

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

APPLICATION FOR SURFACE COMMINGLING

SUBMITTED BY FRANKLIN MOUNTAIN ENERGY, LLC

ORDER NO. PLC-827

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. Franklin Mountain Energy, LLC (“Applicant”) submitted a complete application to surface commingle the oil and gas production from the pools, leases, and wells identified in Exhibit A (“Application”).
2. Applicant proposed a method to allocate the oil and gas 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 and gas 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 and gas production from the pools, leases, and wells will not in reasonable probability reduce the value of the oil and gas production to less than if it had remained segregated.
7. Applicant submitted or intends to submit one or more proposed communitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the acreage of each lease to be consolidated into a single pooled area (“Pooled Area”), as described in Exhibit B.

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, 19.15.12. NMAC, and 19.15.23. NMAC.

9. 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.
10. 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.
11. 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.
12. 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) NMAC and 19.15.12.10.C.(4)(h) NMAC.
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 oil and gas production from the pools, leases, and wells identified in Exhibit A.

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

2. For each Pooled Area described in Exhibit B, Applicant shall submit a Proposed Agreement to the BLM or NMSLO, as applicable, prior to commencing oil and gas production. If Applicant fails to submit the Proposed Agreement, this Order shall terminate on the following day.

No later than sixty (60) days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit a Form C-103 to OCD with a copy of the decision and a description of the approved lands, as applicable. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, this Order shall terminate on the date of such action, and Applicant shall cease commingling the production from the Pooled Area. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), Applicant shall comply with the approved Agreement(s), and no later than sixty (60) days after such decision, Applicant shall submit a new surface commingling application to OCD to conform this Order with the approved Agreement(s). If Applicant fails to submit the new surface commingling application or OCD denies the new surface commingling application, this Order shall terminate on the date of such action.

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 Proposed Agreement which includes the Pooled Area is approved. After the Proposed Agreement is approved, 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 Agreement, including any production that had been allocated previously in accordance with this Order.

3. The oil and gas 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 measure and market the commingled gas at a well pad, central delivery point, central tank battery, or gas title transfer meter described in Exhibit A in accordance with this Order and 19.15.19.9. NMAC, provided however that if the gas is vented or flared, and regardless of the reason or authorization pursuant to 19.15.28.8.B. NMAC for such venting or flaring, Applicant shall measure or estimate the gas in accordance with 19.15.28.8.E. NMAC.
6. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10.C.(2) NMAC.
7. If the commingling of oil and gas production from any pool, lease, or well reduces the value of the commingled oil and 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 commingling application to OCD to amend this Order to remove the pool, lease, or well whose oil and 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.
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. 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).
10. 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 E. SANDOVAL
DIRECTOR**

DATE: 6/16/2022

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: PLC-827

Operator: Franklin Mountain Energy, LLC (373910)

Central Tank Battery: FMM Central Tank Battery

Central Tank Battery Location: UL C D, Section 1, Township 25 South, Range 35 East

Gas Title Transfer Meter Location: UL C D, Section 1, Township 25 South, Range 35 East

Pools

Pool Name	Pool Code
WC-025 G-09 S253502B; LWR BONE SPRIN	98185
WC-025 G-09 S253502D; UPR WOLFCAMP	98187

Leases as defined in 19.15.12.7(C) NMAC

Lease	UL or Q/Q	S-T-R
NMNM 132081	All	25-24S-35E
VO 92360003	C D	36-24S-35E
VO 92560003	All minus C D	36-24S-35E

Wells

Well API	Well Name	UL or Q/Q	S-T-R	Pool
30-025-48625	Western Federal Com #601H	W/2 W/2	25-24S-35E	98185
		W/2 W/2	36-24S-35E	
30-025-48813	Western Federal Com #702H	W/2 W/2	25-24S-35E	98187
		W/2 W/2	36-24S-35E	
30-025-48806	Bidder 49 Federal Com #602H	E/2 W/2	25-24S-35E	98185
		E/2 W/2	36-24S-35E	
30-025-48807	Bidder 49 Federal Com #703H	E/2 W/2	25-24S-35E	98187
		E/2 W/2	36-24S-35E	
30-025-48811	KC7 Federal Com #704H	W/2 E/2	25-24S-35E	98187
		W/2 E/2	36-24S-35E	
30-025-48618	KC7 Federal Com #603H	W/2 E/2	25-24S-35E	98185
		W/2 E/2	36-24S-35E	
30-025-48914	El Paso Federal Com #705H	E/2 E/2	25-24S-35E	98187
		E/2 E/2	36-24S-35E	
30-025-48913	El Paso Federal Com #604H	E/2 E/2	25-24S-35E	98185
		E/2 E/2	36-24S-35E	
30-025-48709	El Paso Federal Com #706H	E/2 E/2	25-24S-35E	98187
		E/2 E/2	36-24S-35E	

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: PLC-827
Operator: Franklin Mountain Energy, LLC (373910)

Pooled Areas

Pooled Area	UL or Q/Q	S-T-R	Acres	Pooled Area ID
CA Bone Spring NMNM 105752589	W/2 W/2	25-24S-35E	320	A
	W/2 W/2	36-24S-35E		
CA Bone Spring NMNM 105752590	E/2 W/2	25-24S-35E	320	B
	E/2 W/2	36-24S-35E		
CA Bone Spring NMNM	W/2 E/2	25-24S-35E	320	C
	W/2 E/2	36-24S-35E		
CA Bone Spring NMNM 105752573	E/2 E/2	25-24S-35E	320	D
	E/2 E/2	36-24S-35E		
CA Wolfcamp NMNM	W/2	25-24S-35E	640	E
	W/2	36-24S-35E		
CA Wolfcamp NMNM	E/2	25-24S-35E	640	F
	E/2	36-24S-35E		

Leases Comprising Pooled Areas

Lease	UL or Q/Q	S-T-R	Acres	Pooled Area ID
NMNM 132081	W/2 W/2	25-24S-35E	160	A
VO 92360003	D	36-24S-35E	40	A
VO 92560003	E L M	36-24S-35E	120	A
NMNM 132081	E/2 W/2	25-24S-35E	160	B
VO 92360003	C	36-24S-35E	40	B
VO 92560003	F K N	36-24S-35E	120	B
NMNM 132081	W/2 E/2	25-24S-35E	160	C
VO 92560003	W/2 E/2	36-24S-35E	160	C
NMNM 132081	E/2 E/2	25-24S-35E	160	D
VO 92560003	E/2 E/2	36-24S-35E	160	D
NMNM 132081	W/2	25-24S-35E	320	E
VO 92360003	C D	36-24S-35E	80	E
VO 92560003	E F K L M N	36-24S-35E	240	E
NMNM 132081	E/2	25-24S-35E	320	F
VO 92560003	E/2	36-24S-35E	320	F