

**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-1098

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 proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“CA Pooled Area”), as described in Exhibit A.
8. 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.
9. 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.

10. 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

11. 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.
12. 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.
13. 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.
14. 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.
15. 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.
16. 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.
17. 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. This Order supersedes Order CTB-1120-A.
3. 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.

4. 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.
5. 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.

6. 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.
7. 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.
8. 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.
9. 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.
10. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
11. 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.
12. 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.
13. 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.
14. 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.

15. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
16. 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).
17. 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: 04/10/2026

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-1098
Operator: XTO Permian Operating, LLC (373075)
Central Tank Battery: Poker Lake Unit 13 PC Central Vessel Battery
Central Tank Battery Location: UL G, Section 13, Township 24 South, Range 29 East
Gas Title Transfer Meter Location: UL G, Section 13, Township 24 South, Range 29 East

Pools

Pool Name	Pool Code
CEDAR CANYON;BONE SPRING	11520
PIERCE CROSSING; BONE SPRING, EAST	96473
WILDCAT S243006B;LWR BONE SPRING	97753
PURPLE SAGE;WOLFCAMP (GAS)	98220

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
Poker Lake Exploratory Unit Agreement NMNM 105422429 (071016X)	E/2 NE/4, SE/4	01-24S-29E
	E/2	12-24S-29E
	E/2	13-24S-29E
	E/2	24-24S-29E
BLM Lease NMLC 105511730 (NMLC 0070175A)	E/2 NE/4, SE/4	01-24S-29E
	NE/4	12-24S-29E
BLM Lease NMNM 105469353 (0005912)	SE/4	12-24S-29E
	E/2	13-24S-29E
BLM Lease NMNM 105443079 (NMLC 0069005)	E/2	24-24S-29E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-54010	Poker Lake Unit 13 1 PC #105H	E/2	13-24S-29E	98220
		E/2	24-24S-29E	
30-015-53565	Poker Lake Unit 13 1 PC #107H	E/2	13-24S-29E	98220
		E/2	24-24S-29E	
30-015-54012	Poker Lake Unit 13 1 PC #116H	E/2	13-24S-29E	98220
		E/2	24-24S-29E	
30-015-53563	Poker Lake Unit 13 1 PC #118H	E/2	13-24S-29E	98220
		E/2	24-24S-29E	
30-015-53562	Poker Lake Unit 13 1 PC #125H	E/2	13-24S-29E	98220
		E/2	24-24S-29E	
30-015-53554	Poker Lake Unit 13 1 PC #127H	E/2	13-24S-29E	98220
		E/2	24-24S-29E	
30-015-53560	Poker Lake Unit 13 1 PC #158H	E/2	13-24S-29E	98220
		E/2	24-24S-29E	
30-015-54013	Poker Lake Unit 13 1 PC #165H	E/2	13-24S-29E	98220
		E/2	24-24S-29E	

30-015-54014	Poker Lake Unit 13 1 PC #167H	E/2 E/2	13-24S-29E 24-24S-29E	98220
30-015-54359	Poker Lake Unit 13 24 PC #106H	SE/4 E/2 NE/4	1-24S-29E 12-24S-29E 13-24S-29E	98220
30-015-53557	Poker Lake Unit 13 24 PC #116H	SE/4 E/2 NE/4	1-24S-29E 12-24S-29E 13-24S-29E	98220
30-015-54358	Poker Lake Unit 13 24 PC #125H	SE/4 E/2 NE/4	1-24S-29E 12-24S-29E 13-24S-29E	98220
30-015-54357	Poker Lake Unit 13 24 PC #165H	SE/4 E/2 NE/4	1-24S-29E 12-24S-29E 13-24S-29E	98220
30-015-53558	Poker Lake Unit 13 24 PC #108H	SE/4 E/2	13-24S-29E 24-24S-29E	98220
30-015-53556	Poker Lake Unit 13 24 PC #118H	E/2 NE/4 E/2 NE/4	1-24S-29E 12-24S-29E 13-24S-29E	98220
30-015-53553	Poker Lake Unit 13 24 PC #127H	SE/4 E/2	13-24S-29E 24-24S-29E	98220
30-015-54015	Poker Lake Unit 13 24 PC #166H	E/2 NE/4, SE/4 E/2 NE/4	1-24S-29E 12-24S-29E 13-24S-29E	98220
30-015-53552	Poker Lake Unit 13 24 PC #168H	E/2 NE/4 E/2 NE/4	1-24S-29E 12-24S-29E 13-24S-29E	98220
30-015-56753	POKER LAKE UNIT 13 1 PC #507H	S2NE, SE4 E2	13-24S-29E 24-24S-29E	96473
30-015-56743	POKER LAKE UNIT 13 1 PC #705H	S2NE, SE4 E2	13-24S-29E 24-24S-29E	96473
30-015-56744	POKER LAKE UNIT 13 1 PC #707H	S2NE, SE4 E2	13-24S-29E 24-24S-29E	96473
30-015-56745	POKER LAKE UNIT 13 1 PC #708H	S2NE, SE4 E2	13-24S-29E 24-24S-29E	96473
30-015-56746	POKER LAKE UNIT 13 1 PC #805H	S2NE, SE4 E2	13-24S-29E 24-24S-29E	96473
30-015-56747	POKER LAKE UNIT 13 1 PC #806H	S2NE, SE4 E2	13-24S-29E 24-24S-29E	96473
03-015-56748	POKER LAKE UNIT 13 24 PC #705H	W2SE W2SE W2NE, NWSE W2NE	01-24S-29E 12-24S-29E 13-24S-29E 12-24S-29E	11520 96473 97753
30-015-56749	POKER LAKE UNIT 13 24 PC #707H	E2E2 E2SE E2NE, NESE E2NE	01-24S-29E 12-24S-29E 13-24S-29E 12-24S-29E	11520 96473 97753

30-015-56750	POKER LAKE UNIT 13 24 PC #708H	E2E2	01-24S-29E	11520
		E2SE	12-24S-29E	96473
		E2NE, NESE	13-24S-29E	
		E2NE	12-24S-29E	97753
30-015-56751	POKER LAKE UNIT 13 24 PC #805H	W2SE	01-24S-29E	11520
		W2SE	12-24S-29E	96473
		W2NE, NWSE	13-24S-29E	
		W2NE	12-24S-29E	97753
30-015-56752	POKER LAKE UNIT 13 24 PC #806H	E2E2	01-24S-29E	11520
		E2SE	12-24S-29E	96473
		E2NE, NESE	13-24S-29E	
		E2NE	12-24S-29E	97753

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 574952

CONDITIONS

Operator: XTO PERMIAN OPERATING LLC. 3617 Big Spring St. MIDLAND, TX 79705	OGRID: 373075
	Action Number: 574952
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	None	4/14/2026