

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

**APPLICATION FOR SURFACE COMMINGLING**

**SUBMITTED BY MATADOR PRODUCTION COMPANY**

**ORDER NO. CTB-812-B**

**ORDER**

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

**FINDINGS OF FACT**

1. Matador Production Company (“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 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.
7. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well which produces from a pool and spacing unit dedicated to a well identified in Exhibit A.

**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. 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.

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 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) and (C)(4)(h) NMAC.
12. Applicant satisfied the notice requirements for the subsequent addition of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC. 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.
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. Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well producing from the same pool and spacing unit dedicated to a well identified in Exhibit A.

2. This Order supersedes Orders CTB-812 and CTB-812-A.
3. The allocation of oil and gas production to an infill well shall be determined in the same manner as oil and gas production from the well dedicated to the pool and spacing unit.
4. Applicant shall allocate oil and gas production using well tests for the following wells: Brantley State Com 13 24 27 RB 221H (30-015-43774), Brantley State Com 13 24S 27E RB 205H (30-015-44742), Brantley State Com 13 24S 27E RB 206H (30-015-44597), and Brantley State Com 13 24S 27E RB 211H (30-015-44743) ("Well Test Group").

The allocation of oil and gas production shall be based on the production life of each well as 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.

During the initial production period, the oil and gas production for each well in the Well Test Group shall be allocated using a production curve calculated from a minimum of ten (10) well tests per month, except that any day in which a well test cannot achieve an accurate result due to a temporary change in oil and gas production shall not be included in the computation of time determining the well test schedule. The production curve shall be calculated by interpolating daily production for each day using the known daily production

obtained by well tests and shall use a method of interpolation that is at minimum as accurate as maintaining a constant rate of change for each day's production between the known daily production values.

During the plateau period, the oil and gas production for each well in the Well Test Group shall be allocated using a minimum of three (3) well tests per month.

During the decline period, the oil and gas production for each well in the Well Test Group shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than 22% per month; (b) a minimum of two (2) well tests per month when the decline rate is between 22% and 10% per month; and (c) a minimum of 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 OCD Engineering Bureau that contains 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 that 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 that continues for more than fifteen (15) days until the well commences production.

5. Applicant shall allocate oil and gas production using constant metering for the following wells: Rustler Breaks 12 24 27 1H (30-015-41775), Rustler Breaks 12 24 27 204H (30-015-43194), David Edelstein State Com 223H (30-015-45143), and David Edelstein State Com 203H (30-015-44682) ("Meter Group").

The oil and gas production for each well in the Meter group shall be separated and metered prior to commingling.

6. 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.
7. 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.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
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 in accordance with 19.15.12.10(C)(4)(g) NMAC.

10. Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau identifying an infill well prior to commingling and off-lease measuring, as applicable, oil and gas production from an infill well with the production from another well.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. 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**



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**ADRIENNE SANDOVAL  
DIRECTOR**

AS/dm

**DATE:** 9/10/2020

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: CTB-812-B

Operator: Matador Production Company (228937)

Central Tank Battery: Rustler Breaks Tank Battery

Central Tank Battery Location (NMPM): Unit P, Section 12, Township 24 South, Range 27 East

Gas Custody Transfer Meter Location (NMPM): Unit P, Section 12, Township 24 South, Range 27 East

### Pools

Pool Name	Pool Code
PURPLE SAGE; WOLFCAMP (GAS)	98220

### Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)
CA WC NMSLO	N/2
CA WC NMSLO 1370095	N/2 S/2 Sec 12 & 11
WC OCD R-13763	S/2

### Wells

Well API	Well Name	Location (NMPM)	Pool Code	Allocation
30-015-41775	Rustler Breaks 12 24 27 1H	P-12-24S-27E	98220	meter
30-015-43194	Rustler Breaks 12 24 27 204H	P-12-24S-27E	98220	meter
30-015-43774	Brantley State Com 13 24 27 RB 221H	D-18-24S-28E	98220	well test
30-015-45143	David Edelstein State Com 223H	I-12-24S-27E	98220	meter
30-015-44682	David Edelstein State Com 203H	I-12-24S-27E	98220	meter
30-015-44742	Brantley State Com 13 24S 27E RB 205H	D-18-24S-28E	98220	well test
30-015-44597	Brantley State Com 13 24S 27E RB 206H	H-13-24S-27E	98220	well test
30-015-44743	Brantley State Com 13 24S 27E RB 211H	D-18-24S-28E	98220	well test