

**15.5.303 SEGREGATION OF PRODUCTION FROM DIFFERENT POOLS OR LEASES:**

**A. In general**

(1) Pool segregation required - Each pool shall be produced as a single common source of supply and wells therein shall be completed, cased, maintained, and operated so as to prevent communication within the wellbore with any other pool. Oil, gas, or oil or gas produced from each pool shall at all times be segregated, and the combination commingling of production, before marketing, with production from any other pool without division approval is prohibited.

(2) Lease segregation required - Oil, gas, or oil and gas shall not be transported from a lease until it has been accurately measured or determined by other methods acceptable to the division. The production from each lease shall at all times be segregated, and the combination or commingling of production, before marketing, with production from any other lease without division approval is prohibited.

(3) Exceptions. Exceptions to Paragraphs (1) and (2) of Subsection A of 19.15.5.303 NMAC may be permitted for surface commingling, downhole commingling and off-lease storage and/or measurement pursuant to Subsections B, C and D of 19.15.5.303 NMAC, respectively. Exceptions granted by previous orders of the division remain in effect in accordance with their terms and conditions.

**B.**

(1) Introduction - To prevent waste, to promote conservation and to protect correlative rights, the division shall have the authority to grant exceptions to permit the surface commingling of oil, gas or oil and gas in common facilities from two or more pools, two or more leases or combinations of pools and leases provided that:

(a) the method used to allocate the production to the various leases or pools to be commingled is approved by the division;

(b) if federal, Indian or state lands are involved, the United States bureau of land management or the commissioner of public lands for the state of New Mexico (as applicable) has been notified of the proposed commingling; and

(c) all other applicable requirements set out in Subsection B of 19.15.5.303 NMAC are met.

(2) Definitions - For purposes of Section 303 of 19.15.5 NMAC only, the following definitions shall apply:

(a) Lease. "Lease" means a contiguous geographical area of identical ownership overlying a pool or portion of a pool. An area pooled, unitized or communitized, either by agreement or by division order, or a participating area shall constitute a lease. If there is any diversity of ownership between different pools, or between different zones or strata, then each such pool, zone or stratum having such diverse ownership shall be considered a separate lease.

(b) Diverse ownership. "Diverse Ownership" exists if leases or pools have any different working, royalty or overriding royalty interest owners or any different ownership percentages of the same working, royalty or overriding royalty interest owners.

(c) Identical ownership. "Identical Ownership" exists if leases or pools have all the same working, royalty and overriding royalty owners in exactly the same percentages.

(3) Specific requirements and provisions for commingling of leases, pools or leases and pools with identical ownership.

(a) Measurement and allocation methods.

(i) Well test method - If all wells or units to be commingled are marginal and are physically incapable of producing the top unit allowable for their respective pools, or if all affected pools are unprorated, commingling shall be permitted without separately measuring the production from each pool or lease. Instead, the production from each well and from each pool or lease may be determined from well tests conducted periodically, but no less than annually. The well test method shall not apply to wells or units that can produce an amount of oil equal to the top unit allowable for the pool but are restricted because of high gas-oil ratios. The operator of any such marginal commingling installation shall notify the division at any time any well or unit so commingled under this subsection becomes capable of producing the top unit allowable for its pool, at which time the division shall require separate measurement.

(ii) Metering method - Production from each pool or lease may be determined by separately metering before commingling.

(iii) Subtraction method - If production from all except one of the pools or leases to be commingled is separately measured, the production from the remaining pool or lease may be determined by the subtraction method as follows: For oil, the net production from the unmetered pool or lease shall be the difference between the net pipeline runs with the beginning and ending stock adjustments and the sum of the net production of all metered pools or leases. For gas, the net production from the unmetered pool or lease shall be the difference between the volume recorded at the sales meter and the sum of the volumes recorded at the individual pool or lease meters.

(iv) Top allowable producers - If any well or unit in a prorated pool to be commingled can physically be produced at top unit allowable rates (even if restricted because of high gas-oil ratios), commingling may be permitted only if the production from such unit is metered prior to commingling, or determined by the subtraction method.

