

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY XTO PERMIAN OPERATING, LLC**

ORDER NO. PLC-1123

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. XTO Permian Operating, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools and leases described in Exhibit A (“Application”).
2. Applicant included a complete list of the wells currently dedicated to each pool and lease.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
4. 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.
5. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools and leases in accordance with 19.15.12.10(C)(4)(g) NMAC.
6. 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 as described in Exhibit A.
7. Applicant submitted or intends to submit one or more application(s) to the BLM or NMSLO, as applicable, to form or revise a participating area (“PA”) and has identified the acreage of each lease within each spacing unit (“PA Pooled Area”) to be included in the application(s), as described in Exhibit A.
8. 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.
9. 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

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, 19.15.12. NMAC, and 19.15.23. NMAC.
11. Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(A)(2) NMAC, 19.15.12.10(C)(4)(c) NMAC, and 19.15.12.10(C)(4)(e) NMAC, as applicable.
12. Applicant satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) NMAC and 19.15.23.9(A)(6) NMAC, as applicable.
13. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) NMAC or 19.15.12.10(C)(1) NMAC, as applicable.
14. 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) NMAC and 19.15.12.10(C)(4)(h) NMAC.
15. 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.
16. 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 oil and gas production from the pools and leases as described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from the wells included in Exhibit A provided that they produce from a pool and lease described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from the pools and leases as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

Applicant is authorized to surface commingle oil and gas production from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease, as applicable, from wells not included in Exhibit A but that produce from a pool and lease as described in Exhibit A at a central tank battery or gas title transfer meter described in Exhibit A.

2. No later than sixty (60) days after the BLM or NMSLO, as applicable, approves Applicant's paying well determination for a well, Applicant shall submit to the BLM or NMSLO an application to form or revise a PA that includes the PA Pooled Area as defined in Applicant's Form C-102 ("PA Application"). If Applicant fails to submit the PA Application, this Order shall terminate on the following day. No later than sixty (60) days after the BLM or NMSLO approves or denies the PA Application, Applicant shall submit a Form C-103 to OCD with a copy of the decision. If Applicant withdraws or the BLM or NMSLO denies the PA Application, this Order shall terminate on the date of such action. If the BLM or NMSLO approves but modifies the PA Application, Applicant shall comply with the approved PA, and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved PA if the formation or dedicated lands are modified or if a modification is made that will affect this Order. If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

Applicant shall allocate the oil and gas production to each lease within a PA Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the PA Pooled Area until the PA Pooled Area is included in a PA. After a PA Pooled Area is included in a PA, the oil and gas production from the PA Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the PA, including any production that had been allocated previously in accordance with this Order.

3. The allocation of oil and gas production to wells not included in Exhibit A but that produce from a pool and lease as described 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.
4. 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.

During the initial production period, the oil and gas production for each well identified in Exhibit A 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.

- b. The plateau period shall be measured from the end of the initial production period to the peak decline rate.

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

- c. The decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows:

- i. a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month;
- ii. a minimum of two (2) well tests per month when the decline rate is between twenty-two percent (22%) and ten percent (10%) per month; and
- iii. a minimum of one (1) well test per month when the decline rate is less than ten percent (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.
 - ii. The total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.
 - iii. A vessel shall be allowed to reach equilibrium and a sufficient liquid retention time for accurate measurement achieved prior to beginning the well test.

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. If Applicant recovers oil or gas production from produced water prior to Applicant injecting it or transferring custody of it, then that production shall be allocated to each well in the proportion that it contributed to the total produced water.

6. If Applicant recovers gas production using a vapor recovery unit (VRU), then that gas production shall be allocated to each well in the proportion that it contributed to the total oil production.
7. Applicant shall measure and market the commingled oil at a central tank battery described in Exhibit A in accordance with this Order and 19.15.18.15 NMAC or 19.15.23.8 NMAC.
8. Applicant shall measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9 NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8(B) NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8(E) 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. Applicant shall install and utilize vessels that are appropriately designed to ensure sufficient separation of the fluids and to accurately measure oil and gas production.
11. 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.
12. 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 in accordance with 19.15.12.10(C)(4)(g) NMAC, provided the pools, leases, and subsequently drilled wells are within the identified parameters included in the Application.
13. If a well is not included in Exhibit A but produces from a pool and lease as described 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, proposed method to determine the allocation of oil and gas production to it, and the location(s) that commingling of its production will occur.
14. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

15. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
16. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**

Albert Chang

**ALBERT C. S. CHANG
DIRECTOR**

DATE: 05/01/2026

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-1123
Operator: XTO Permian Operating, LLC (373075)
Central Tank Battery: Poker Lake Unit 18 Brushy Draw West Central Tank Battery
Central Tank Battery Location: UL E, Section 18, Township 25 South, Range 30 East x2
Central Tank Battery: Poker Lake Unit 18-19, 18-30 Brushy Draw Mega Pad A
Central Tank Battery Location: UL B, Section 18, Township 25 South, Range 30 East
Gas Title Transfer Meter Location: UL E, Section 18, Township 25 South, Range 30 East x1
Gas Title Transfer Meter Location: UL B, Section 18, Township 25 South, Range 30 East x2

