

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY CIMAREX ENERGY COMPANY OF COLORADO**

ORDER NO. CTB-936

ORDER

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

FINDINGS OF FACT

1. Cimarex Energy Company of Colorado (“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 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.
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.

CONCLUSIONS OF LAW

8. 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.

9. 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.
10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
11. 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.
12. Pools, leases, and wells cannot be added because Applicant did not give adequate notice that it sought such authorization, in accordance with 19.15.12.10(C)(4)(g) NMAC.
13. 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 11, 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. The allocation of oil and gas production from each train shall be separated and metered prior to commingling.
3. 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 the earlier of 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 three (3) well tests per month.

For each well during the decline period, the oil and gas production shall be allocated using the minimum number of well tests: (a) three (3) well tests per month when the decline rate is greater than 22% per month; (b) two (2) well tests per month when the decline rate is between 22% and 10% per month; and (c) one (1) well test per month when the decline rate is less than 10% per 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.

4. 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.
5. 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.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
7. OCD will not approve an application to amend this Order to add pools, leases, and wells.
8. Applicant shall not commence commingling involving state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. OCD retains jurisdiction and reserves the right to modify or revoke this Order if it determines that the Application did not accurately describe 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: 5/08/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-936

Operator: Cimarex Energy Co. of Colorado (162683)

Central Tank Battery: Chief 30 State Central Tank Battery

Central Tank Battery Location (NMPM): Section 30, Township 20 South, Range 35 East

Gas Custody Transfer Meter Location (NMPM): Section 30, Township 20 South, Range 35 East

Pools

Pool Name	Pool Code
BERRY; BONE SPRING, NORTH	5535

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
CA BS NMSLO 1327699	S/2 S/2	Sec 30-T20S-R35E
CA BS NMSLO 1330596	N/2 S/2	Sec 30-T20S-R35E
CA BS NMSLO 1334869	S/2 N/2	Sec 30-T20S-R35E
CA BS NMSLO 1334848	N/2 N/2	Sec 30-T20S-R35E
VB 15391	W/2	Sec 30-T20S-R35E
VB 15401	E/2	Sec 30-T20S-R35E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-40406	Chief 30 State 1H	M-30-20S-35E	5535	1
30-025-40694	Chief 30 State 2H	L-30-20S-35E	5535	1
30-025-40872	Chief 30 State 3H	E-30-20S-35E	5535	1
30-025-41066	Chief 30 State 4H	D-30-20S-35E	5535	1
30-025-40906	Chief 30 State 5	M-30-20S-35E	5535	1
30-025-43292	Chief 30 State 6	L-30-20S-35E	5535	1
30-025-43468	Chief 30 State 7H	B-30-20S-35E	5535	1
30-025-44213	Chief 30 State 8H	A-30-20S-35E	5535	2
30-025-44908	Chief 30 State 9H	C-30-20S-35E	5535	3