

**Range Operating New Mexico, Inc.
Request for Surface Commingling**

Summary

According to 19.15.5.303 NMAC, segregation of production from different pools or leases is required. Exceptions to 19.15.5.303 may be permitted for surface commingling, downhole commingling, and off-lease storage and/or measurement pursuant to Subsections B, C, and D of 19.15.5.303 NMAC, respectively. To prevent waste, to promote conservation and to protect correlative rights, the division shall have the authority to grant exceptions to permit the surface commingling of oil, gas or oil and gas in common facilities from two or more pools, two or more leases or combination of pools and leases provided that certain conditions are met. Range Operating New Mexico, Inc., ("RONMI") is requesting a hearing to permit commingling of oil and gas production from leases with diverse ownership, and from pools with diverse ownership. Notice has been given to all interest owners in accordance with Subsection A of 19.15.14.1207 NMAC.

Process Flow Through a Typical Battery

A typical proposed battery will consist of a pool separator, a pool heater treater, a test separator, a test heater treater, two oil tanks, a water tank, gas meters, and associated piping and valves between vessels. Oil, water, and gas production will enter into the battery through individual well flow lines. The production stream from each well will be directed either through a pool line or through a test line by virtue of a production header.

Each day, one well will be tested for a 24-hour period through the test line that measures oil, water, and gas. Oil will be metered in a test tank, while water will be metered through a turbine meter, and gas through a meter run with an orifice plate. All other wells (that are not in test on that day) will be directed through the pool line to separate oil and gas for sales, and water for disposal. Both the pool line and the test line will consist of a separator and a heater treater. The separator will process the production stream by separating the gas from the oil and water. The separated gas will be metered through a gas meter run, with the oil and water sent to the heater treater. The heater treater separates the oil from the water. The separated oil is sent to an oil tank (pool line) or the test tank (test line), while the water is sent to the water tank for disposal. Any remaining gas from the heater treater is also sent through the gas meter run to be measured.

Oil and gas production volumes will be allocated to each individual well based on the well tests that were recorded each month, in proportion to the monthly oil and gas sales that were attributed to the battery. The accuracy of this system will ensure that all interest owners will be accurately compensated for the sale of oil and gas.

**Before the Oil Conservation Division
Case 14431
Hearing December 17, 2009
Range Operating NM, Inc.
Exhibit No. 4**