

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY ENDURING RESOURCES, LLC**

ORDER NO. PLC-770

ORDER

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

FINDINGS OF FACT

1. Enduring Resources, 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. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. Applicant intends to segregate the oil and gas production from each pool within a lease identified in Exhibit B from the oil and gas production from all other pools and leases prior to measuring the production from each pool within a lease with an allocation meter.
4. 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.
5. 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 of 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.
6. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
7. Applicant certified 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.
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 stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

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. 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.
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 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.
14. 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.
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. 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 wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

2. This Order supersedes Order PLC-411.
3. The allocation of oil and gas production to each pool within a lease identified in Exhibit B shall be determined by separating and metering the production from each pool within a lease prior to commingling.
4. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A shall be determined in the same manner as to wells identified in Exhibit A that produce from that pool and lease, provided that if more than one allocation method is being used or if there are no wells identified in Exhibit A that produce from the pool and lease, then allocation of oil and gas production to each well not included in Exhibit A shall be determined by OCD prior to commingling production from it with the production from another well.
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 a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of 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, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new surface commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and 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 in accordance with 19.15.12.10(C)(4)(g) NMAC.
10. If a well is not included in Exhibit A but produces from a pool or lease identified in Exhibit A, then Applicant shall submit Forms C-102 and C-103 to the OCD Engineering Bureau after the well has been approved to be drilled and prior to off-lease measuring or commingling oil or gas production from it with the production from another well. The Form C-103 shall reference this Order and identify the well and proposed method to determine the allocation of oil and gas production to it.
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



ADRIENNE SANDOVAL
DIRECTOR
AS/dm

DATE: 5/21/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **PLC-770**

Operator: **Enduring Resources, LLC (372286)**

Central Tank Battery: **Chaco 2308 04P 149H Pad**

Central Tank Battery Location: **Unit P, Section 4, Township 23 North, Range 8 West**

Gas Custody Transfer Meter Location: **Unit P, Section 4, Township 23 North, Range 8 West**

Pools

Pool Name	Pool Code
NAGEEZI GALLUP	47540
BASIN MANCOS	97232

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 018463	S/2	3-23N-8W
NMNM 109398	All	4-23N-8W

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool Code
30-045-35495	Chaco 2308 04P #149H	N/2 S/2	3-23N-8W	47540
30-045-35497	Chaco 2308 04P #150H	S/2 S/2	3-23N-8W	47540
30-045-35587	Chaco 2308 04P #406H	S/2 S/2	4-23N-8W	97232
30-045-35588	Chaco 2308 03E #403H	N/2 N/2	4-23N-8W	97232
30-045-35539	Chaco 2308 03L #404H	S/2 N/2	4-23N-8W	97232
30-045-35538	Chaco 2308 03L #405H	N/2 S/2	4-23N-8W	97232

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: **PLC-770**
Operator: **Enduring Resources, LLC (372286)**

Pools

Pool Name	Pool Code
NAGEEZI GALLUP	47540
BASIN MANCOS	97232

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 018463	S/2	3-23N-8W
NMNM 109398	All	4-23N-8W

Pools within each Lease

Lease	Pool Code	Group ID
NMNM 109398	97232	A
NMNM 018463	47540	B

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Group ID
30-045-35588	Chaco 2308 03E #403H	N/2 N/2	4-23N-8W	A
30-045-35539	Chaco 2308 03L #404H	S/2 N/2	4-23N-8W	A
30-045-35538	Chaco 2308 03L #405H	N/2 S/2	4-23N-8W	A
30-045-35587	Chaco 2308 04P #406H	S/2 S/2	4-23N-8W	A
30-045-35495	Chaco 2308 04P #149H	N/2 S/2	3-23N-8W	B
30-045-35497	Chaco 2308 04P #150H	S/2 S/2	3-23N-8W	B