

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

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY DJR OPERATING, LLC**

ORDER NO. PLC-808

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. DJR Operating, LLC (“Applicant”) submitted a complete application to surface commingle the oil production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil production to the pools, leases, and wells to be commingled.
3. 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.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil 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.
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 oil production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil 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.
8. Applicant stated that it sought authorization to surface commingle and off-lease measure, as applicable, oil production from wells which have not yet been approved to be drilled, but will produce from a pool and lease identified in Exhibit A.

CONCLUSIONS OF LAW

9. 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.

10. 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.
11. 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.
12. 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.
13. Commingling of oil 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.
14. 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.
15. 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 production from the pools, leases, and wells identified in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from the pools, leases, and wells identified in Exhibit A at a central tank battery described in Exhibit A.

Applicant is authorized to surface commingle oil production from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A.

Applicant is authorized to store and measure oil production off-lease from wells not included in Exhibit A but that produce from a pool and lease identified in Exhibit A at a central tank battery described in Exhibit A.

2. The allocation of oil production to wells not included in Exhibit A but that produce from a pool and lease identified 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 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 production for each well identified in Exhibit A shall be separated and metered prior to commingling.

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 calibrate the meters used to measure or allocate oil production in accordance with 19.15.12.10.C.(2) NMAC.
6. If the commingling of oil production from any pool, lease, or well reduces the value of the commingled oil 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 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 in accordance with 19.15.12.10.C.(4)(g) NMAC.
8. If a well is not included in Exhibit A but produces from a pool or lease identified 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 and proposed method to determine the allocation of oil production to it.
9. Applicant shall not commence commingling oil or gas production from state, federal, or tribal leases until approved by the BLM or NMSLO, as applicable.
10. 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).
11. 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**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: 3/22/2022

Exhibit A

Order: PLC-808

Operator: DJR Operating, LLC (371838)

Central Tank Battery: North Alamito Unit Central Liquids Facility

Central Tank Battery Location: UL A B, Section 1, Township 22 North, Range 8 West

Central Tank Battery: BTWU Pad A03-2208

Central Tank Battery Location: UL A, Section 3, Township 22 North, Range 8 West

Central Tank Battery: BTWU Pad M11-2308

Central Tank Battery Location: UL M, Section 11, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad H04-2208

Central Tank Battery Location: UL H, Section 4, Township 22 North, Range 8 West

Central Tank Battery: BTWU Pad G34-2308

Central Tank Battery Location: UL G, Section 34, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad E35-2308

Central Tank Battery Location: UL E, Section 35, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad A35-2308

Central Tank Battery Location: UL A, Section 35, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad I10-2308

Central Tank Battery Location: UL I, Section 10, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad E03-2208

Central Tank Battery Location: UL E, Section 3, Township 22 North, Range 8 West

Central Tank Battery: BTWU Pad H28-2308

Central Tank Battery Location: UL H, Section 28, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad B21-2308

Central Tank Battery Location: UL B, Section 21, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad N15-2308

Central Tank Battery Location: UL N, Section 15, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad L14-2308

Central Tank Battery Location: UL L, Section 14, Township 23 North, Range 8 West

Central Tank Battery: BTWU Pad K04-2208

Central Tank Battery Location: UL K, Section 4, Township 22 North, Range 8 West

Central Tank Battery: BTWU Pad L11-2208

Central Tank Battery Location: UL L, Section 11, Township 22 North, Range 8 West

Central Tank Battery: NAU Pad P28-2307

Central Tank Battery Location: UL P, Section 28, Township 23 North, Range 7 West

Central Tank Battery: NAU Pad E01-2208

Central Tank Battery Location: UL E, Section 1, Township 22 North, Range 8 West

Central Tank Battery: NAU Pad I01-2208

Central Tank Battery Location: UL I, Section 1, Township 22 North, Range 8 West

Central Tank Battery: NAU Pad O30-2307

Central Tank Battery Location: UL O, Section 20, Township 23 North, Range 7 West

Central Tank Battery: NAU Pad H26-2307

Central Tank Battery Location: UL H, Section 26, Township 23 North, Range 7 West

Central Tank Battery: NAU Pad L34-2307

Central Tank Battery Location: UL L, Section 34, Township 23 North, Range 7 West

Central Tank Battery: NAU Pad E33-2307

Central Tank Battery Location: UL E, Section 33, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad L33-2307
Central Tank Battery Location: UL L, Section 33, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad P32-2307
Central Tank Battery Location: UL P, Section 32, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad L29-2307
Central Tank Battery Location: UL L, Section 29, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad D29-2307
Central Tank Battery Location: UL D, Section 29, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad A19-2307
Central Tank Battery Location: UL A, Section 19, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad N17-2307
Central Tank Battery Location: UL N, Section 17, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad J31-2307
Central Tank Battery Location: UL J, Section 31, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad L31-2307
Central Tank Battery Location: UL L, Section 31, Township 23 North, Range 7 West
Central Tank Battery: NAU Pad P36-2308
Central Tank Battery Location: UL P, Section 36, Township 23 North, Range 8 West
Central Tank Battery: Lybrook Pad M35-2308
Central Tank Battery Location: UL M, Section 35, Township 23 North, Range 8 West
Central Tank Battery: Lybrook Pad O35-2308
Central Tank Battery Location: UL O, Section 35, Township 23 North, Range 8 West
Central Tank Battery: Western's Lybrook Facility
Central Tank Battery Location: UL A, Section 15, Township 23 North, Range 7 West
Gas Title Transfer Meter Location:

