

State of New Mexico  
Energy, Minerals and Natural Resources Department

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CENTRAL TANK BATTERY

Administrative Order CTB-904  
Amends Administrative Application CTB-858

July 16, 2019

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 communization 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

Lease:            (Proposed) Montreal Federal Com Well No. 1H CA  
Description:    E/2 E/2 of Section 20  
Wells:            Montreal Federal Com Well No. 1H            API 30-005-64339  
                      Montreal Federal Com Well No. 2H            API 30-005-64340

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 Applicant's discretion at the Eddy County Facility Measurement Point (Eddy Co. FMP) located in Unit O, Section 4, Township 16 South, Range 29 East, NMPM, Eddy County, New Mexico, or the Chaves County Facility Measurement Point (Chaves Co. FMP) located in Unit N, Section 22, Township 15 South, Range 29 East, NMPM, Chaves 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.

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 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 Order supersedes Administrative Order CTB-858, issued on June 15, 2018. This Order adds the Montreal Federal Com Well No. 1H and Montreal Federal Com Well No. 2H to this administrative order. Also, the gas may at the Applicant's discretion maybe sold at the Eddy Co. FMP or the Chaves Co. FMP.

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.

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Mack Energy Corporation  
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**Adrienne Sandoval**  
**Director**

AS/mam

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