

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



ADMINISTRATIVE CENTRAL TANK BATTERY ORDER

Administrative Order CTB-837
Administrative Application Reference No. pMAM1729930694

November 28, 2017

Chisolm Energy Operating, LLC
Attention: Ms. Barbara Watson

Chisolm Energy Operating, LLC (OGRID 372137) is hereby authorized to surface commingle oil and gas production from the Buffalo; Bone Spring, Southeast Pool (Pool code: 8146) from the following diversely owned state leases in the form of state communization agreements located in Section 2, Township 19 South, Range 33 East, Lea County, New Mexico:

Lease: Buffalo West 2 State Com 2BS Well No. 5H Communitization Agreement
Description: Lot 2, SW/4 NE/4, and W/2 SE/4 (W/2 E/2 equivalent) of Section 2
Well: Buffalo West 2 State Com 2BS Well No. 5H API 30-025-43832

Lease: Buffalo West 2 State Com 1BS Well No. 6H Communitization Agreement
Description: Lot 1, SE/4 NE/4, and E/2 SE/4 (E/2 E/2 equivalent) of Section 2
Well: Buffalo West 2 State Com 1BS Well No. 6H API 30-025-43833

The combined project area for these wells includes the E/2 of Section 2, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

The commingled oil and gas production from the wells detailed above shall be measured and sold at the Buffalo West 2 State Com 2BS Well No. 5H Central Tank Battery (CTB), located in Lot 2/Unit B of Section 2, Township 19 South, Range 33 East, NMPM, Lea County, New Mexico.

Your application has been duly filed under the provisions of Division Rules 19.15.12.10.C NMAC and 19.15.4.12.A (8) NMAC.

It is also understood that you have given due notice of this application to all owners in the mineral interest estate ("affected parties") as defined in Rule 19.15.12.10.C (4) NMAC.

Production from the subject wells shall be determined as follows:

The oil and gas production from each of the diversely-owned leases shall be measured with allocation meters. The oil and gas production from each well will flow into a dedicated 3-phase separator. The production stream will be separated into 3 independent streams by the separator and each stream will be measured individually after it exits the separator, before commingling.

The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2) NMAC.

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe. Further, for future additions of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases or pools to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.

This installation shall be installed and operated in accordance with the applicable Division Rules. It is the responsibility of the producer to notify the transporter of this commingling authority.

This administrative order is subject to like approval from the New Mexico State Land Office.

The operator shall notify the Hobbs District office of the Division prior to implementation of the commingling operations.

Done at Santa Fe, New Mexico, on November 28, 2017.


DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office - Oil, Gas, and Minerals