



New Mexico Energy, Minerals and Natural Resources Department

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Surface Commingling Order CTB-633
August 18, 2011

Yates Petroleum Corporation
105 South Fourth Street
Artesia, New Mexico 88210

Attention: Miriam Morales:

It is our understanding that diversely owned lands producing oil and gas from one common source of supply are proposed for commingling through facilities operated by the Yates Petroleum Corporation ("applicant"). Applicant has made application for diversely owned surface commingling per 19.15.12.10.C.(4) NMAC. Notice has been provided and no objections were received.

Applicant is hereby authorized to surface commingle (only) gas production from South Corral Canyon; Bone Spring Pool (**13354**) from the following leases and wells all located within Section 8, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico:

Melson ZS Federal Well No.2H (API No. 30-015-38665), SHL: Unit Letter P. BHL: Unit Letter A. Project Area and Oil Proration Unit: Unit Letters P, I, H, & A
Portions of Federal Lease #31649

Banjo BNO Federal Well No. 1 (API No. 30-015-36923), Vertical well in Unit Letter P
40 acre Oil Spacing and Proration Unit
Portions of Federal Lease #102034

This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. Gas from each well shall be continuously metered prior to being commingled for storage or sales. The gas meters shall be calibrated on a schedule based on throughput as per Division Rule 19.15.12.10.C.(2) NMAC.

Commingled gas production from the wells detailed above shall be measured and sold in Unit Letter P, Section 8, Township 26 South, Range 30 East, NMPM, of Eddy County, New Mexico.

Before commencing surface commingling, the operator must obtain approval from the Bureau of Land Management (BLM) as directed in 19.15.12.10.C.(4)(h) NMAC. The operator shall notify



the Artesia District office of the Division prior to implementation of commingling operations. It is the responsibility of the producer to notify the transporter of this commingling authority.

Applicant has not provided notice providing for the addition of future wells or additional Pools to this commingle as per 19.15.12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or Pools shall not be included in this surface commingle without the operator again making application as per 19.15.12.10.C.(4) NMAC, including notices provided to all owners, and obtaining approval from the Division.



JAMI BAILEY
Division Director

JB/wvjj

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