

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY XTO ENERGY, INC.**

ORDER NO. CTB-929-A

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. XTO Energy, Inc. (“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.

CONCLUSIONS OF LAW

6. 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.
7. 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.
8. Applicant’s proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
9. 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) and (C)(4)(h) NMAC.

10. 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 oil and gas production from the pools, leases, and wells identified in Exhibit A.
2. This Order supersedes Order CTB-929.
3. 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 as using the well test allocation method 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 as using the well test allocation method 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 as using the well test allocation method shall be allocated as follows: (a) a minimum of three (3) well tests per month when the decline rate is greater than 22% per month; (b) a minimum of two (2) well tests per month when the decline rate is between 22% and 10% per month; and (c) a minimum of one (1) well test per month when the decline rate is less than 10% per month.

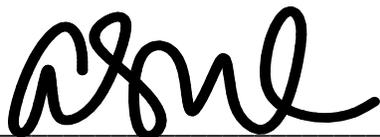
Upon OCD's request, Applicant shall submit a Form C-103 to the OCD Engineering Bureau that contains the decline rate curve and other relevant information demonstrating the production life of a well.

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.

4. The oil and gas production for each well identified in Exhibit A as using the meter allocation method shall be separated and metered prior to commingling.
5. Applicant shall measure the commingled oil at a 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 a central delivery point or central tank battery 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.
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 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: 12/07/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-929-A

Operator: XTO Energy, Inc. (5380)

Central Tank Battery: Severus East Tank Battery

Central Tank Battery Location (NMPM): Unit O, Section 30, Township 20 South, Range 34 East

Gas Custody Transfer Meter Location (NMPM): Unit O, Section 30, Township 20 South, Range 34 East

Pools

Pool Name	Pool Code
WC-025 G-08 S213304D; BONE SPRING	97895

Leases as defined in 19.15.12.7(C) NMAC

Lease	Location (NMPM)	
NMNM 139266 CA	E/2 W/2	Sec 31-T20S-R34E
	Lot 4 & 5	Sec 5-T21S-R33E
NMNM 139264 CA	W/2 E/2	Sec 31-T20S-R34E
	Lot 3 & 6	Sec 5-T21S-R33E
NMNM 139265 CA	E/2 E/2	Sec 31-T20S-R34E
	Lot 2 & 7	Sec 5-T21S-R33E
NMNM 041769	W/2 W/2	Sec 31-T20S-R34E

Wells

Well API	Well Name	Location (NMPM)	Pool Code	Allocation
30-025-43415	Severus 31 Federal Com #1H	O-30-20S-34E	97895	Well Test
30-025-43416	Severus 31 Federal Com #2H	O-30-20S-34E	97895	Well Test
30-025-43417	Severus 31 Federal Com #3H	N-30-20S-34E	97895	Well Test
30-025-43418	Severus 31 Federal Com #4H	M-30-20S-34E	97895	Meter
30-025-46190	Severus 31 5 Federal Com #9H	O-30-20S-34E	97895	Well Test
30-025-46375	Severus 31 5 Federal Com #10H	O-30-20S-34E	97895	Well Test
30-025-46223	Severus 31 5 Federal Com #11H	N-30-20S-34E	97895	Well Test
30-025-46224	Severus 31 5 Federal Com #12H	M-30-20S-34E	97895	Meter