Pools

Pool Name	Pool Code
CORRAL CANYON;BONE SPRING, SOUTH	13354
PIERCE CROSSING; BONE SPRING, EAST	96473
PURPLE SAGE;WOLFCAMP (GAS)	98220

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
	E2NE, E2SW, SE4	08-25S-30E
	ALL	17-25S-30E
	E2, SW4	18-25S-30E
	ALL	19-25S-30E
	ALL	20-25S-30E
	S2	27-25S-30E
	ALL	28-25S-30E
	ALL	29-25S-30E
PA Wolfcamp NMNM 105723198 (071016AT)	NE4, E2SE	30-25S-30E
	E2NE	31-25S-30E
	ALL	32-25S-30E
	ALL	33-25S-30E
	ALL	34-25S-30E
	ALL	03-26S-30E
	NE4	04-26S-30E
	N2	10-26S-30E
	SW4, E2	18-25S-30E
	ALL	19-25S-30E
PROPOSED PA Bone Spring NMNM	W2NE, E2E2	30-25S-30E
	NENE	31-25S-30E
BLM Lease NMNM 105421572 (NMLC 0065705B)	W2NE, S2	18-25S-30E
BLM Lease NMNM 105370832 (NMLC 0070341)	ALL	19-25S-30E
BLM Lease NMNM 105316052 (NMLC 0070125)	NE4, E2SE	30-25S-30E
BLM Lease NMNM 105445900 (NMLC 0065705)	E2NE	18-25S-30E
BLM Lease NMNM 105647916 (003103C)	E2NE	31-25S-30E

Wells				
Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-53211	POKER LAKE UNIT 18 19 BD #106H	E2	18-25S-30E	98220
		E2	19-25S-30E	
30-015-53266	POKER LAKE UNIT 18 19 BD #126H	E2	18-25S-30E	98220
		E2	19-25S-30E	
		NE4	30-25S-30E	
30-015-53267	POKER LAKE UNIT 18 19 BD #127H	E2	18-25S-30E	98220
		E2	19-25S-30E	
30-015-53268	POKER LAKE UNIT 18 30 BD #125H	E2	18-25S-30E	98220
		E2	19-25S-30E	
		NE4	30-25S-30E	
30-015-53269	POKER LAKE UNIT 18 30 BD #166H	E2	18-25S-30E	98220
		E2	19-25S-30E	
		NE4	30-25S-30E	
30-015-53272	POKER LAKE UNIT 18 30 BD #167H	E2	18-25S-30E	98220
		E2	19-25S-30E	
		NE4	30-25S-30E	
30-015-53270	POKER LAKE UNIT 18 30 BD #168H	E2	18-25S-30E	98220
		E2	19-25S-30E	
30-015-53271	POKER LAKE UNIT 18 30 BD #169H	E2	18-25S-30E	98220
		E2	19-25S-30E	
30-015-44899	POKER LAKE UNIT 18 BD #101H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-44891	POKER LAKE UNIT 18 BD #103H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-44892	POKER LAKE UNIT 18 BD #104H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-44893	POKER LAKE UNIT 18 BD #121H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-44894	POKER LAKE UNIT 18 BD #122H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-44896	POKER LAKE UNIT 18 BD #124H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-44895	POKER LAKE UNIT 18 BD #154H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-44897	POKER LAKE UNIT 18 BD #161H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-44900	POKER LAKE UNIT 18 BD #163H	SW4	18-25S-30E	98220
		W2	19-25S-30E	
30-015-57270	POKER LAKE UNIT 18 30 BD #200H	SW4	18-25S-30E	96473
		W2	19-25S-30E	
30-015-57272	POKER LAKE UNIT 18 30 BD #201H	SW4	18-25S-30E	96473
		W2	19-25S-30E	
30-015-57273	POKER LAKE UNIT 18 30 BD #202H	SW4	18-25S-30E	96473
		W2	19-25S-30E	
		W2E2	18-25S-30E	

30-015-57274	POKER LAKE UNIT 18 30 BD #203H	W2E2	19-25S-30E	13354
		W2NE	30-25S-30E	
		E2E2	18-25S-30E	
30-015-57275	POKER LAKE UNIT 18 19 BD #204H	E2E2	19-25S-30E	13354
		E2E2	30-25S-30E	
		NENE	31-25S-30E	

Sante Fe Main Office
Phone: (505) 476-3441

General Information
Phone: (505) 629-6116

Online Phone Directory
<https://www.emnrd.nm.gov/ocd/contact-us>

State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 584250

CONDITIONS

Operator: XTO PERMIAN OPERATING LLC. 3617 North Big Spring Street MIDLAND, TX 79705	OGRID: 373075
	Action Number: 584250
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	None	5/12/2026