

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
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Heather Riley, Division Director
Oil Conservation Division



CENTRAL TANK BATTERY

Administrative Order CTB-850
Application Reference No. pMAM1805260092

March 13, 2018

Chisholm Energy Operating, LLC
Attention: Ms. Bettie Watson

Chisholm Energy Operating, LLC (OGRID 372137) is hereby authorized to surface commingle oil and gas production from the Purple Sage; Wolfcamp (Gas), Pool (Pool code: 98220) from the following diversely owned federal leases in the form of a proposed federal communization agreement located in Township 26 South, Range 26 East, Eddy County, New Mexico:

Lease: Proposed Federal Communitization Agreement
Description: W/2 E/2 of Section 28, and Lot 2/ Unit G of Section 33
Well: Cottonwood 28 33 Federal WCA Well No. 3H API 30-015-43687

Lease: Proposed Federal Communitization Agreement
Description: E/2 of Section 28, and Lot 1, Lot 2 and N/2 NE/4 (NE/2 equivalent) of Section 33
Well: Cottonwood 28 33 Federal Com WCA Well No. 4H API 30-015-43690

The commingled oil and gas production from the wells detailed above shall be measured and sold at the Cottonwood 28 33 Federal Com Central Tank Battery (CTB), located in Unit P, Section 21, Township 26 South, Range 26 East, NMPM, Eddy 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 continuously 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.

At the time of the administrative application, the ownership in the mineral interest estate is diverse. However, the Applicant stated that a federal communitization agreement has been submitted to the Bureau of Land Management for the E/2 of Section 28 and E/2 of Section 33. However, in order to provide production from these wells, the Applicant applied for surface commingle application.

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 Bureau of Land Management.

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


HEATHER RILEY
Director

HR/mam

cc: Oil Conservation Division – Artesia
Bureau of Land Management - Carlsbad