



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
Reese Fullerton
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order PLC-320
December 29, 2008

BC Operating, Inc.
303 Veterans Air Park Lane, Suite 600
Midland, TX 79705

Attention: Jason Wacker

BC Operating, Inc. ("BC") is hereby authorized to surface commingle **gas production** from the Lovington Paddock Pool (40660) and Loving Grayburg San Andres Pool (40580). From the following two wells located on State leases in Eddy County, New Mexico:

Angell Well No. 1 (API 30-025-37902) Unit A, Sec 11, T17S, R36E, NMPM
40 acre dedication: Lovington Paddock Pool (DHC-3919)
40 acre dedication: Lovington Grayburg San Andres Pool (DHC-3919)

Angell Well No. 2 (API 30-025-39076) Unit B, Sec 11, T17S, R36E, NMPM
40 acre dedication: Lovington Paddock Pool (DHC-4122)
40 acre dedication: Lovington Grayburg San Andres Pool (DHC-4122)

Each of these diversely owned wells are approved for off lease gas measurement and gas commingling for sales.

The gas sales point for this commingled gas production shall be located at Duke Angell 11 NO.1 in Section 12, Township 17 South, Range 36 East. Gas from the Angell Well No. 2 is approved for off lease measurement and sales after being metered on-lease. The allocation meter for the Angell Well No. 2 is on that well's location. The sales meter is located off lease at the Duke Angell 11 No. 1. The gas production from Angell No. 1 will be calculated by subtracting the Angell No. 2 gas meter reading from the gas sales meter reading.

It is the responsibility of the producer to insure the installation is installed and operated in accordance with the applicable Division Rules and Regulations. It is also the responsibility of the producer to notify the transporter of this commingling authority. The operator shall notify the Hobbs district office of the Division upon commencement of commingling operations.

This order is approved as of the date shown above.



MARK E. FESMIRE, P.E.,
Division Director

MEF/tw
cc: Oil Conservation Division – Hobbs
State Land Office – Oil, Gas, and Minerals Division

