



U.S. Department of the Interior  
Bureau of Land Management

# Commingling Training

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# What is Commingling?

- The combining of production from two or more sources (leases, unit PAs, CAs, or non-Federal or non-Indian properties) before that product reaches an FMP



# Current Regulations

- 43 CFR 3173.14
  - (a)(1)(i) - Federal lease, unit PA, or CA, where each lease, unit PA, or CA proposed for commingling has 100 percent Federal mineral interest, the same fixed royalty rate and, and the same revenue distribution;
  - (a)(1)(ii) Indian tribal lease, unit PA, or CA, where each lease, unit PA, or CA proposed for commingling is wholly owned by the same tribe and has the same fixed royalty rate;
  - (a)(1)(iii) Federal unit PA or CA where each unit PA or CA proposed for commingling has the same proportion of Federal interest, and which interest is subject to the same fixed royalty rate and revenue distribution. (For example, the BLM could approve a commingling request under this paragraph where an operator proposes to commingle two Federal CAs of mixed ownership and both CAs are 50 percent Federal/50 percent private, so long as the Federal interests have the same royalty rates and royalty distributions.);
  - (a)(1)(iv) Indian unit PA or CA where each unit PA or CA proposed for commingling has the same proportion of Indian interests, and which interest is held by the same tribe and has the same fixed royalty rate



# Current Regulations

- 43 CFR 3173(b)
  - (1) The Federal or Indian lease, unit PA, or CA meets the definition of an economically marginal property. However, if the BLM determines that a Federal or Indian lease, unit PA, or CA included in a CAA ceases to be an economically marginal property, then this condition is no longer met
  - (2) The average monthly production over the preceding 12 months for each Federal or Indian lease, unit PA, or CA proposed for the CAA on an individual basis is less than 1,000 Mcf of gas per month, or 100 bbl of oil per month;
  - (3) A CAA that includes Indian leases, unit PAs, or CAs has been authorized under tribal law or otherwise approved by a tribe;
  - (4) The CAA covers the downhole commingling of production from multiple formations that are covered by separate leases, unit PAs, or CAs, where the BLM has determined that the proposed commingling from those formations is an acceptable practice for the purpose of achieving maximum ultimate economic recovery and resource conservation;
  - (5) There are overriding considerations that indicate the BLM should approve a commingling application in the public interest notwithstanding potential negative royalty impacts from the allocation method. Such considerations could include topographic or other environmental considerations that make non-commingled measurement physically impractical or undesirable, in view of where additional measurement and related equipment necessary to achieve non-commingled measurement would have to be located.





# Recent Changes

- Passage of H.R. 1 (OBBBA) – July 4<sup>th</sup>, 2025
  - The Secretary of the Interior shall approve applications allowing for the commingling of production from 2 or more sources (including the area of an oil and gas lease, the area included in a drilling spacing unit, a unit participating area, a communitized area, or non-Federal property) before production reaches the point of royalty measurement regardless of ownership, the royalty rates, and the number or percentage of acres for each source



# Recent Changes

- Instruction Memorandum 2025-034 – August 11<sup>th</sup>, 2025
- Until BLM issues revised regulations governing commingling, Field Offices (FOs) will separate commingling applications into two groups.
  - The first group includes applications that comply with existing regulations. FOs should continue to process and approve these applications as expeditiously as possible.
  - The second group includes applications that cannot be approved under existing regulations because they do not contain the same lease interest, royalty rate, and revenue distribution or the lease is not producing in paying quantities.



# Commingling Non-Federal Production

- Requirements (IM 2025-034) – If an applicant submits commingling applications that include State or Private [Fee] cases, the Field Office will request:
  - Documentation the grants the BLM access to the measurement system
    - Refer to 43 CFR 3173.23(e) for requirements
  - Documentation that measurement devices meet the requirements of
    - 43 CFR 3173 for site security
    - 43 CFR 3174 for oil measurement
    - 43 CFR 3175 for gas measurement



# New Requirements for All Applications

- For applications in both groups, the operator must either:
  - Install measurement devices for each source
  - Use an allocation method that achieves volume measurement uncertainty within +/- 2 percent reported on a monthly basis
  - Propose a periodic well testing methodology





# Sundry Requirements

- Sundry requirements by regulation
  - 43 CFR 3173.15
  - 43 CFR 3173.14
  - IM 2025-034
  - 43 CFR 3173.23



# Sundry Requirements

- The following is from the Carlsbad Field Office Commingling Sundry Guide
- In the sundry description or at the top of the first page of the attachment, include a statement on which regulation the sundry should be considered for approval
  - 43 CFR 3173.14(a)(1)(i) – 100% Federal leases with the same fixed royalty rate
  - 43 CFR 3173.14(a)(1)(iii) – CAs/PAs with mixed ownership but the same proportion of Federal ownership and all Federal leases have the same fixed royalty rate
  - 43 CFR 3173.14(b)(5) and IM 2025-034 – Any commingle request that does not meet (a)(1)(i) or (a)(1)(iii)