Pools

Pool Name	Pool Code
ALAMITO-GALLUP (O)	1039
ALAMITO N; MANCOS (OIL)	98174
BETONNIE TSOSIE WASH; MANCOS (OIL)	98175

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
	All	18-23N-7W
	All	11-23N-8W
	All	13-23N-8W
	All	14-23N-8W
	All	21-23N-8W
	All	22-23N-8W
	All	23-23N-8W
	All	26-23N-8W
	All	27-23N-8W
	All	28-23N-8W
Bettonie Tsoie Wash Unit NMNM 135219A	All	33-23N-8W
	All	34-23N-8W
	All	35-23N-8W
	All	3-22N-8W
	All	4-22N-8W
	All	5-22N-8W
	S/2, NE/4	6-22N-8W
	All	7-22N-8W
	All	8-22N-8W
	N/2, SE/4	9-22N-8W
	All	10-22N-8W
	All	19-23N-7W
	All	20-23N-7W
	All	21-23N-7W
	All	22-23N-7W
	All	23-23N-7W
	All	25-23N-7W
	All	26-23N-7W
	All	27-23N-7W
	All	28-23N-7W
	All	29-23N-7W
	All	30-23N-7W
	All	31-23N-7W
North Alamito Unit NMNM 135229A	All	32-23N-7W
	All	33-23N-7W
	All	34-23N-7W
	NW/4	35-23N-7W
	All	25-23N-8W
	All	36-23N-8W
	N/2	3-22N-7W
	N/2	4-22N-7W
	N/2, SW/4	5-22N-7W
	All	6-22N-7W
	N/2	7-22N-7W
	NW/4	8-22N-7W
	All	1-22N-8W
	N/2	12-22N-8W

NMNM 0048989A

All
N/2, SW/4

2-22N-8W
11-22N-8W

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-045-35669	Bettonnie Tsosie Wash Unit #720H	O P	28-23N-8W	98175
		A	33-23N-8W	
		D E F J K O P	34-23N-8W	
		A	3-22N-8W	
30-045-35668	Bettonnie Tsosie Wash Unit #717H	A B G H I	33-23N-8W	98175
		E K L M N O	34-23N-8W	
		A B C G H	3-22N-8W	
30-045-35515	Bettonnie Tsosie Wash Unit #108H	M N	11-23N-8W	98175
		M	13-23N-8W	
		B C D F G H I J P	14-23N-8W	
		D E F J K O P	14-23N-8W	
30-045-35514	Bettonnie Tsosie Wash Unit #728H	A	23-23N-8W	98175
30-045-35328	Bettonnie Tsosie Wash Unit #601H	N/2	4-22N-8W	98175
30-045-38234	Bettonnie Tsosie Wash Unit #506H	A G H I	34-23N-8W	98175
		E K L M N	35-23N-8W	
		E K L M N O	27-23N-8W	
30-045-38231	Bettonnie Tsosie Wash Unit #507H	H I	28-23N-8W	98175
		B C	34-23N-8W	
		G I J P	34-23N-8W	
30-045-38232	Bettonnie Tsosie Wash Unit #508H	M	35-23N-8W	98175
30-045-38242	Bettonnie Tsosie Wash Unit #509H	L M N	27-23N-8W	98175
		I J P	28-23N-8W	
		C D F	34-23N-8W	
30-045-38238	Bettonnie Tsosie Wash Unit #502H	C D F G I J P	35-23N-8W	98175
30-045-38239	Bettonnie Tsosie Wash Unit #503H	M	22-23N-8W	98175
		M	26-23N-8W	
		C D F G I J P	27-23N-8W	
		D	35-23N-8W	
30-045-38240	Bettonnie Tsosie Wash Unit #504H	E F J K O P	35-23N-8W	98175
		D E F J K L N O P	27-23N-8W	
		A H	28-23N-8W	
30-045-38241	Bettonnie Tsosie Wash Unit #505H	A B	34-23N-8W	98175
		D	35-23N-8W	
		P	22-23N-8W	
30-045-38236	Bettonnie Tsosie Wash Unit #213H	M	23-23N-8W	98175
		C D F G I J P	26-23N-8W	
		D E F J K L N O P	26-23N-8W	
30-045-38235	Bettonnie Tsosie Wash Unit #214H	A H	27-23N-8W	98175
		A B	35-23N-8W	
		E K L M N O	26-23N-8W	
30-045-38237	Bettonnie Tsosie Wash Unit #501H	H I	27-23N-8W	98175
		A B C G H	35-23N-8W	