(v) Alternative methods - Production from each pool or lease to be commingled may also be determined by any other method specifically approved by the division prior to commingling. The division shall determine what evidence is necessary to support any request to use an alternative method.

(b) Approval process. Prior to commingling, the applicant shall notify the division by filing form C-103 (sundry notices and reports on wells) in the Santa Fe office with the following information set forth therein or attached thereto:

(i) Identification of each of the leases, pools or leases and pools to be commingled;

(ii) The method of allocation to be used. If the well test method is proposed for production from a prorated pool, the notification to the division shall be accompanied by a tabulation of production showing that the average daily production of any affected proration unit over a 60-day period has been below the top unit allowable for the subject pool (or for any newly drilled well without a 60-day production history, a tabulation of the available production) or other evidence acceptable to the division to establish that the well or wells on such unit are not capable of producing the top unit allowable. If the proposed method of allocation is other than an approved

method provided in this section, the operator shall submit evidence of the reliability of such method;

(iii) A certification by a licensed attorney or qualified petroleum landman that the ownership in all pools and leases to be commingled is identical as defined in this section; and

(iv) Evidence of notice to the state land office and/or the United States bureau of land management, if required. Commingling may be authorized without any notice or hearing and may be commenced upon approval of form C-103 by the division, subject to compliance with any conditions of such approval noted by the division; provided however that commingling involving any state, federal or tribal leases shall not be commenced unless or until approved by the state land office or the United States bureau of land management, as applicable.

(4) Specific requirements and provisions for commingling of leases, pools or leases and pools with diverse ownership.

(a) Measurement and allocation methods. Where there is diversity of ownership between two or more leases, two or more pools, or between different pools and leases, the surface commingling of production therefrom shall be permitted only if production from each of such pools or leases is accurately metered, or determined by other methods specifically approved by the division, prior to such commingling.

(b) Meter proving and calibration frequencies.

(i) Oil. Each meter used in oil production accounting shall be tested for accuracy as follows: monthly, if more than 100,000 barrels of oil per month are measured through the meter; quarterly, if between 10,000 and 100,000 barrels of oil per month are measured through the meter; and semi-annually, if less than 10,000 barrels of oil per month are measured through the meter.

(ii) Gas. For each gas sales and allocation meter, the accuracy of the metering equipment at the point of delivery or allocation shall be tested following the initial installation and following repair and retested: quarterly, if 100 thousand cubic feet of gas per day ("Mcfcpd") or more are measured through the meter; and semi-annually, if less than 100 Mcfcpd are measured through the meter.

(iii) Correction and adjustment. If a meter proving and calibration test reveals inaccuracy in the metering equipment of more than two percent (2%), the volume measured shall be corrected and the meter adjusted to zero error. The operator shall submit a corrected report adjusting the volume of oil or gas measured and showing all calculations made in correcting the volumes. The volumes shall be corrected back to the time the inaccuracy occurred, if known. If the time is unknown, the volumes shall be corrected for the last half of the period elapsed since the date of the last calibration. If a test reveals an inaccuracy of less than 2%, the meter shall be adjusted, but correction of prior production shall not be required.

(c) Low production gas wells. For gas wells producing less than 15 Mcfcpd, estimation of production is an acceptable alternative to individual well measurement provided that commingling of production from different pools or leases does not take place unless otherwise authorized pursuant to Section 303 of 19.15.5 NMAC.

(d) Approval process.

(i) In general. Where there is diversity of ownership, the division may grant an exception to the requirements of Subsection A of 19.15.5.303 NMAC to permit surface commingling of production from different leases, pools or leases and pools only after notice and an opportunity for hearing as provided in Subparagraph (d) of Paragraph (4) of Subsection B of 19.15.5.303 NMAC.

