

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY SILVERBACK OPERATING II, LLC**

ORDER NO. PLC-948

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. Silverback Operating II, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells as described in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and wells to be commingled.
3. 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.
4. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
5. 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.
6. Applicant in the notice for the Application stated that it sought authorization to prospectively include additional pools, leases, and wells in accordance with 19.15.12.10 C.(4)(g) NMAC.
7. 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.

CONCLUSIONS OF LAW

8. 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.
9. 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.

10. 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.
11. 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.
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) NMAC and 19.15.12.10 C.(4)(h) NMAC.
13. 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.
14. 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, leases, and wells as described in Exhibit A.

Applicant is authorized to store and measure oil and gas production off-lease from the pools, leases, and wells 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 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 Orders PLC-362 and PLC-362-A.
3. 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.
4. 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, 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; 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.

5. 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.
6. 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.

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. 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.
9. 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.
10. 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.
11. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
12. 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).
13. 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**



**GERASIMOS RAZATOS
DIRECTOR (ACTING)**

DATE: 1/15/2025

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-948

Operator: Silverback Operating II, LLC (330968)

Central Tank Battery: Piglet 21 State Central Tank Battery

Central Tank Battery Location: UL I, Section 21, Township 17 South, Range 28 East

Central Tank Battery: Roo 22 State 5 Satellite Facility

Central Tank Battery Location: UL E, Section 22, Township 17 South, Range 28 East

Central Tank Battery: Piglet 21 State 5 Satellite Facility

Central Tank Battery Location: UL N, Section 21, Township 17 South, Range 28 East

Central Tank Battery: McHam 34 State Satellite Facility

Central Tank Battery Location: UL A, Section 34, Township 17 South, Range 28 East

Gas Title Transfer Meter Location: UL J, Section 21, Township 17 South, Range 28 East

Gas Title Transfer Meter Location: UL B, Section 34, Township 17 South, Range 28 East

Pools

Pool Name	Pool Code
EMPIRE; GLORIETA-YESO	96210
ARTESIA; GLORIETA-YESO (O)	96830

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
VC 0952 0001	D	22-17S-28E
B0 1969 0036	C	22-17S-28E
VC 0953 0000	S/2 N/2	22-17S-28E
VC 0954 0001	N/2 S/2	22-17S-28E
VC 0955 0001	M	22-17S-28E
E0 0135 0005	N	22-17S-28E
B0 1969 0034	E/2 SE/4	21-17S-28E
B0 1969 0031	L M N O	21-17S-28E
B0 1969 0032	K	21-17S-28E
E0 7116 0002	B C G	34-17S-28E
E0 7832 0002	A	34-17S-28E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-015-39371	Piglet 21 State #1	I	21-17S-28E	96830
30-015-39498	Piglet 21 State #2	O	21-17S-28E	96830
30-015-40163	Piglet 21 State #3	P	21-17S-28E	96830
30-015-39499	Piglet 21 State #4	M	21-17S-28E	96830
30-015-39500	Piglet 21 State #5	N	21-17S-28E	96830
30-015-39501	Piglet 21 State #6	L	21-17S-28E	96830
30-015-39502	Piglet 21 State #7	K	21-17S-28E	96830
30-015-40432	Piglet 21 State #14	L	21-17S-28E	96830
30-015-40721	Piglet 21 State #15	K	21-17S-28E	96830

30-015-40723	Piglet 21 State #16	M	21-17S-28E	96830
30-015-40722	Piglet 21 State #17	N	21-17S-28E	96830
30-015-40433	Piglet 21 State #18	O	21-17S-28E	96830
30-015-40434	Piglet 21 State #19	I	21-17S-28E	96830
30-015-41169	Piglet 21 State #22	O	21-17S-28E	96830
30-015-41173	Piglet 21 State #23	O	21-17S-28E	96830
30-015-40861	Piglet 21 State #24	P	21-17S-28E	96830
30-015-41174	Piglet 21 State #27	L	21-17S-28E	96830
30-015-41175	Piglet 21 State #28	L	21-17S-28E	96830
30-015-39370	Roo 22 State #1	M	22-17S-28E	96830
30-015-39651	Roo 22 State #2	N	22-17S-28E	96210
30-015-39495	Roo 22 State #3	L	22-17S-28E	96830
30-015-39496	Roo 22 State #4	K	22-17S-28E	96830
30-015-39497	Roo 22 State #5	E	22-17S-28E	96830
30-015-39652	Roo 22 State #6	F	22-17S-28E	96210
30-015-39653	Roo 22 State #7	D	22-17S-28E	96210
30-015-39654	Roo 22 State #8	C	22-17S-28E	96210
30-015-40531	Roo 22 State #9	M	22-17S-28E	96830
30-015-40532	Roo 22 State #10	N	22-17S-28E	96830
30-015-40533	Roo 22 State #11	K	22-17S-28E	96830
30-015-40534	Roo 22 State #12	F	22-17S-28E	96830
30-015-40535	Roo 22 State #13	C	22-17S-28E	96830
30-015-40855	Roo 22 State #14	D	22-17S-28E	96830
30-015-40856	Roo 22 State #15	E	22-17S-28E	96830
30-015-40857	Roo 22 State #16	L	22-17S-28E	96830
30-015-39384	McHam 34 State #1	B	34-17S-28E	96830
30-015-40248	McHam 34 State #2	G	34-17S-28E	96830
30-015-41232	McHam 34 State #3	B	34-17S-28E	96830
30-015-41233	McHam 34 State #4	G	34-17S-28E	96830
30-015-39383	Eeyore 34 State #1	A	34-17S-28E	96830
30-015-41231	Eeyore 34 State #2	A	34-17S-28E	96830

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 422036

CONDITIONS

Operator: Silverback Operating II, LLC 1001 W. Wilshire Blvd Oklahoma City, OK 73112	OGRID: 330968
	Action Number: 422036
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	1/17/2025