

State of New Mexico
Energy, Minerals and Natural Resources Department

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David R. Catanach, Division Director
Oil Conservation Division



CENTRAL TANK BATTERY

Administrative Order CTB-816
Administrative Application Reference No. pMAM1706658750

March 28, 2017

Mack Energy Corporation
Attention: Mr. Jerry Sherrell

Mack Energy Corporation (OGRID 13837) is hereby authorized to surface commingle casing head gas production from the Young; Bone Spring, North Pool (Pool code 65350) from the following diversely owned federal leases and wells in Lea County, New Mexico:

Lease: Federal Lease NMNM 121480
Description: Lot 1 (NW/4 NW/4) of Section 1, Township 18 South, Range 32 East, NMPM
Well: Ranger Federal Well No. 1 API 30-025-40180 40-acre dedication

Lease: Federal Lease NMNM 040456
Description: Unit F (SE/4 NW/4) of Section 1, Township 18 South, Range 32 East, NMPM
Well: Ringtail Federal Well No. 1 API 30-025-42032 40-acre dedication

The commingled gas production from the wells detailed above shall be measured and sold at the Sprinkle B Federal Well No. 1 Central Tank Battery (CTB) located in Unit E, Section 1, Township 18 South, Range 32 East, NMPM, Lea County, New Mexico.

Off lease measurement and sales is approved for gas production from these wells at said location.

Initial Allocation:

Based on previous production, the gas production produced and sold from these two wells shall be initially allocated as 29 percent to the Ranger Federal Well No. 1 and 71 percent to the Ringtail Federal Well No. 1. This allocation shall continue until October 1, 2017.

Subsequent Allocation:

After October 1, 2017, the allocated gas production to each well shall be based on new well tests obtained on each well. The new tests shall be conducted by alternately selling gas from only one well for at least 24 hours while shutting in the other well(s). As proposed, each time the allocation is changed it shall be implemented for 6 months.

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It is our understanding that this method of commingling is requested to alleviate the low volume charges that pipeline operators have implemented and will extend the economic life of these wells.

The gas sales meter shall be calibrated in accordance with Rule 19.15.12.10.C (2).

Oil production from these two wells is not approved for commingling under this permit.

The operator shall notify the Hobbs District office of the Division prior to implementation of the commingling operations. This approval is subject to like approval from Bureau of Land Management before commencing commingling operations.

Done at Santa Fe, New Mexico, on March 28, 2017.



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad
New Mexico State Land Office – Oil, Gas, and Minerals