(ii) Application. An application for administrative approval shall be submitted to the division's Santa Fe office on form C-107-B and shall contain a list of all parties (hereinafter called "interest owners") owning any interest in any of the production to be commingled (including owners of royalty and overriding royalty interests whether or not they have a right or option to take their interests in kind) and a method of allocating production to ensure the protection of correlative rights.

(iii) Notice. Notice shall be given to all interest owners in accordance with Subsection A of 19.15.14.1207 NMAC. The applicant shall submit a statement attesting that applicant, on or before the date the application was submitted to the division, sent notification to each of the interest owners by submitting a copy of the application and all attachments thereto, by certified mail, return receipt requested, and advising them that any objection must be filed in writing with the Santa Fe office of the division within 20 days from the date the division received the application. The division may approve the application administratively, without hearing, upon receipt of written waivers from all interest owners, or if no such owner has filed an objection within the 20-day period. If any objection is received, the application shall be set for hearing. Notice of the hearing shall be given to the applicant, to any party who has filed an objection, and to such other parties as the division shall direct.

(iv) Hearing ordered by the division. The division may set for hearing any application for administrative approval of surface commingling, and, in such case, notice of such hearing shall be given in such manner as the division shall direct.

(v) Notice by publication. When an applicant has been unable to locate all interest owners after exercising reasonable diligence, notice shall be provided by publication, and proof of publication shall be submitted with the application. Such proof shall consist of a copy of the legal advertisement that was published in a newspaper of general circulation in the county or counties in which the commingled production is located. The contents of such advertisement shall include (a) the name, address, telephone number, and contact party for the applicant, (b) the location by section, township and range of the leases from which production will be commingled and the location of the commingling facility; (c) the source of all commingled production by pool name, and (d) a notation that interested parties must file objections or requests for hearing in writing with the oil conservation division's Santa Fe office, within 20 days after publication, or the division may approve the application.

(vi) Effect of protest. All protests and requests for hearing received by the division shall be included in the case file; provided however, the protest will not be considered by the division as evidence. If the protesting party does not appear at the hearing, the application may be granted without the division receiving additional evidence in support thereof.

(vii) Additions. A surface commingling order may authorize, prospectively, the inclusion therein of additional pools and/or leases within defined parameters set forth in the order, provided that (a) the notice to the interest owners has

included a statement that authorization for subsequent additions is being sought and of the parameters for such additions proposed by the applicant, and (b) the division finds that subsequent additions within defined parameters will not, in reasonable probability, reduce the value of the commingled production or otherwise adversely affect the interest owners. A subsequent application to amend an order to add to the commingled production other leases, pools or leases and pools that are within the defined parameters shall require notice only to the owners of interests in the production to be added, unless the division otherwise directs.

(viii) State, federal or tribal lands. Notwithstanding the issuance of an exception under Subsection B of 19.15.5.303 NMAC, no commingling involving any state, federal or tribal leases shall be commenced unless or until approved by the state land office or the United States bureau of land management, as applicable.

C. [REDACTED]

(1) The director may grant an exception to Subsection A of 19.15.303 NMAC to permit the commingling of multiple producing pools in existing or proposed wellbores when the following conditions are met:

(a) the fluids from each pool are compatible and combining the fluids will not result in damage to any of the pools;

(b) the commingling will not jeopardize the efficiency of present or future secondary recovery operations in any of the pools to be commingled;

(c) the bottom perforation of the lower zone is within 150% of the depth of the top perforation in the upper zone and the lower zone is at or below normal pressure with normal pressure assumed to be 0.433 psi per foot of depth. If the pools to be commingled are not within this vertical interval, then evidence will be required to demonstrate that commingling will not result in shut-in or flowing wellbore pressures in excess of the fracture parting pressure of any commingled pool. The fracture parting pressure shall be assumed to be 0.65 psi per foot of depth unless the applicant submits other measured or calculated pressure data acceptable to the division;

(d) the commingling will not result in the permanent loss of reserves due to cross-flow in the wellbore;

(e) fluid-sensitive formations that may be subject to damage from water or other produced liquids shall be protected from contact with such liquids produced from other pools in the well;

(f) if any of the pools being commingled is prorated, or the well's production has been restricted by division order in any manner, the allocated production from each producing pool in the commingled wellbore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to such well;

(g) the commingling will not reduce the value of the total remaining production; and

(h) correlative rights will not be violated.

