

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

APPLICATION FOR SURFACE COMMINGLING

SUBMITTED BY ADVANCE ENERGY PARTNERS HAT MESA, LLC

ORDER NO. PLC-650

ORDER

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

FINDINGS OF FACT

1. Advance Energy Partners Hat Mesa, LLC (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production ("Application") from the pools, leases, and horizontal 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 horizontal 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 horizontal 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, in accordance with 19.15.12.10(C)(4)(c) NMAC and 19.15.12.10(C)(4)(e) NMAC, 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 submitted one or more proposed communitization or unitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single lease (“Proposed Consolidated Lease”)

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(C)(4)(c) NMAC and 19.15.12.10(C)(4)(e) NMAC.
9. 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 February 28, 2020, Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and horizontal wells identified in Exhibit A.
2. No later than five (5) business days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 with a copy of the decision and agreement. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, then this Order shall terminate on the date of such action, and Applicant shall cease commingling the production on the Proposed Consolidated Lease. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), then Applicant shall comply with the approved agreement(s), and no later than ten (10) business days after such decision, Applicant shall submit a new surface commingle application to conform this Order with the approved agreement(s). If OCD denies the application, this Order shall terminate automatically.
3. Applicant shall allocate the oil and gas production to each lease within a Proposed Consolidated Lease in proportion to the acreage that each lease bears to the entire acreage of the Proposed Consolidated Lease described in Exhibit B.
4. The oil and gas production from each well shall be separated and metered individually prior to commingling.
5. Applicant shall measure the commingled oil at the 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 the 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.
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. Applicant may add subsequently drilled wells to this Order in accordance with 19.15.12.10(C)(4)(g) NMAC by submitting a Form C-107-B via the OCD Fee Portal.

9. Applicant shall not commence commingling involving state, federal, or tribal leases unless or until approved by the BLM or NMSLO, as applicable. *See* 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
10. OCD retains jurisdiction and reserves the right to modify or revoke this Order if it determines that the Application did not accurately describe the pools, leases, and horizontal wells in the Proposed Consolidated Lease(s) or 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**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE:

2/28/20

State of
Energy, Minerals and Natural Resources

Exhibit

Order:

Operator:

Central Tank Battery:

Central Tank Battery Location (NMPM):

Gas Custody Transfer Meter Location (NMPM):

Pools

Pool Name

Pool Code

LEGG; BONE SPRING

37870

WC-025 G-10 S2133280; WOLFCAMP

98033

Leases as defined in 19.15.12.7(C) NMAC

Lease

Location (NMPM)

VO 84040001 BS

D, E, L, and M

Sec 32-T21S-R33E

VO 61510003 BS

D and E

Sec 5-T22S-R33E

VO 84040001 WC

D, E, L, and M

Sec 32-T21S-R33E

VO 61510003 WC

D and E

Sec 5-T22S-R33E

Wells

Well API

Well Name

Location (NMPM)

Pool Code

Train

30-025-45579

Dagger Lake 5 State Com 501H

L-05-22S-33E

37870

30-025-45703

Dagger Lake 5 State Com 503H

L-05-22S-33E

37870

30-025-45853

Dagger Lake 5 State Com 601H

L-05-22S-33E

37870

30-025-45854

Dagger Lake 5 State Com 603H

L-05-22S-33E

37870

30-025-46416

Dagger Lake 5 State Com 551H

L-05-22S-33E

37870

30-025-46289

Dagger Lake 5 State 801H

L-05-22S-33E

98033

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: PLC-650

Operator: Advance Energy Partners Hat Mesa, LLC (372417)

Proposed Consolidated Leases

Consolidated Lease	Location (NMPM)	Acres	Consolidated Lease ID
BS CA	(E & D Sec 5-T22S-R33E), (M, L, E, & D Sec 32-T21S-R33E)	240.04	A
WC CA	(E & D Sec 5-T22S-R33E), (M, L, E, & D Sec 32-T21S-R33E)	240.04	B

Leases Comprising Proposed Consolidated Leases

Lease	Location (NMPM)		Acres	Consolidated Lease ID
VO 84040001 BS	D, E, L, and M	Sec 32-T21S-R33E	160	A
VO 61510003 BS	D and E	Sec 5-T22S-R33E	80.04	A
VO 84040001 WC	D, E, L, and M	Sec 32-T21S-R33E	160	B
VO 61510003 WC	D and E	Sec 5-T22S-R33E	80.04	B