

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Heather Riley, Division Director
Oil Conservation Division



CENTRAL TANK BATTERY

Administrative Order CTB-778-B

June 5, 2018

Mack Energy Corporation
Attention: Mr. Jerry Sherrell

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

Section 17 SWSW
Section 20 All
Section 29 W2

The following diversely owned federal leases, federal communization agreements ("CA"), and wells are currently within those lands:

Lease: Federal Lease NMNM 131580
Description: W2 E2 and N2 SW4 of Section 20
Wells: Prince Rupert Federal Well No. 1 API 30-005-64222
 Prince Rupert Federal Well No. 2 API 30-005-64223
 Prince Rupert Federal Well No. 3H API 30-005-64241

Lease: Federal Lease NMNM 131583
Description: SE4 SW4 of Section 20 and E2 W2 of Section 29
Well: Windsor Federal Well No. 1 API 30-005-64305

Lease: Pending Montreal Federal Com Well No. 1H CA
Description: E2 E2 of Section 20
Well: Montreal Federal Com Well No. 1H API 30-005-64242

Lease: Pending Chilliwack Federal Com Well No. 1H CA
Description: SW4 SW4 of Section 17 and W2 W2 of Section 20
Well: Chilliwack Federal Com Well No. 1H API 30-005-64311

Lease: Pending Ottawa Federal Com Well No. 1H CA
Description: W2 W2 of Section 29

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Well: Ottawa Federal Com Well No. 1H API 30-005-64304

The commingled oil production from the wells detailed above shall be measured and sold at the Prince Rupert Central Tank Battery (CTB), located in Unit L of Section 20.

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, Eddy County, NMPM, New Mexico. Further, gas production measurement from the Round Tank; San Andres Pool is also subject to order CTB-855, issued on May 15, 2018.

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 Paragraph (4) of Subsection C of 19.15.12.10 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 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 Paragraph (2) of Subsection C of 19.15.12.10 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 Subparagraph (g) of Paragraph (4) of Subsection C of 19.15.12.10 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 administrative order supersedes order CTB-778-A, issued on August 19, 2016. This amended order adds the Federal Lease NMNM 131583, Pending Montreal Federal Com Well No. 1H CA, Pending Chilliwack Federal Com Well No. 1H CA, and the Pending Ottawa Federal Com Well No. 1H CA. Further, this amended order changes the location of the gas FMP.

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

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Mack Energy Corporation
May 16, 2018

Director

HR/mam

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