

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY 3R OPERATING, LLC**

ORDER NO. PLC-990

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. 3R Operating, 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 did not give adequate notice that it sought authorization to prospectively include additional pools, leases, or wells as required by 19.15.12.10 C.(4)(g) NMAC.
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. 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.
3. The oil and gas production for each well identified in Exhibit A shall be separated and metered prior to commingling it with production from another well.
4. 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.
5. 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.

- 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, 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.
- 8. Applicant’s request for authorization to add pools, leases, and wells prospectively pursuant to 19.15.12.10 C.(4)(g) NMAC is denied.
- 9. 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.
- 10. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
- 11. 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).
- 12. 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: 6-12-2025

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-990
Operator: 3R Operating, LLC (331569)
Central Tank Battery: Sioux 25-36 State Fed Com Facility
Central Tank Battery Location: UL B, Section 25, Township 25 South, Range 35 East
Gas Title Transfer Meter Location: UL B, Section 25, Township 25 South, Range 35 East

Pools

Pool Name	Pool Code
WC-025 G-08 S253534O;BONE SPRING	97088
WC-025 G-09 S253536D;UPR WOLFCAMP	98228

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
CA Bone Spring NMNM 105785641	E/2 E/2	25-25S-35E
	E/2 E/2	36-25S-35E
CA Wolfcamp NMNM 105785642	E/2 E/2	25-25S-35E
	E/2 E/2	36-25S-35E
CA Bone Spring NMNM 105785645	W/2 E/2	25-25S-35E
	W/2 E/2	36-25S-35E
CA Wolfcamp NMNM 105785646	W/2 E/2	25-25S-35E
	W/2 E/2	36-25S-35E
CA Wolfcamp NMNM 105794792	E/2 W/2	25-25S-35E
	E/2 W/2	36-25S-35E
CA Bone Spring NMNM 105794793	E/2 W/2	25-25S-35E
	E/2 W/2	36-25S-35E
CA Wolfcamp NMNM 105794796	W/2 W/2	25-25S-35E
	W/2 W/2	36-25S-35E
CA Wolfcamp SLO 204152 PUN 1387360	W/2 E/2	25-25S-35E
	W/2 E/2	36-25S-35E
CA Wolfcamp SLO 204153 PUN 1387378	E/2 E/2	25-25S-35E
	E/2 E/2	36-25S-35E
CA Bone Spring SLO 204154 PUN 1387385	E/2 E/2	25-25S-35E
	E/2 E/2	36-25S-35E
CA Bone Spring SLO 204200 PUN 1389036	W/2 E/2	25-25S-35E
	W/2 E/2	36-25S-35E
SLO Lease VB-2572-0001	W/2	36-25S-35E
SLO Lease VB-2561-0001	E/2	36-25S-35E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-46533	SIOUX 25 36 STATE FEDERAL COM	W/2 E/2	25-25S-35E	98228
	#008H	W/2 E/2	36-25S-35E	

30-025-46551	SIOUX 25 36 STATE FEDERAL COM #009H	W/2 E/2 W/2 E/2	25-25S-35E 36-25S-35E	97088
30-025-46552	SIOUX 25 36 STATE FEDERAL COM #011H	E/2 E/2 E/2 E/2	25-25S-35E 36-25S-35E	98228
30-025-46553	SIOUX 25 36 STATE FEDERAL COM #012H	E/2 E/2 E/2 E/2	25-25S-35E 36-25S-35E	98228
30-025-46554	SIOUX 25 36 STATE FEDERAL COM #013H	E/2 E/2 E/2 E/2	25-25S-35E 36-25S-35E	97088
30-025-46561	SIOUX 25 36 STATE FEDERAL COM #010H	W/2 E/2 W/2 E/2	25-25S-35E 36-25S-35E	98228
30-025-47332	SIOUX 25 36 STATE FEDERAL COM #002H	W/2 W/2 W/2 W/2	25-25S-35E 36-25S-35E	98228
30-025-47333	SIOUX 25 36 STATE FEDERAL COM #003H	E/2 W/2 E/2 W/2	25-25S-35E 36-25S-35E	98228
30-025-47454	SIOUX 25 36 STATE FEDERAL COM #004H	E/2 W/2 E/2 W/2	25-25S-35E 36-25S-35E	98228
30-025-47455	SIOUX 25 36 STATE FEDERAL COM #007H	E/2 W/2 E/2 W/2	25-25S-35E 36-25S-35E	97088
30-025-49471	SIOUX 25 36 STATE FEDERAL COM #014H	W/2 W/2 W/2 W/2	25-25S-35E 36-25S-35E	98228
30-025-49472	SIOUX 25 36 STATE FEDERAL COM #016H	E/2 W/2 E/2 W/2	25-25S-35E 36-25S-35E	98228
30-025-50391	SIOUX 25 36 STATE FEDERAL COM #020H	W/2 E/2 W/2 E/2	25-25S-35E 36-25S-35E	98228
30-025-50392	SIOUX 25 36 STATE FEDERAL COM #021H	W/2 E/2 W/2 E/2	25-25S-35E 36-25S-35E	97088
30-025-50393	SIOUX 25 36 STATE FEDERAL COM #022H	E/2 E/2 E/2 E/2	25-25S-35E 36-25S-35E	98228
30-025-50394	SIOUX 25 36 STATE FEDERAL COM #023H	E/2 E/2 E/2 E/2	25-25S-35E 36-25S-35E	97088

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 475103

CONDITIONS

Operator: CAZA OPERATING, LLC 200 N Loraine St Midland, TX 79701	OGRID: 249099
	Action Number: 475103
	Action Type: [IM-SD] Admin Order Support Doc (ENG) (IM-AAO)

CONDITIONS

Created By	Condition	Condition Date
sarah.clelland	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 email us at OCD.Engineer@emnrd.nm.gov .	6/14/2025