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-717**

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 ("Operator") 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, Operator 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. Operator 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, Operator 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.

5. Operator provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.

6. Operator 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.

7. Operator stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well which produces from a pool and spacing unit dedicated to a well identified in Exhibit A.

8. Operator 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 ("Pooled Area") to be included in the application(s), as described in Exhibit B.

CONCLUSIONS OF LAW

9. 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.

10. Operator 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.

11. Operator'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. Operator is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and wells identified in Exhibit A.

   Operator is authorized to surface commingle and off-lease measure, as applicable, oil and gas production from an infill well producing from the same pool and spacing unit dedicated to a well identified in Exhibit A.

2. No later than sixty (60) days after the BLM or NMSLO, as applicable, approves Operator's paying well determination for a well, Operator shall submit to the BLM or NMSLO an application to form or revise a PA that includes the Pooled Area as defined in Operator's Form C-102 and Exhibit B ("PA Application"). If Operator 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, Operator shall submit Form C-103 to OCD with a copy of the decision. If Operator 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, Operator shall comply with the approved PA, and no later than sixty (60) days after such decision, Operator shall submit a new surface commingle application to OCD to conform this Order with the approved PA. If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.

3. Operator shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Pooled Area is included in a PA. After a Pooled Area is included in a PA, the oil and gas production from the 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 an infill well shall be determined in the same manner as oil and gas production to the well dedicated to the pool and spacing unit.

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; (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.

   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.

   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.

   During the decline period, the oil and gas production for each well identified in Exhibit A shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than twenty-two percent (22%) per month; (b) 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 (c) 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, Operator 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.

   Operator 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; and (ii) the total duration of the nonconsecutive periods shall be a minimum of eighteen (18) hours.

   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. Operator 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.

7. Operator shall measure the commingled gas at a central delivery point or central tank battery described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and regardless of whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Operator shall report the gas in accordance with 19.15.18.12(F) NMAC.

8. Operator shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.

9. 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 Operator 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 Operator 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.

10. Operator shall submit Forms C-102 and C-103 to the OCD Engineering Bureau identifying an infill well prior to commingling and off-lease measuring, as applicable, oil and gas production from an infill well with the production from another well.

11. Operator shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.

12. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

DATE: 1/25/2021

ADRIENNE SANDOVAL
DIRECTOR
AS/dm

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-717
Operator: XTO Permian Operating, LLC (373075)
Central Tank Battery: James Ranch Unit DI1A Battery
Central Tank Battery Location (NMPM): Unit F, Section 21, Township 22 South, Range 30 East
Gas Custody Transfer Meter Location (NMPM): Unit F, Section 21, Township 22 South, Range 30 East

Pools

Pool Name	Pool Code
WILDCAT G-07 S223021G; BONE SPRING	97905
LOS MEDANOS; WOLFCAMP (GAS)	96597

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
PA BS NMNM 70965H	All Sec 19 & 20 & 21 & 22 & 27 & 26 E/2 Sec 28, W/2 Sec 23, S/2 SE/4 Sec 16 S/2 S/2 Sec 15, S/2 SW/4 Sec 14	T22S-R30E
NMNM 02953B	S/2 SE/4	Sec 15-T22S-R30E
	E/2 NE/4	Sec 21-T22S-R30E
	SW/4	Sec 22-T22S-R30E
	N/2 NW/4	Sec 26-T22S-R30E
NMNM 02953	S/2 SW/4	Sec 15-T22S-R30E
	E/2 SE/4	Sec 21-T22S-R30E
	SE/4	Sec 22-T22S-R30E
NMNM 00300	S/2 SW/4, NW/4 SW/4	Sec 23-T22S-R30E
NMNM 06808	W/2 NE/4, W/2 SE/4	Sec 21-T22S-R30E
NMLC 69877A	S/2 S/2	Sec 14-T22S-R30E
NMLC 64827A	SW/4 SW/4	Sec 13-T22S-R30E
	N/2, NE/4 SW/4	Sec 23-T22S-R30E
	NW/4 NW/4	Sec 24-T22S-R30E
EO 62920008	S/2 SE/4	Sec 16-T22S-R30E
NMNM 02953A	N/2	Sec 22-T22S-R30E
Fee	SW/4 NW/4	Sec 24-T22S-R30E
NMNM 307337	N/2 NE/4	Sec 28-T22S-R30E
NMNM 02952A	N/2 N/2	Sec 27-T22S-R30E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-015-42607	James Ranch Unit DI1 #157H	G-21-22S-30E	97905	
30-015-43607	James Ranch Unit DI1 #161H	G-21-22S-30E	97905	
30-015-42628	James Ranch Unit DI1 #169H	G-21-22S-30E	97905	
30-015-45398	James Ranch Unit DI1 BS2A 5W #210H	G-21-22S-30E	97905	
30-015-45399	James Ranch Unit DI1 BS2A 7E #211H	H-21-22S-30E	97905	
30-015-45396	James Ranch Unit DI1 BS2A 7W #212H	G-21-22S-30E	97905	
30-015-45397	James Ranch Unit DI1 BS1 3E #213H	G-21-22S-30E	97905	
30-015-47007	James Ranch Unit DI1 #503H	H-21-22S-30E	97905	

