

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY XTO PERMIAN OPERATING, LLC**

ORDER NO. CTB-974

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 Permian Operating, 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 or intends to submit one or more application(s) to the BLM or NMSLO, as applicable, to form or revise a participating area (“PA”) and has identified the acreage of each lease within each spacing unit (“Pooled Area”) to be included in the application(s), as described in Exhibit B.

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. 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.

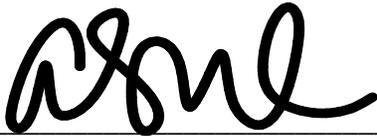
9. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.10(B)(1) or (C)(1) NMAC, as applicable.
10. Commingling of oil and gas production from state, federal, or tribal leases shall not commence until approved by the BLM or NMSLO, as applicable, in accordance with 19.15.12.10(B)(3) and (C)(4)(h) NMAC.
11. 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. No later than sixty (60) days after the BLM or NMSLO, as applicable, approves Applicant's paying well determination for a well, Applicant shall submit to the BLM or NMSLO an application to form or revise a PA that includes the Pooled Area as defined in Applicant's Form C-102 and Exhibit B ("PA Application"). If Applicant fails to submit the PA Application, this Order shall terminate on the following day. No later than sixty (60) days after the BLM or NMSLO approves or denies the PA Application, Applicant shall submit Form C-103 to OCD with a copy of the decision. If Applicant withdraws or the BLM or NMSLO denies the PA Application, this Order shall terminate on the date of such action. If the BLM or NMSLO approves but modifies the PA Application, Applicant shall comply with the approved PA, and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingle application to OCD to conform this Order with the approved PA. If OCD denies the new surface commingle application, this Order shall terminate on the date of such action.
3. Applicant shall allocate the oil and gas production to each lease within a Pooled Area in proportion to the acreage that each lease bears to the entire acreage of the Pooled Area described in Exhibit B until the Pooled Area is included in a PA. After a Pooled Area is included in a PA, the oil and gas production from the Pooled Area shall be allocated as required by the BLM's or NMSLO's, as applicable, approval of the PA, including any production that had been allocated previously in accordance with this Order.
4. The oil and gas production for each well identified in Exhibit A 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: 12/16/2020

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-974

Operator: XTO Permian Operating, LLC (373075)

Central Tank Battery 1: Poker Lake Unit 29 Big Sinks West

Central Tank Battery Location (NMPM): E/2 NW/4 Section 29, Township 25 South, Range 31 East

Central Tank Battery 2: Poker Lake Unit 29 Big Sinks East

Central Tank Battery Location (NMPM): NE/4 Section 29, Township 25 South, Range 31 East

Gas Custody Transfer Meter Location (NMPM): Unit C, Section 29, Township 25 South, Range 31 East

Pools

| Pool Name | Pool Code |
|-----------------------------|-----------|
| PURPLE SAGE; WOLFCAMP (GAS) | 98220 |

Leases as defined in 19.15.12.7(C) NMAC

| Lease | Location (NMPM) | |
|--------------|-----------------|------------------|
| NMNM 157756A | E/2 | Sec 29-T25S-R31E |
| NMLC 061634B | W/2 | Sec 29-T25S-R31E |
| B1 7570013 | NW/4, W/2 SW/4 | Sec 32-T25S-R31E |
| B1 7570012 | E/2 SW/4 | Sec 32-T25S-R31E |

Wells

| Well API | Well Name | Location (NMPM) | Pool Code | Battery |
|--------------|-----------------------------|-----------------|-----------|---------|
| 30-015-46175 | Poker Lake Unit 29 BS #102H | E-29-25S-31E | 98220 | 1 |
| 30-015-45934 | Poker Lake Unit 29 BS #104H | F-29-25S-31E | 98220 | 1 |
| 30-015-45935 | Poker Lake Unit 29 BS #121H | E-29-25S-31E | 98220 | 1 |
| 30-015-45916 | Poker Lake Unit 29 BS #122H | E-29-25S-31E | 98220 | 2 |
| 30-015-46510 | Poker Lake Unit 29 BS #123H | F-29-25S-31E | 98220 | 1 |
| 30-015-45932 | Poker Lake Unit 29 BS #124H | F-29-25S-31E | 98220 | 2 |
| 30-015-45918 | Poker Lake Unit 29 BS #701H | E-29-25S-31E | 98220 | 1 |
| 30-015-45919 | Poker Lake Unit 29 BS #703H | F-29-25S-31E | 98220 | 1 |
| 30-015-45936 | Poker Lake Unit 29 BS #901H | E-29-25S-31E | 98220 | 1 |
| 30-015-45920 | Poker Lake Unit 29 BS #903H | F-29-25S-31E | 98220 | 2 |

