

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY FRANKLIN MOUNTAIN ENERGY, LLC ORDER NO. CTB-951**

ORDER

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

FINDINGS OF FACT

1. Franklin Mountain Energy, 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. 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.

CONCLUSIONS OF LAW

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

10. 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.
11. 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. Applicant satisfied the notice requirements for subsequent additions of pools, leases, and wells in the notice for the Application, in accordance with 19.15.12.10(C)(4)(g) NMAC.
12. 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 oil and gas production from each well shall be separated and metered prior to commingling.
3. 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.
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, 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 oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
6. 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 and providing notice of the application to all owners of interest in the production to be added.
7. Applicant shall not commence commingling involving state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
8. 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**

A handwritten signature in black ink, appearing to read 'ASD', written over a horizontal line.

**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 5/08/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-951

Operator: Franklin Mountain Energy, LLC (373910)

Central Tank Battery: Parade Central Tank Battery

Central Tank Battery Location (NMPM): Unit B, Section 2, Township 25 South, Range 35 East

Gas Custody Transfer Meter Location (NMPM): Unit B, Section 2, Township 25 South, Range 35 East

Pools

| Pool Name | Pool Code |
|------------------------------------|-----------|
| WC-025 G-09 S253502D; UPR WOLFCAMP | 98187 |

Leases as defined in 19.15.12.7(C) NMAC

| Lease | Location (NMPM) | |
|------------------------|--------------------------------|------------------|
| VB 21213 | W/2 W/2 | Sec 2-T25S-R35E |
| CA WC NMSLO, Parade 1H | W/2 E/2 Sec 2, W/2 NE/4 Sec 11 | T25S-R35E |
| CA WC NMSLO, Proxy 1H | W/2 W/2 | Sec 36-T24S-R35E |

Wells

| Well API | Well Name | Location (NMPM) | Pool Code | Train |
|--------------|--------------------------|-----------------|-----------|-------|
| 30-025-43108 | Parade BWY State 1H | B-02-25S-35E | 98187 | |
| 30-025-43117 | County Fair BTY State 1H | D-02-25S-35E | 98187 | |
| 30-025-43922 | Proxy WCA State Com 1H | M-36-24S-35E | 98187 | |