

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY COG OPERATING, LLC**

ORDER NO. PLC-646

ORDER

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

FINDINGS OF FACT

1. COG Operating, 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 provided evidence or a certification by a qualified person that 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

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. 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 April 22, 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. This Order supersedes Order CTB 832 and CTB 899.
3. The allocation of oil and gas production shall be based on the production life of each well. The production of a well shall be measured for three periods: (a) the initial production period shall be measured from the first production until either the peak production rate or thirty (30) days after the first production; (b) the plateau period shall be measured from the end of the initial production period to the peak decline rate; and (c) the decline period shall be measured from the end of the plateau period until the well is plugged and abandoned.

For each well, during the initial production period, the oil and gas production shall be separated and metered prior to commingling.

For each well, during the plateau period, the oil and gas production shall be allocated using a minimum of four (4) well tests per month.

For each well, during the decline period, the oil and gas production shall be allocated on the basis of: (a) four (4) well tests per month when the decline rate is greater than 21% per month; (b) three (3) well tests per month when the decline rate is between 21% and 13% per month; (c) two well tests per month when the decline rate is between 13% and 6% per month; and (d) one (1) well test per month when the decline rate is less than 6% per month.

Applicant shall submit a Form C-103 each quarter to the Engineering Bureau in Santa Fe that identifies the allocation method for each well, and for any well allocated by the well test method, Applicant shall provide the following information: (a) the current decline rate; (b) the minimum number of well tests per month required by this Order; and (c) the number of well tests conducted each month.

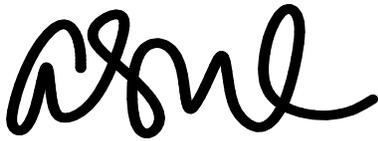
Upon OCD's request, Applicant shall submit a Form C-103 to the Engineering Bureau in Santa Fe that provides the decline rate curve and other relevant information demonstrating the production life of a well.

Applicant shall conduct a well test by separating and metering the oil and gas production from each 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; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

4. 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.
5. 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.
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, then Applicant shall submit a new surface commingle application to amend this Order to remove the pool, lease, or well whose oil and gas production caused the decrease in value no later than sixty (60) days after the decrease in value has occurred. If Applicant fails to do so, this Order shall terminate on the following day. If OCD denies the application, this Order shall terminate on the date of such action.
8. Applicant shall not commence commingling involving state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
9. 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**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 4/21/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-646

Operator: COG Operating, LLC (229137)

Central Tank Battery: Raspberry State Com 1H Battery

Central Tank Battery Location (NMPM): Unit P, Section 27, Township 21 South, Range 33 East

Central Tank Battery: Pygmy 27 State 1H Battery

Central Tank Battery Location (NMPM): Unit D, Section 27, Township 21 South, Range 33 East

Central Tank Battery: Pygmy 27 State 3H Battery

Central Tank Battery Location (NMPM): Unit B, Section 27, Township 21 South, Range 33 East

Central Tank Battery: Huckleberry State 22 N Central Tank Battery

Central Tank Battery Location (NMPM): Unit N, Section 22, Township 21 South, Range 33 East

Gas Custody Transfer Meter ETC Gas Meter

Gas Custody Transfer Meter Location (NMPM): Unit D, Section 27, Township 21 South, Range 33 East

Gas Custody Transfer Meter Targa Gas Meter

Gas Custody Transfer Meter Location (NMPM): Unit N, Section 22, Township 21 South, Range 33 East

Pools

Pool Name	Pool Code
WC-025 G-08 S213304D; BONE SPRING	97895
WC-025 G-06 S213326D; BONE SPRING	97929

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)
CA BS NMSLO, Pygmy Wells	All Sec 27-T21S-R33E
CA BS NMSLO 1353065	E/2 E/2 Sec 22 and 27 T21S-R33E
CA BS NMSLO 1379199	E/2 E/2 Sec 15 and 22 T21S-R33E
CA BS NMSLO 1379165	W/2 E/2 Sec 15 and 22 T21S-R33E
CA BS NMSLO 1379144	E/2 W/2 Sec 15 and 22 T21S-R33E
CA BS NMSLO 1379153	W/2 W/2 Sec 15 and 22 T21S-R33E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-45231	Huckleberry State Com 501H	A-27-21S-33E	97895	
30-025-45232	Huckleberry State Com 502H	B-27-21S-33E	97895	
30-025-45233	Huckleberry State Com 503H	B-27-21S-33E	97895	
30-025-45234	Huckleberry State Com 504H	C-27-21S-33E	97895	
30-025-45207	Huckleberry State Com 505H	D-27-21S-33E	97895	
30-025-45208	Huckleberry State Com 506H	D-27-21S-33E	97895	
30-025-45209	Huckleberry State Com 507H	D-27-21S-33E	97895	
30-025-43179	Raspberry State Com 1H	P-27-21S-33E	97929	
30-025-40352	Pygmy 27 State Com 1H	D-27-21S-33E	97929	
30-025-42062	Pygmy 27 State Com 2H	C-27-21S-33E	97929	
30-025-42068	Pygmy 27 State Com 3H	B-27-21S-33E	97929	