(2) The director may rescind authority to commingle production in a wellbore and require the pools to be produced separately if, in the director's opinion, waste or reservoir damage is resulting, correlative rights are being impaired or the efficiency of any secondary recovery project is being impaired, or any changes or conditions render the installation no longer eligible for downhole commingling.

(3) When the conditions set forth in Paragraph (1) of Subsection C of 19.15.5.303 NMAC are satisfied, the director may approve a request to downhole commingle production in one of the following ways:

(a) **Individual exceptions:** Applications to downhole commingle in wellbores located outside of an area subject to a downhole commingling order issued in a "reference case" and not within a pre-approved pool or area shall be filed on division form C-107-A with the division.

(i) The director may administratively approve a form C-107-A application in the absence of a valid objection filed within 20-days after receipt of the application by the division if, in the director's opinion, waste will not occur and correlative rights will not be impaired.

(ii) In those instances where the ownership or percentages between the pools to be commingled is not identical, applicant shall send a copy of form C-107-A to all interest owners in the spacing unit by certified mail (return receipt).

(iii) Applicant shall send copies of form C-107-A to the commissioner of public lands for the state of New Mexico for wells in spacing units containing state lands or the bureau of land management for wells in spacing units containing federal lands.

(iv) The director may set any administratively filed form C-107-A application for hearing.

(b) **Exceptions for wells located in pre-approved pools or areas:** Applications to downhole commingle in wellbores within pools or areas that have been established by the division as "pre-approved pools or areas" pursuant to Subparagraph (b) of Paragraph (4) of Subsection C of 19.15.5.303 NMAC shall be filed on form C-103 (sundry notice of intent) at the appropriate division district office. The supervisor of the appropriate division district office may approve the proposed downhole commingling following receipt of form C-103. In addition to the information required by form C-103, the applicant shall include:

(i) number of division order that established pre-approved pool or area;

(ii) names of pools to be commingled;

(iii) perforated intervals;

(iv) allocation method and supporting data;

(v) a statement that the commingling will not reduce the value of the total remaining production;

(vi) in those instances where the ownership or percentages between the pools to be commingled is not identical, a statement attesting that applicant sent notice to all interest owners in the spacing unit by certified mail (return receipt) of its intent to apply for downhole commingling and no objection was received within 20 days of sending this notice; and

(vii) a statement attesting that applicant sent a copy of the division form C-103 to the commissioner of public lands for the state of New Mexico for wells in spacing units containing state lands or the bureau of land management for wells in spacing units containing federal lands using sundry notice form 3160-5.

(c) **Exceptions for wells located in areas subject to a downhole commingling order issued in a "reference case":** Applications to downhole

commingle in wellbores within an area subject to a division order that excepted any of the criteria required by Subsection C of 19.15.5.303 NMAC or division form C-107-A shall be filed with the supervisor of the appropriate division district office and, except for the place of filing, shall meet the requirements of the applicable order issued in that "reference case".

(4) Applications for establishing a "reference case" or for pre-approval of downhole commingling on an area-wide or pool-wide basis:

(a) **Reference cases:** If sufficient data exists for a lease, pool, formation, or geographical area to render it unnecessary to repeatedly provide such data on form C-107-A, an operator may except any of the various criteria required under Subsection C of 19.15.5.303 NMAC or set forth in form C-107-A by establishing a "reference case." The division, upon its own motion or application from an operator, may establish "reference cases" either administratively or by hearing. Upon division approval of such "reference cases" for specific criteria, subsequent form C-107-A applications to downhole commingle will be required only to cite the division order number that established such exceptions and shall not be required to submit data for those criteria. Cases involving exceptions to the specific criteria required by Subsection C of 19.15.5.303 NMAC or by division form C-107-A may be approved by the division after notice sent to all interest owners in the affected spacing units by certified mail (return receipt) and based on evidence that such approval would adequately satisfy the conditions of Paragraph (1) of Subsection C of 19.15.5.303 NMAC.