30-045-35513	Betonnie Tsosie Wash Unit #110H	K L M N O E K L N A B C G H	11-23N-8W 13-23N-8W 14-23N-8W	98175
30-045-35511	Betonnie Tsosie Wash Unit #731H	E F J K O P C D E F G J K A	11-23N-8W 13-23N-8W 14-23N-8W	98175
30-043-21199	N Alamito Unit #232H	M N L B C G H I	21-23N-7W 27-23N-7W 28-23N7W	98174
30-043-21200	N Alamito Unit #233H	K L M N O A B C G H E	27-23N-7W 34-23N-7W 35-23N-7W	98174
30-045-38216	N Alamito Unit #502H	D E F E F J K L N O P A B H	7-22N-7W 1-22N-8W 12-22N-8W	98174
30-045-38219	N Alamito Unit #507H	L M N A B C G H	1-22N-8W 12-22N-8W	98174
30-045-38212	N Alamito Unit #405H	M N B C D F G H I	36-23N-8W 1-22N-8W	98174
30-045-38213	N Alamito Unit #406H	K L M N O A B C G H E I	6-22N-7W 7-22N-7W 8-22N-7W 1-22N-8W	98174
30-045-38214	N Alamito Unit #407H	C D E F G I J K O P	1-22N-8W	98174
30-043-21211	N Alamito Unit #238H	E K L M N O A B A B G H I	30-23N-7W 31-23N-7W 25-23N-8W	98174
30-043-21267	N Alamito Unit #240H	D E F I J K O P A	30-23N-7W 25-23N-8W	98174
30-043-21118	N Alamito Unit #242H	N/2	26-23N-7W	98174
30-043-21133	N Alamito Unit #243H	N/2	26-23N-7W	98174
30-043-21276	N Alamito Unit #306H	All W/2	33-23N-7W 34-23N-7W	98174
30-043-21297	N Alamito Unit #307H	SW/4 N/2, SE/4 W/2	28-23N-7W 33-23N-7W 34-23N-7W	98174
30-043-21296	N Alamito Unit #308H	S/2 N/2 W/2	28-23N-7W 33-23N-7W 34-23N-7W	98174
30-043-21195	N Alamito Unit #321H	N/2 N/2	32-23N-7W	98174
30-043-21196	N Alamito Unit #322H	S/2 N/2	32-23N-7W	98174
30-043-21197	N Alamito Unit #323H	N/2 S/2	32-23N-7W	98174
30-043-21198	N Alamito Unit #328H	S/2 S/2	32-23N-7W	98174
30-043-21214	N Alamito Unit #333H	C D E F G A I J O P M	5-22N-7W 6-22N-7W 31-23N-7W 32-23N-7W	98174

30-043-21334	N Alamito Unit #528H	L M N	30-23N-7W	98174
		B C D F G	31-23N-7W	
		C D F G H I J P	25-23N-8W	
30-043-21335	N Alamito Unit #529H	C D E F G J K	31-23N-7W	98174
		E F J K L O P	25-23N-8W	
		A	36-23N-8W	
30-043-21338	N Alamito Unit #334H	D E F K L	5-22N-7W	98174
		A B H	6-22N-7W	
		E J K L N O P	31-23N-7W	
30-043-21340	N Alamito Unit #335H	E	31-23N-7W	98174
		K L M N O	25-23N-8W	
		A B C G H	36-23N-8W	
30-043-21341	N Alamito Unit #523H	E K L M O	5-22N-7W	98174
		A B C G H I	6-22N-7W	
		L M N	31-23N-7W	
30-043-21342	N Alamito Unit #524H	L M N	31-23N-7W	98174
		M N	25-23N-8W	
		B C D F G H I J P	36-23N-8W	
30-045-38181	N Alamito Unit #401H	D E F G I J K O P	36-23N-8W	98174
30-045-38190	N Alamito Unit #402H	M	31-23N-7W	98174
		P	36-23N-8W	
		L M N	5-22N-7W	
		C D E F G I J P	6-22N-7W	
		C D	8-22N-7W	
A	1-22N-8W			
30-045-38184	N Alamito Unit #403H	E K L M N O P	36-23N-8W	98174
		A B	1-22N-8W	
30-045-38188	N Alamito Unit #404H	D E F J K L N O P	6-22N-7W	98174
		A	7-22N-7W	
		C D E F	8-22N-7W	
		A H	1-22N-8W	
30-045-35526	Lybrook M35 2308 #1H	W/2 W/2	2-22N-8W	1039
30-045-35527	Lybrook M35 2308 #2H	E/2 W/2	2-22N-8W	1039
30-045-35525	Lybrook O35 2308 #1H	W/2 E/2	2-22N-8W	1039
30-045-35524	Lybrook O35 2308 #2H	E/2 E/2	2-22N-8W	1039