

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

APPLICATION FOR SURFACE COMMINGLING

SUBMITTED BY CENTENNIAL RESOURCE PRODUCTION, LLC

ORDER NO. PLC-653

ORDER

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

FINDINGS OF FACT

1. Centennial Resource Production, 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 submitted one or more proposed communitization or unitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single lease (“Proposed Consolidated Lease”)

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. A Proposed Consolidated Lease shall be used only to determine the correct allocation of oil and gas production to each lease provided the Proposed Consolidated Lease is comprised of horizontal spacing units.
12. 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 March 24, 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. No later than five (5) business days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 with a copy of the decision and agreement. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, then this Order shall terminate on the date of such action, and Applicant shall cease commingling the production on the Proposed Consolidated Lease. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), then Applicant shall comply with the approved agreement(s), and no later than ten (10) business days after such decision, Applicant shall submit a new surface commingle application to conform this Order with the approved agreement(s). If OCD denies the application, this Order shall terminate automatically.
3. Applicant shall allocate the oil and gas production to each lease within a Proposed Consolidated Lease in proportion to the acreage that each lease bears to the entire acreage of the Proposed Consolidated Lease described in Exhibit B.
4. The oil and gas production from each well shall be separated and metered prior to commingling.
5. Applicant shall measure the commingled oil at the central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
6. Applicant shall measure the commingled gas at the 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.
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. 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 the pools, leases, and wells in the Proposed Consolidated Lease(s) or 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: 3-21-20

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-653

Operator: Centennial Resource Production, LLC (372165)

Central Tank Battery: Mozzarella Fed Com Central Tank Battery

Central Tank Battery Location (NMPM): Section 8, Township 22 South, Range 32 East

Gas Custody Transfer Meter Location (NMPM): Section 8, Township 22 South, Range 32 East

Pools

Pool Name	Pool Code
BILBREY BASIN; BONE SPRING	5695
WC-025 G-09 S213232A; UPR WOLFCAMP	98313

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
VB 2424	W/2 NE/4	Sec 32-T21S-R32E
VB 2430	NW/4 SE/4	Sec 32-T21S-R32E
BO 0399	SW/4 SE/4	Sec 32-T21S-R32E
NMNM 131588	W/2 NE/4	Sec 5-T22S-R32E
VB 1365	W/2 SE/4	Sec 5-T22S-R32E
VB 2227	NE/4 NW/4, E/2 SW/4	Sec 32-T21S-R32E
EO 1932	SE/4 NW/4	Sec 32-T21S-R32E
NMNM 131588	E/2 NW/4	Sec 5-T22S-R32E
VB 1365	E/2 SW/4	Sec 32-T21S-R32E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-46741	Mozzarella Fed Com 603H	C-08-22S-32E	5695	
30-025-46742	Mozzarella Fed Com 702H	C-08-22S-32E	98313	
30-025-46757	Mozzarella Fed Com 703H	C-08-22S-32E	98313	

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Exhibit B

Order: **PLC-653**

Operator: **Centennial Resource Production, LLC (372165)**

Proposed Consolidated Leases

Consolidated Lease	Location (NMPM)	Acres	Consolidated Lease ID
CA BS 603H	W/2 E/2 Sec 32-T21S-R32E, W/2 E/2 Sec 5-T22S-R32E	319.67	A
CA WC 702H	E/2 W/2 Sec 32-T21S-R32E, E/2 W/2 Sec 5-T22S-R32E	319.67	B
CA WC 703H	W/2 E/2 Sec 32-T21S-R32E, W/2 E/2 Sec 5-T22S-R32E	319.67	C

Leases Comprising Proposed Consolidated Leases

Lease	Location (NMPM)	Acres	Consolidated Lease ID
VB 2424	W/2 NE/4	80	A
VB 2430	NW/4 SE/4	40	A
BO 0399	SW/4 SE/4	40	A
NMNM 131588	W/2 NE/4	79.67	A
VB 1365	W/2 SE/4	80	A
VB 2227	NE/4 NW/4, E/2 SW/4	120	B
EO 1932	SE/4 NW/4	40	B
NMNM 131588	E/2 NW/4	79.67	B
VB 1365	E/2 SW/4	80	B
VB 2424	W/2 NE/4	80	C
VB 2430	NW/4 SE/4	40	C
BO 0399	SW/4 SE/4	40	C
NMNM 131588	W/2 NE/4	79.67	C
VB 1365	W/2 SE/4	80	C