# Sundry Requirements

- A list of all Federal or Indian lease, unit PA, or CA numbers in the proposed Commingling and Allocation Approval (CAA). This list should include:
  - a. For CAs and PAs, include a list of the Federal, State, and Fee leases within each CA/PA
  - b. For each lease/CA/PA, state the specific type of production (oil, gas, or both) to be commingled

| Federal CA/PA   |                 | Non-Federal CA/PA  | Individual Leases      |
|-----------------|-----------------|--------------------|------------------------|
| CA #1 (Both)    | CA#2 (Both)     | State CA #1 (Both) | Fee Lease Y (Oil)      |
| Federal Lease A | Federal Lease A | State Lease Z      | State Lease Z (Both)   |
| Federal Lease B | Federal Lease C | State Lease X      | Federal Lease C (Both) |
| State Lease Z   | Fee Lease Y     |                    |                        |



# Sundry Requirements

- If non-Federal leases, CAs, and/or PAs are included in the proposed CAA, include:
  - A list of non-Federal wells (including API numbers) that will be produced
    - If any of the wells and/or facilities are on State or Fee surface and have a measurement device or system, include documentation:
      - That grants the BLM access (refer to 43 CFR 3173.23(e) for document requirements) and
      - That all measurement devices meet the requirements of 43 CFR 3173 for site security, 43 CFR 3174 for oil measurement, and 43 CFR 3175 for gas measurement



# Sundry Requirements

A proposed allocation agreement (including allocation of produced water) that includes:

- A statement about which allocation method will be used:
  - Installation of measurement devices for each source
  - An allocation method that achieves volume measurement uncertainty with  $\pm 2$  percent reported on a monthly basis
  - Periodic well testing
- A brief explanation of the allocation methodology
- An example of how the methodology is applied (multiple examples may be included to ensure clarity)
  - Include a step-by-step explanation for all data and calculations used in the applied methodology example
- A statement that any allocation meters (non-FMPs) on Federal surface or within the boundaries of a CA/PA that includes a Federal lease will meet either Facility Measurement Point (FMP) regulations or API measurement standards
  - If using API measurement standards, include the relevant API standard numbers
- If well testing is included in the allocation methodology, a statement on the frequency of well tests and that all well tests will meet relevant API standards
- A copy of the agreement signed by each operator of each of the leases, unit PAs, or CAs from which production would be included in the CAA (if more than one operator is involved) [Note: This agreement is only required if the operator does not have sole decision-making authority]





# Sundry Requirements

- A topographic map of appropriate scale (multiple maps may be included to ensure clarity) that includes:
  - The boundaries of all the leases, unit PAs, or CAs that are proposed for the CAA
  - The location of all existing or planned facilities
  - The location of all wells (including API numbers) that are in the proposed CAA
  - Any piping that will be included in the CAA
  - The location of all existing or proposed FMPs



# Sundry Requirements

- A statement that all leases, unit PAs, or CAs in the proposed CAA are capable of production in paying quantities and documentation to prove the statement.
  - “Production in paying quantities” is defined as 1bbl/day of oil or 10 Mcf/day of gas
    - A three consecutive day well test can be used to prove production in paying quantities
    - One month of production data for each lease/CA/PA can be provided to prove production in paying quantities

|          | CA #1     | CA #2   | CA #3   |
|----------|-----------|---------|---------|
| May 2025 | 1,250 bbl | 800 bbl | 320 Mcf |

- If there is an approved APD but no production data, the operator may include a statement that proof of production in paying quantities will be included with the Well Completion Report



# Sundry Requirements

- Gas analysis (not required if the operator is applying for a CAA under 3173.14(a)(1)) that includes:
  - Btu content
  - All oil gravities
- A statement on whether the location of the FMP is on lease or off lease.
  - If the FMP is off lease, the operator must submit:
    - A justification for off lease measurement (OLM)
    - A statement on the surface ownership (Federal/State/Fee) of the FMP location
    - If an FMP is on Fee surface, include documentation that grants the BLM access (refer to 43 CFR 3173.23(e) for document requirements)



# Sundry Requirements

- A statement on whether any new surface disturbance is included as part of the proposed CAA (proposed FMP, associated facilities, etc.). If new surface disturbance is part of the proposal, a surface disturbance sundry must be submitted with a surface use plan of operations
- A statement that any additional documentation that is required under 3173.15 (f–i) relating to surface use or right of way grant applications will be submitted through appropriate channels.



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# Thank You

## Questions?