

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY PREMIER OIL & GAS, INC.**

ORDER NO. PLC-781

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. Premier Oil & Gas, Inc. (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
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 lease and from each pool within that lease as identified in Exhibit B from the oil and gas production from all other pools and leases prior to measuring the production from each pool and 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.

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, 19.15.12 NMAC, and 19.15.23 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 satisfied the notice requirements for the Application in accordance with 19.15.23.9(A)(5) and (6) NMAC, as applicable.
11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
12. 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.
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 oil and gas production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

2. The allocation of oil and gas production to each pool and lease identified in Exhibit B shall be determined by separating and metering the production from each pool and lease as described by Group ID in Exhibit B prior to commingling that production with production from any other pool and lease.
3. If a well is recompleted into a pool included in Exhibit A but different than that well is identified as being completed into within Exhibit A, no later than sixty (60) days after the well has been recompleted, Applicant shall submit Form C-103 to the OCD Engineering Bureau. The Form C-103 shall reference this Order and identify the well and new pool that it is recompleted into. The production from the well shall be routed to the appropriate separator so that its production is measured together with the production from the wells that are producing from the same pool and lease as it is then completed. The OCD Engineering Bureau shall amend Exhibit B to reflect this change.
4. 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.
5. Applicant shall measure and market the commingled gas at a 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.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.

7. 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.
8. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. 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).
10. 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**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 8/31/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-781
Operator: Premier Oil & Gas, Inc. (17985)
Central Tank Battery: Parke B Tract C 12 Battery
Central Tank Battery Location: Unit G, Section 15, Township 17 South, Range 30 East
Gas Title Transfer Meter Location: Unit G, Section 15, Township 17 South, Range 30 East

Pools

Pool Name	Pool Code
GRAYBURG JACKSON; SR-Q-G-SA	28509
LOCO HILLS; GLORIETA-YESO	96718

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 0467933	NE/4	15-17S-30E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-20581	Dale H Parke B Tract C #7	A	15-17S-30E	28509
30-015-20613	Dale H Parke B Tract C #8	H	15-17S-30E	28509
30-015-32379	Dale H Parke B Tract C #11	G	15-17S-30E	96718
30-015-32372	Dale H Parke B Tract C #12	G	15-17S-30E	96718
30-015-32380	Dale H Parke B Tract C #13	H	15-17S-30E	96718
30-015-32393	Dale H Parke B Tract C #14	H	15-17S-30E	96718
30-015-32390	Dale H Parke B Tract C #15	B	15-17S-30E	96718
30-015-32395	Dale H Parke B Tract C #16	A	15-17S-30E	96718
30-015-32396	Dale H Parke B Tract C #17	B	15-17S-30E	96718
30-015-32397	Dale H Parke B Tract C #18	A	15-17S-30E	96718
30-015-36037	Dale H Parke B Tract C #21	H	15-17S-30E	96718
30-015-36026	Dale H Parke B Tract C #22	H	15-17S-30E	96718
30-015-36761	Dale H Parke B Tract C #24	A	15-17S-30E	96718
30-015-36894	Dale H Parke B Tract C #25	B	15-17S-30E	96718
30-015-40082	Dale H Parke B Tract C #26	A	15-17S-30E	96718

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: PLC-781
Operator: Premier Oil & Gas, Inc. (17985)

Pools

Pool Name	Pool Code
GRAYBURG JACKSON; SR-Q-G-SA	28509
LOCO HILLS; GLORIETA-YESO	96718

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 0467933	NE/4	15-17S-30E

Pools within each Lease

Lease	Pool Code	Group ID
NMNM 0467933	28509	A
NMNM 0467933	96718	B

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Group ID
30-015-20581	Dale H Parke B Tract C #7	A	15-17S-30E	A
30-015-20613	Dale H Parke B Tract C #8	H	15-17S-30E	A
30-015-32379	Dale H Parke B Tract C #11	G	15-17S-30E	B
30-015-32372	Dale H Parke B Tract C #12	G	15-17S-30E	B
30-015-32380	Dale H Parke B Tract C #13	H	15-17S-30E	B
30-015-32393	Dale H Parke B Tract C #14	H	15-17S-30E	B
30-015-32390	Dale H Parke B Tract C #15	B	15-17S-30E	B
30-015-32395	Dale H Parke B Tract C #16	A	15-17S-30E	B
30-015-32396	Dale H Parke B Tract C #17	B	15-17S-30E	B
30-015-32397	Dale H Parke B Tract C #18	A	15-17S-30E	B
30-015-36037	Dale H Parke B Tract C #21	H	15-17S-30E	B
30-015-36026	Dale H Parke B Tract C #22	H	15-17S-30E	B
30-015-36761	Dale H Parke B Tract C #24	A	15-17S-30E	B
30-015-36894	Dale H Parke B Tract C #25	B	15-17S-30E	B
30-015-40082	Dale H Parke B Tract C #26	A	15-17S-30E	B