(b) **Pre-approval of downhole commingling on a pool-wide or area-wide basis:** If sufficient data exists for multiple formations or pools that have previously been commingled or are proposed to be commingled, the division, upon its own motion or application from an operator, may establish downhole commingling on a pool-wide or area-wide basis either administratively or by hearing:

(i) Applications for pre-approval shall include all of the data required by division form C-107-A, a list of the names and address of all operators in the pools, all previous orders authorizing downhole commingling for the pools or area, and a map showing the location of all wells in the pools or area and indicating those wells approved for downhole commingling.

(ii) Applications for pre-approval of downhole commingling on a pool-wide or area-wide basis may be approved by the director after notice sent to operators in the affected pools or area by certified mail (return receipt) and based on evidence that such approval would adequately satisfy the conditions of Subsection C of 19.15.5.303 NMAC.

(iii) Upon approval of certain pools or areas for downhole commingling, subsequent applications for approval to downhole commingle wells within those pools or areas may be obtained by filing a division sundry notice (form C-103) in accordance with the procedure set forth in Subparagraph (b) of Paragraph (3) of Subsection C of 19.15.5.303 NMAC.

(c) The division will maintain and continually update a list of pre-approved pools or areas as set forth in Paragraph (5) of Subsection C of 19.15.5.303 NMAC.

(5) **Pre-approved pools and areas:** Downhole commingling is hereby approved within the described pool combinations or geographical areas set forth in

Exhibit "A," provided, however, that the operator shall file form C-103 (sundry notice of intent) with the appropriate division district office in accordance with the procedure set forth in Subparagraph (b) of Paragraph (3) of Subsection C of 19.15.5.303 NMAC.

**Pre-approved pools or geographic areas for downhole commingling, permian basin**  
All Blinebry, Tubb, Drinkard, Blinebry-Tubb, Blinebry-Drinkard & Tubb-Drinkard pool combinations within the following described geographic area in Lea County:

Township 18 South, Ranges 37, 38 and 39 East; 36, 37 and 38 East;	Township 23 South, Ranges 36, 37 and 38 East;
Township 19 South, Ranges 36, 37, 38 and 39 East; 36, 37 and 38 East;	Township 24 South, Ranges 36, 37 and 38 East;
Township 20 South, Ranges 36, 37, 38 and 39 East; 36, 37 and 38 East;	Township 25 South, Ranges 36, 37 and 38 East;
Township 21 South, Ranges 36, 37 and 38 East; 36, 37 and 38 East;	Township 26 South, Ranges 36, 37 and 38 East;
Township 22 South, Ranges 36, 37 and 38 East;	

**Blinebry Pools**

6660 Blinebry Oil & Gas Pool (Oil)	34200 Justis-Blinebry Pool
72480 Blinebry Oil & Gas Pool (Pro Gas)	46990 Monument-Blinebry Pool
6670 West Blinebry Pool	47395 Nadine-Blinebry Pool
12411 Cline Lower Paddock-Blinebry Pool	47400 West Nadine Paddock- Blinebry Pool
29710 Hardy-Blinebry Pool	47960 Oil Center-Blinebry Pool
31700 East Hobbs-Blinebry Pool	96314 North Teague Lower Paddock-Blinebry Assoc.
31680 Hobbs Upper-Blinebry Pool	58300 Teague Paddock-Blinebry Pool
31650 Hobbs Lower-Blinebry Pool	59310 East Terry-Blinebry Pool
33230 House-Blinebry Pool	63780 Weir-Blinebry Pool
33225 South House-Blinebry Pool	63800 East Weir-Blinebry Pool