30-015-45462	James Ranch Unit DI1 #701H	H-21-22S-30E	97905
30-015-45461	James Ranch Unit DI1 #702H	H-21-22S-30E	97905
30-015-45351	James Ranch Unit DI1 BS2B 5E #214H	G-21-22S-30E	97905
30-015-43231	James Ranch Unit DI1 #127H	G-21-22S-30E	97905
30-015-43237	James Ranch Unit DI1A #203H	F-21-22S-30E	97905
30-015-43240	James Ranch Unit DI1A #204H	F-21-22S-30E	97905
30-015-43236	James Ranch Unit DI1A #206H	F-21-22S-30E	97905
30-015-45617	James Ranch Unit DI1A Ennis #904H	F-21-22S-30E	96597
30-015-45612	James Ranch Unit DI1A Ennis #111H	F-21-22S-30E	96597
30-015-45613	James Ranch Unit DI1A Ennis #112H	F-21-22S-30E	96597
30-015-45614	James Ranch Unit DI1A Ennis #113H	F-21-22S-30E	96597
30-015-45615	James Ranch Unit DI1A Ennis #114H	G-21-22S-30E	96597
30-015-47514	James Ranch Unit DI1A Ennis #115H	G-21-22S-30E	96597

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: PLC-717
Operator: XTO Permian Operating, LLC (373075)

Pooled Areas

Pooled Area	Location (NMPM)		Acres	Pooled Area ID
PA WC 904H	S/2 S/2 S/2 SW/4 S/2 SE/4	Sec 22-T22S-R30E Sec 23-T22S-R30E Sec 21-T22S-R30E	320	A
PA WC 111H	S/2 S/2 S/2 S/2 SW/4 SW/4 S/2 SE/4	Sec 14-T22S-R30E Sec 15-T22S-R30E Sec 13-T22S-R30E Sec 16-T22S-R30E	440	B
PA WC 112H	N/2 N/2 N/2 N/2 NW/4 NW/4 N/2 NE/4	Sec 22-T22S-R30E Sec 23-T22S-R30E Sec 24-T22S-R30E Sec 21-T22S-R30E	440	C
PA WC 113H	S/2 N/2 S/2 N/2 SW/4 NW/4 S/2 NE/4	Sec 22-T22S-R30E Sec 23-T22S-R30E Sec 24-T22S-R30E Sec 21-T22S-R30E	440	D
PA WC 114H	N/2 S/2 N/2 SW/4 N/2 SE/4	Sec 22-T22S-R30E Sec 23-T22S-R30E Sec 21-T22S-R30E	320	E
PA WC 115Y	N/2 NE/4 N/2 N/2 N/2 NW/4 S/2 SW/4 S/2 S/2 S/2 SE/4	Sec 28-T22S-R30E Sec 27-T22S-R30E Sec 26-T22S-R30E Sec 23-T22S-R30E Sec 22-T22S-R30E Sec 21-T22S-R30E	640	F

Leases Comprising Pooled Areas

Lease	Location (NMPM)		Acres	Pooled Area ID
NMNM 02953B	S/2 SW/4	Sec 22-T22S-R30E	80	A
NMNM 02953	S/2 SE/4 SE/4 SE/4	Sec 22-T22S-R30E Sec 21-T22S-R30E	120	A
NMNM 00300	S/2 SE/4	Sec 23-T22S-R30E	80	A
NMNM 06808	SW/4 SE/4	Sec 21-T22S-R30E	40	A
NMLC 69877A	S/2 S/2	Sec 14-T22S-R30E	160	B
NMNM 02953B	S/2 SE/4	Sec 15-T22S-R30E	80	B
NMNM 02953	S/2 SW/4	Sec 15-T22S-R30E	80	B
NMLC 64827A	SW/4 SW/4	Sec 13-T22S-R30E	40	B
EO 62920008	S/2 SE/4	Sec 16-T22S-R30E	80	B

NMNM 02953A	N/2 N/2	Sec 22-T22S-R30E	160	C
NMLC 64827A	N/2 N/2 NW/4 NW/4	Sec 23-T22S-R30E Sec 24-T22S-R30E	200	C
NMNM 02953B	NE/4 NE/4	Sec 21-T22S-R30E	40	C
NMNM 06808	NW/4 NE/4	Sec 21-T22S-R30E	40	C
NMNM 02953A	S/2 N/2	Sec 22-T22S-R30E	160	D
NMLC 64827A	S/2 N/2	Sec 23-T22S-R30E	160	D
Fee	SW/4 NW/4	Sec 24-T22S-R30E	40	D
NMNM 02953B	SE/4 NE/4	Sec 21-T22S-R30E	40	D
NMNM 06808	SW/4 NE/4	Sec 21-T22S-R30E	40	D
NMNM 02953	N/2 SE/4 NE/4 SE/4	Sec 22-T22S-R30E Sec 21-T22S-R30E	120	E
NMNM 02953B	N/2 SW/4	Sec 21-T22S-R30E	80	E
NMNM 00300	NW/4 SW/4	Sec 23-T22S-R30E	40	E
NMLC 64827A	NE/4 SW/4	Sec 23-T22S-R30E	40	E
NMNM 06808	NW/4 SE/4	Sec 21-T22S-R30E	40	E
NMNM 307337	N/2 NE/4	Sec 28-T22S-R30E	80	F
NMNM 02952A	N/2 N/2	Sec 27-T22S-R30E	160	F
NMNM 02953B	N/2 NW/4	Sec 26-T22S-R30E	80	F
NMNM 02953	SE/4 SE/4 S/2 SE/4	Sec 21-T22S-R30E Sec 22-T22S-R30E	120	F
NMNM 06808	SW/4 SE/4	Sec 21-T22S-R30E	40	F
NMNM 02953B	S/2 SW/4	Sec 22-T22S-R30E	80	F
NMNM 00300	S/2 SW/4	Sec 23-T22S-R30E	80	F