

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
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Oil Conservation Division



CENTRAL TANK BATTERY

Administrative Order CTB-858

June 5, 2018

Mack Energy Corporation
Attention: Mr. Jerry Sherrell

Mack Energy Corporation (OGRID 13837) is hereby authorized for off-lease measurement and to surface commingle oil and gas production from the Round Tank; San Andres Pool (Pool code: 52770) within the following lands located in Township 15 South, Range 29 East, Chaves County, New Mexico:

Section 21 W/2
Section 28 W/2
Section 29 E/2

These lands currently consist of the following diversely owned federal leases, federal communication agreements ("CA"), and wells:

Lease: Federal lease NMNM 131581
Descriptions: W/2 of Section 21
Wells: White Rock Federal Well No. 1H API 30-005-64300
 White Rock Federal Well No. 2H API 30-005-64301

Lease: (Proposed) Prince George Federal Com Well No. 1H CA
Description: W/2 E/2 of Section 29
Well: Prince George Federal Com Well No. 1H API 30-005-64310

The commingled oil production from the wells detailed above shall be measured and sold at the White Rock Central Tank Battery (CTB), located in Unit D of Section 28.

The commingled gas production from the wells detailed above shall be measured at the CTB. The gas production shall be sold at the Facility Measurement Point (FMP) located in Unit O, Section 4, Township 16 South, Range 29 East, NMPM, Eddy County, New Mexico. Further, gas production measurement from the Round Tank; San Andres Pool is also governed by order CTB-855, issued by the Division on May 15, 2018.

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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. However, the affected parties are either affiliated with the Applicant, or have signed waivers; therefore, notification is not required.

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 a combination of metering and well testing. Each of the wells shall be tested a minimum of seven days per cycle.

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

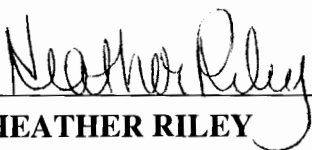
For future additions of wells, leases, and pools to this commingling operation, notice shall only be given to those interest owners in the wells, leases or pools to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.

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.

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