**Tubb Pools**

12440 Cline-Tubb Pool	47530 West Nadine-Tubb Pool
77120 Fowler-Tubb Pool	58910 Teague-Tubb Pool
26635 South Fowler-Tubb Pool	96315 North Teague-Tubb Associated Pool
78760 House-Tubb Pool	60240 Tubb Oil & Gas Pool (Oil)
33460 East House-Tubb Pool	86440 Tubb Oil & Gas Pool (Pro Gas)
33470 North House-Tubb Pool	87080 Warren-Tubb Pool
47090 Monument-Tubb Pool	87085 East Warren-Tubb Pool
47525 Nadine-Tubb Pool	

**Drinkard Pools**

7900 South Brunson Drinkard-Abo Pool	47505 West Nadine-Drinkard Pool
12430 Cline Drinkard-Abo Pool	47510 Nadine Drinkard-Abo Pool
15390 D-K Drinkard Pool	57000 Skaggs-Drinkard Pool

Basin-Dakota (71599) & Bisti Lower-Gallup (5890) Pools  
Basin-Dakota (71599) & BS Mesa-Gallup (72920) Pools  
Basin-Dakota (71599) & Calloway-Gallup (73700) Pools  
Basin-Dakota (71599) & Devils Fork-Gallup Associated (17610) Pools  
Basin-Dakota (71599) & Ensenada-Gallup (96321) Pools  
Basin-Dakota (71599) & Flora Vista-Gallup (76640) Pools  
Basin-Dakota (71599) & Gallegos-Gallup Associated (26980) Pools  
Basin-Dakota (71599) & Ice Canyon-Gallup (93235) Pools  
Basin-Dakota (71599) & Kutz-Gallup (36550) Pools  
Basin-Dakota (71599) & Largo-Gallup (80000) Pools  
Basin-Dakota (71599) & Otero-Gallup (48450) Pools  
Basin-Dakota (71599) & Tapacito-Gallup Associated (58090) Pools  
Basin-Dakota (71599) & Wild Horse-Gallup (87360) Pools  
Basin-Dakota (71599) & Aztec-Pictured Cliffs (71280) Pools  
Basin-Dakota (71599) & Ballard-Pictured Cliffs (71439) Pools  
Basin-Dakota (71599) & Blanco-Pictured Cliffs (72359) Pools  
Basin-Dakota (71599) & South Blanco-Pictured Cliffs (72439) Pools  
Basin-Dakota (71599) & Fulcher Kutz-Pictured Cliffs (77200) Pools  
Basin-Dakota (71599) & West Kutz-Pictured Cliffs (79680) Pools  
Basin-Dakota (71599) & Tapacito-Pictured Cliffs (85920) Pools  
Basin-Fruitland Coal (71629) & Aztec-Pictured Cliffs (71280) Pools  
Basin-Fruitland Coal (71629) & Ballard-Pictured Cliffs (71439) Pools  
Basin-Fruitland Coal (71629) & Blanco-Pictured Cliffs (72359) Pools  
Basin-Fruitland Coal (71629) & East Blanco-Pictured Cliffs (72400) Pools  
Basin-Fruitland Coal (71629) & South Blanco-Pictured Cliffs (72439) Pools  
Basin-Fruitland Coal (71629) & Carracas-Pictured Cliffs (96154) Pools  
Basin-Fruitland Coal (71629) & Choza Mesa-Pictured Cliffs (74960) Pools  
Basin-Fruitland Coal (71629) & Fulcher Kutz-Pictured Cliffs (77200) Pools  
Basin-Fruitland Coal (71629) & West Kutz-Pictured Cliffs (79680) Pools  
Basin-Fruitland Coal (71629) & Gavilan-Pictured Cliffs (77360) Pools  
Basin-Fruitland Coal (71629) & Gobernador-Pictured Cliffs (77440) Pools  
Basin-Fruitland Coal (71629) & Huerfano-Pictured Cliffs (78840) Pools  
Basin-Fruitland Coal (71629) & Potwin-Pictured Cliffs (83000) Pools  
Basin-Fruitland Coal (71629) & Tapacito-Pictured Cliffs (85920) Pools  
Basin-Fruitland Coal (71629) & Twin Mounds Fruitland Sand-Pictured Cliffs (86620) Pools  
Basin-Fruitland Coal (71629) & W. A. W. Fruitland Sand-Pictured Cliffs (87190)  
Blanco-Mesaverde (72319) & Basin-Dakota (71599) Pools  
Blanco-Mesaverde (72319) & Blanco-Pictured Cliffs (72359) Pools  
Blanco-Mesaverde (72319) & South Blanco-Pictured Cliffs (72439) Pools  
Blanco-Mesaverde (72319) & Gobernador-Pictured Cliffs (77440) Pools  
Blanco-Mesaverde (72319) & West Lindrith Gallup-Dakota (39189) Pools  
Blanco-Mesaverde (72319) & Tapacito-Pictured Cliffs (85920) Pools  
Blanco-Mesaverde (72319) & Armenta-Gallup (2290) Pools  
Blanco-Mesaverde (72319) & BS Mesa-Gallup (72920) Pools  
Blanco-Mesaverde (72319) & Calloway-Gallup (73700) Pools

