

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY FAE II OPERATING, LLC**

ORDER NO. CTB-952

ORDER

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

FINDINGS OF FACT

1. FAE II Operating, LLC (“Applicant”) submitted a complete application to surface commingle and off-lease measure the 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 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 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.

CONCLUSIONS OF LAW

6. 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.
7. 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, as applicable.
8. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
9. Commingling of 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) and (C)(4)(h) NMAC.

10. 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 and off-lease measure gas production from the pools, leases, and wells identified in Exhibit A.
2. Applicant shall allocate gas production to the Maralo State 1 well (30-025-26500) using an allocation meter.
3. Applicant shall allocate gas production to the Holt Mexico State Com 1 well (30-025-29327) equal to the total commingled gas production minus the gas production allocated to the Maralo State 1 well (30-025-26500).
4. 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, and 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.
5. Applicant shall calibrate the meters used to measure or allocate gas production in accordance with 19.15.12.10(C)(2) NMAC.
6. Applicant shall not commence commingling gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
7. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 5/27/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-952

Operator: FAE II Operating, LLC (329326)

Central Tank Battery: Holt Mexico Tank Battery

Central Tank Battery Location (NMPM): Unit O, Section 36, Township 23 South, Range 36 East

Gas Custody Transfer Meter Location (NMPM): Unit O, Section 36, Township 23 South, Range 36 East

Pools

Pool Name	Pool Code
JALMAT; TAN-YATES-7 RVRS (GAS)	79240

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)
BO 116777	E/2 SW/4
BO 77762	W/2 SE/4

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-29327	Holt Mexico State Com 1	O-36-23S-36E	79240	
30-025-26500	Maralo State 1	N-36-23S-36E	79240	