



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

GARY E. JOHNSON

Governor

Betty Rivera

Cabinet Secretary

Lori Wrotenbery

Director

Oil Conservation Division

COMMINGLING ORDER PC-1063

Phoenix Hydrocarbons Operating Corporation
415 West Wall
Suite 703
Midland, Texas 79701

Attention: Ms. Phyllis R. Gunter

The above named company is hereby authorized to surface commingle the following pools and acreage within Federal Lease NM 05791 located in San Juan County, New Mexico:

Existing Well: Federal "M" Well No. 3 (API No. 30-045-25888)
Otero-Chacra (Gas - 82329), SW/4 Dedication
NE/4 SW/4, Section 3, Township 27N, Range 8W, NMPM

Existing Well: Federal "M" Well No. 1 (API No. 30-045-20317)
Blanco-Mesaverde (Prorated Gas - 72319), W/2 Dedication
SE/4 SW/4, Section 3, Township 27N, Range 8W, NMPM

Since ownership is not common between these wells, each well shall have an allocation gas meter installed. Any produced liquids shall be separated and measured by well. Condensate and water are not authorized for commingling under this order. Utilizing these facilities, gas production, gas sales, and gas heating values shall be calculated for each well as detailed on the attachment to this order. The sales gas CDP shall be located on lease.

NOTE: This installation shall be installed and operated in accordance with the applicable provisions of Rule 303 of the Division Rules and Regulations and the Division "Manual for the Installation and Operation of Commingling Facilities." It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the supervisor of the Aztec district office prior to implementation of this commingling operation.

PROVIDING: Like approval is also required from the US Bureau of Land Management.

DONE at Santa Fe, New Mexico, on this 9th day of July 2002.

Administrative Order PC-1063
Phoenix Hydrocarbons Operating Corporation
July 8, 2002
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Lori Wrotenbery (WVJ)

LORI WROTENBERY,
Division Director

LW/WVJ

Attachment

cc: Oil Conservation Division- Aztec
Bureau of Land Management – Farmington

Attachment to Pool Commingling Order PC-1063

Allocation Method

Allocation period should typically be a calendar month and shall be the same for all wells.

Base Data:

W = Gas Volume (MCF) from allocation meters at individual wells during allocation period.

X = Gas Volume (MCF) from CDP Sales Meter during allocation period.

Y = BTU's from CDP Sales Meter during allocation period.

1. Individual Well Gas Production = A + B + C + D + E

A = Allocated Sales Volume, MCF = $(W / \text{Sum } W) \times X$

B = On lease fuel usage, MCF = from equipment specification and operating conditions.

C = Purged and/or vented gas from well and/or lease equipment, MCF = Calculated using equipment specifications and pressures.

D = Allocated fuel from gathering system, MCF. The total fuel required to operate gathering system equipment shall be allocated to the individual wells benefiting from the equipment using allocation factors determined by "W/Sum W" for the wells involved.

E = Allocated volume of gas lost and/or vented from the gathering system and/or gathering system equipment, MCF. The total volume shall be determined using industry accepted procedures for the conditions existing at the time of the loss. All volumes corresponding to liquid condensation within the gathering system shall also be determined. The total volume lost and/or vented shall be allocated to the individual wells affected using factors determined by "W/Sum W".

2. Allocated individual Well BTU's = $((W \times \text{individual well BTU}) / \text{Sum } (W \times \text{individual well BTU})) \times Y$.

Individual well "gas heating values" are to be determined in accordance with BLM regulations (currently On Shore Order No. 5).