Blanco-Mesaverde (72319) & Ensenada-Gallup (96321) Pools  
Blanco-Mesaverde (72319) & Flora Vista-Gallup (76640) Pools  
Blanco-Mesaverde (72319) & Largo-Gallup (80000) Pools  
Blanco-Mesaverde (72319) & West Lindrith Gallup-Dakota (39189) Pools  
Blanco-Mesaverde (72319) & McDermott Gallup (81050) Pools  
Blanco-Mesaverde (72319) & Potter-Gallup (50387) Pools  
Blanco-Mesaverde (72319) & Tapacito-Gallup Associated (58090) Pools  
Blanco-Mesaverde (72319) & Wild Horse-Gallup (87360) Pools  
Otero-Chacra (82329) & Aztec-Pictured Cliffs (71280) Pools  
Otero-Chacra (82329) & Basin-Dakota (71599) Pools  
Otero-Chacra (82329) & Blanco-Mesaverde (72319) Pools  
Otero-Chacra (82329) & South Blanco-Pictured Cliffs (72439) Pools  
Otero-Chacra (82329) & Fulcher Kutz-Pictured Cliffs (77200) Pools

**D.** Off-lease transportation or storage prior to measurement. The division may grant exceptions to the requirements of Subsection A of 19.15.5.303 NMAC, administratively, without hearing, to permit production from one lease to be transported prior to measurement to another lease for storage thereon when:

(1) an application for off-lease transportation or storage prior to measurement has been filed on division form C-107-B with the Santa Fe office of the division with one copy to the appropriate district office of the division;

(2) all such production is from the same common source of supply;

(3) commingling of production from different leases will not result;

(4) there will be no intercommunication of the handling, separating, treating or storage facilities designated to each lease;

(5) all parties owning working interests in any of the production to be transported off lease prior to measurement have been notified of the application in accordance with the provisions of 19.15.N.1207.A NMAC and have consented in writing

(6) in lieu of Paragraph (5), Subsection D of 19.15.5.303 NMAC, the applicant furnishes proof that said parties were notified by registered or certified mail of its intent to transport the production from one lease to another lease for storage prior to measurement, and after a period of twenty (20) days following receipt of the application, no party has filed objection to the application; and

(7) if state, federal or Indian lands are involved, the commissioner of public lands for the state of New Mexico or the United States bureau of land management (as applicable) has been notified. The division may set for hearing any application for approval of off-lease transportation or storage prior to measurement, in which event notice of hearing shall be given, pursuant to 19.15.N.1207.A NMAC, to all owners of working interests in any of the production to be transported off lease prior to measurement, and to such other owners as the division may direct.

[1-1-50...2-1-96; 19.15.5.303 NMAC - Rn, 19 NMAC 15.E.303 & A, 5-15-00; A, 3-31-03]