136870	E/2 NE/4	Sec 9-T25S-R29E
NMNM 136870	E/2 SE/4	Sec 9-T25S-R29E
VB 10652	E/2 NE/4	Sec 16-T25S-R29E
VO 49021	E/2 SE/4	Sec 16-T25S-R29E
NMNM 15302	W/2 E/2	Sec 4-T25S-R29E
NMNM 136870	W/2 NE/4	Sec 9-T25S-R29E

NMNM 136870	W/2 SE/4	Sec 9-T25S-R29E
NMNM 136870	W/2 NW/4	Sec 10-T25S-R29E
NMNM 136870	W/2 SW/4	Sec 10-T25S-R29E
NMNM 014778	W/2 W/2	Sec 15-T25S-R29E
NMNM 136870	E/2 NW/4	Sec 10-T25S-R29E
NMNM 136870	E/2 SW/4	Sec 10-T25S-R29E
NMNM 014778	E/2 W/2	Sec 15-T25S-R29E
NMNM 136870	E/2 NE/4	Sec 10-T25S-R29E
NMNM 136870	E/2 SE/4	Sec 10-T25S-R29E
NMNM 014778	E/2 E/2	Sec 15-T25S-R29E
NMNM 136870	W/2 SE/4	Sec 10-T25S-R29E
NMNM 014778	W/2 E/2	Sec 15-T25S-R29E
NMNM 136870	W/2 NW/4	Sec 10-T25S-R29E
NMNM 015302	W/2 E/2	Sec 3-T25S-R29E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-015-42924	Corral Canyon Federal 5H	M-04-25S-29E	96217	1
30-015-43709	Corral Canyon Federal 8H	P-04-25S-29E	96217	1
30-015-42929	Corral Canyon Federal 17H	M-04-25S-29E	96464	1
30-015-43717	Corral Canyon Federal 18H	C-09-25S-29E	96217	1
30-015-43428	Corral Canyon Federal Com 1H	P-06-25S-29E	96217	1
30-015-42921	Corral Canyon Federal Com 2H	N-05-25S-29E	96217	1
30-015-42922	Corral Canyon Federal Com 3H	O-05-25S-29E	96217	1
30-015-42923	Corral Canyon Federal Com 4H	P-05-25S-29E	96217	1
30-015-43493	Corral Canyon Federal Com 13H	P-06-25S-29E	96217	1
30-015-43474	Corral Canyon Federal Com 14H	N-05-25S-29E	96217	1
30-015-42927	Corral Canyon Federal Com 15H	O-05-25S-29E	96217	1
30-015-42928	Corral Canyon Federal Com 16H	P-05-25S-29E	96217	1
30-015-43711	Corral Canyon Federal 20H	P-04-25S-29E	96217	1
30-015-44641	Corral Canyon Federal Com 29H	M-04-25S-29E	96217	1
30-015-45427	Corral Canyon Federal 212H	B-16-25S-29E	96217	1
30-015-42925	Corral Canyon Federal Com 6H	C-09-25S-29E	96217	1
30-015-46326	Corral Canyon 3 Federal Com 22H	C-10-25S-29E	96217	2
30-015-45431	Corral Canyon 3-34 Fed 24H	A-10-25S-29E	96217	2
30-015-45432	Corral Canyon 3-34 Federal 907H	A-10-25S-29E	96217	2
30-015-45430	Corral Canyon 3-34 Federal 127H	A-10-25S-29E	98220	2
30-015-45433	Corral Canyon 3-34 Federal 108H	A-10-25S-29E	98220	2
30-015-45428	Corral Canyon 3-34 Federal 128H	A-10-25S-29E	98220	2
30-015-45429	Corral Canyon 10-15 Federal Com 12H	A-10-25S-29E	96217	2
30-015-46325	Corral Canyon 10-15 Federal Com 10H	C-10-25S-29E	96217	2
30-015-43718	Corral Canyon 10-15 Federal Com 21H	M-03-25S-29E	96217	2
30-015-45592	Corral Canyon Federal 220H	J-10-25S-29E	96217	2
30-015-45593	Corral Canyon Federal 221H	J-10-25S-29E	96217	2
30-015-43712	Corral Canyon 3 Federal 9H	M-03-25S-29E	96217	2

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **PLC-671**

Operator: **XTO Energy, Inc. (5380)**

Pooled Areas

Pooled Area	Location (NMPM)		Acres	Pooled Area ID
CA BS NMNM	E/2 W/2 Sec 9, E/2 W/2 Sec 16	T25S-R29E	320	A
CA BS NMNM	E/2 E/2 Sec 9, E/2 E/2 Sec 16	T25S-R29E	320	B
CA BS NMNM	W/2 E/2 Sec 4, W/2 E/2 Sec 9	T25S-R29E	319.91	C
CA BS NMNM	W/2 W/2 Sec 10, W/2 W/2 Sec 15	T25-R29E	320	D
CA BS NMNM	E/2 W/2 Sec 10, E/2 W/2 Sec 15	T25-R29E	320	E
CA BS NMNM	E/2 E/2 Sec 10, E/2 E/2 Sec 15	T25-R29E	320	F
CA BS NMNM	W/2 SE/4 Sec 10, W/2 E/2 Sec 15	T25-R29E	240	G
CA BS NMNM	W/2 NE/4 Sec 10, W/2 E/2 Sec 3	T25-R29E	239.75	H

Leases Comprising Pooled Areas

Lease	Location (NMPM)		Acres	Pooled Area ID
NMNM 136870	NE/4 NW/4	Sec 9-T25S-R29E	40	A
NMNM 136870	SE/4 NW/4	Sec 9-T25S-R29E	40	A
NMNM 136870	E/2 SW/4	Sec 9-T25S-R29E	80	A
VO 49021	E/2 W/2	Sec 16-T25S-R29E	160	A
NMNM 136870	E/2 NE/4	Sec 9-T25S-R29E	80	B
NMNM 136870	E/2 SE/4	Sec 9-T25S-R29E	80	B
VB 10652	E/2 NE/4	Sec 16-T25S-R29E	80	B
VO 49021	E/2 SE/4	Sec 16-T25S-R29E	80	B
NMNM 15302	W/2 E/2	Sec 4-T25S-R29E	159.91	C
NMNM 136870	W/2 NE/4	Sec 9-T25S-R29E	80	C
NMNM 136870	W/2 SE/4	Sec 9-T25S-R29E	80	C
NMNM 136870	W/2 NW/4	Sec 10-T25S-R29E	80	D
NMNM 136870	W/2 SW/4	Sec 10-T25S-R29E	80	D
NMNM 014778	W/2 W/2	Sec 15-T25S-R29E	160	D
NMNM 136870	E/2 NW/4	Sec 10-T25S-R29E	80	E
NMNM 136870	E/2 SW/4	Sec 10-T25S-R29E	80	E
NMNM 014778	E/2 W/2	Sec 15-T25S-R29E	160	E
NMNM 136870	E/2 NE/4	Sec 10-T25S-R29E	80	F
NMNM 136870	E/2 SE/4	Sec 10-T25S-R29E	80	F
NMNM 014778	E/2 E/2	Sec 15-T25S-R29E	160	F
NMNM 136870	W/2 SE/4	Sec 10-T25S-R29E	80	G
NMNM 014778	W/2 E/2	Sec 15-T25S-R29E	160	G
NMNM 136870	W/2 NW/4	Sec 10-T25S-R29E	80	H
NMNM 015302	W/2 E/2	Sec 3-T25S-R29E	159.75	H