

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY CIMAREX ENERGY COMPANY**

ORDER NO. PLC-702

ORDER

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

FINDINGS OF FACT

1. Cimarex Energy Company (“Applicant”) submitted a complete application to surface commingle and off-lease measure the 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 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 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 certified the commingling of gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the gas production to less than if it had remained segregated.
7. Applicant in the notice for the Application stated that it sought authorization to add additional pools, leases, and wells and identified the parameters to make such additions.

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, and 19.15.12 NMAC.
9. 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, as applicable.

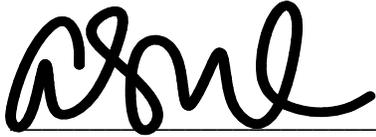
10. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
11. Commingling of gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
12. 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.
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. Applicant is authorized to surface commingle and off-lease measure gas production from the pools, leases, and wells identified in Exhibit A.
2. This Order supersedes Order OLM-100.
3. The gas production for each well identified in Exhibit A shall be separated and metered prior to commingling.
4. Applicant shall measure the commingled gas at a central delivery point described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, and 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.
5. Applicant shall calibrate the meters used to measure or allocate gas production in accordance with 19.15.12.10(C)(2) NMAC.
6. If the commingling of gas production from any pool, lease, or well reduces the value of the commingled 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 commingle application to OCD to amend this Order to remove the pool, lease, or well whose 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.
7. 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 via the OCD Fee Portal in accordance with 19.15.12.10(C)(4)(g) NMAC.
8. Applicant shall not commence commingling oil or gas production from 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 as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 9/17/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-702

Operator: Cimarex Energy Company (215099)

Central Tank Battery: Triste Draw 25 Fed 1 Battery

Central Tank Battery Location (NMPM): Unit P, Section 25, Township 23 South, Range 32 East

Central Tank Battery: Triste Draw 30 Facility

Central Tank Battery Location (NMPM): Unit M, Section 30, Township 23 South, Range 33 East

Central Tank Battery: Triste Draw 25-5 Facility

Central Tank Battery Location (NMPM): S/2 SE/4, Section 25, Township 23 South, Range 32 East

Central Tank Battery: Triste Draw 25-3 Facility

Central Tank Battery Location (NMPM): Unit N, Section 25, Township 23 South, Range 32 East

Gas Custody Transfer Meter Location (NMPM): Unit P, Section 25, Township 23 South, Range 32 East

Pools

Pool Name	Pool Code
TRISTE DRAW; BONE SPRING	96603
TRIPLE X; BONE SPRING, WEST	96674

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)
NMLC 0063228	E/2 Sec 25-T23S-R32E
NMNM 031224	W/2, W/2 E/2 Sec 30-T23S-R33E
CA BS NMNM 134775	E/2 W/2 Sec 25-T23S-R32E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Train
30-025-40877	Triste Draw 25 Federal 1H	P-25-23S-32E	96603	
30-025-41149	Triste Draw 25 Federal 2	O-25-23S-32E	96603	
30-025-42105	Triste Draw 25 Federal 5H	P-25-23S-32E	96603	
30-025-42081	Triste Draw 25 Federal 7H	P-25-23S-32E	96603	
30-025-41150	Triste Draw 25 Federal Com 3	N-25-23S-32E	96603	
30-025-41174	Triste Draw 30 Federal 1	M-30-23S-33E	96674	
30-025-41175	Triste Draw 30 Federal 2H	N-30-23S-33E	96674	
30-025-41176	Triste Draw 30 Federal 3H	O-30-23S-33E	96674	