

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



CENTRAL TANK BATTERY

Administrative Order CTB-842
Administrative Application Reference No. pMAM1732450618

December 12, 2017

J R Oil, Ltd. Co.
Attention: Mr. Joe Tippy

J R Oil, Ltd. Co. (OGRID 256073) is hereby authorized to surface commingle casing head gas production from the Langlie Mattix; 7 Rvrs-Q-Grayburg; Pool (Pool code 37240) from the following diversely owned leases and wells in Lea County, New Mexico:

Lease: Eaton SE Well No. 2 Lease
Description: W/2 SE/4 of Section 12, Township 25 South, Range 37 East, NMPM
Wells: Eaton SE Well No. 2 API 30-025-11543
Eaton SE Well No. 5 API 30-025-11546
Initial Allocation: 9%

Lease: Eaton B AC Well No. 1
Description: SW/4 NE/4 of Section 12, Township 25 South, Range 37 East, NMPM
Well: Eaton B AC Well No. 1 API 30-025-11549
Initial Allocation: 4%

Lease: Eaton SW Well No. 1
Description: E/2 SW/4 and SW/4 SW/4 of Section 12, Township 25 South, Range 37 East, NMPM
Wells: Eaton SW Well No. 1 API 30-025-11551
Eaton SW Well No. 3 API 30-025-11544
Eaton SW Well No. 4 API 30-025-11545
Initial Allocation: 52%

Lease: McBuffington Well No. 2
Description: NE/4 SE/4 of Section 13, Township 25 South, Range 37 East, NMPM
Well: McBuffington Well No. 2 API 30-025-11560
Initial Allocation: 35%

The commingled gas production from the wells detailed above shall be measured and sold at the Eaton SW Well No. 4 No. 1 Central Tank Battery (CTB) located in Unit N, Section 12, Township 25 South, Range 37 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 and expected production, the gas production produced and sold from these wells and leases shall be allocated as previously described. This allocation shall continue until June 1, 2018.

Subsequent Allocation:

After June 1, 2018, 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.

When the Applicant submits a revised allocation percentage, it shall submit an amended application to include proper notification of all owners in the mineral estate.

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 wells are 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.

Done at Santa Fe, New Mexico, on December 12, 2017.



DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Hobbs