



New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Jim Noel
Cabinet Secretary

Karen W. Garcia
Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Administrative Order PLC-333

SM Energy Company
3300 N. A Street, Building 7, Suite 200
Midland, Texas 79705

Attention: Donna Huddleston

SM Energy Company ("SM Energy") is hereby authorized to surface commingle oil and gas production from the following **Pools** and **leases** located in Township 18 South, Ranges 31, and 32 East NMPM, Eddy and Lea Counties, New Mexico.

Pools

Shugart; Delaware, East (**56419**)
Shugart; Yates-7RS-QU-Grayburg (**56439**)

Leases:

NMNM101361X
NMNM106714
NMNM106715
NMNM67987
NMNM106716

and from the following diversely owned wells identified in Tables 1 and 2 below:

The oil and gas production from the wells in Table 1 shall be commingled at the Geronimo Tank Battery located in Unit G of Section 24, Township 18 South, Range 31 East, Eddy County, New Mexico, **EXCEPT** that the gas production only from the wells in Table 2 shall be commingled at the Inca Tank Battery located in Unit I of Section 19, Township 18 South, Range 32 East, Lea County, New Mexico. [**Note: Table 2 is a subset of Table 1**]

The oil and gas production from Geronimo Federal Well Nos. 1 and 6, Inca Federal Well No. 5, Jade Federal Well No. 2, and Conoco Federal Well No. 2 shall be measured continuously with calibrated allocation meters prior to commingling with production from other wells. The allocation meters shall be calibrated semi-annually. The oil and gas production from the rest of the unit wells shall be determined by monthly periodic well tests.



Table 1 Geronimo Battery (Location G-24-18S-31E; SW4/NE4; Eddy Co. NM)

Well Name & Number	API	ULSTR	Footages
EAST SHUGART DELAWARE UNIT #001	30-015-25741	O-13-18S-31E	430 FSL & 1650 FEL
EAST SHUGART DELAWARE UNIT #002	30-015-25847	P-13-18S-31E	330 FSL & 330 FEL
EAST SHUGART DELAWARE UNIT #003	30-025-29695	4-18-18S-32E	330 FSL & 330 FWL
EAST SHUGART DELAWARE UNIT #004	30-015-25546	B-24-18S-31E	765 FNL & 1980 FEL
EAST SHUGART DELAWARE UNIT #005	30-015-26022	B-24-18S-31E	790 FNL & 1650 FEL
EAST SHUGART DELAWARE UNIT #006	30-015-25385	A-24-18S-31E	890 FNL & 990 FEL
EAST SHUGART DELAWARE UNIT #007	30-025-29887	1-19-18S-32E	760 FNL & 330 FWL
EAST SHUGART DELAWARE UNIT #008	30-025-29978	C-19-18S-32E	660 FNL & 1650 FWL
EAST SHUGART DELAWARE UNIT #009	30-015-25723	G-24-18S-31E	1730 FNL & 1650 FEL
EAST SHUGART DELAWARE UNIT #010	30-015-25457	H-24-18S-31E	1650 FNL & 990 FEL
EAST SHUGART DELAWARE UNIT #011	30-025-29940	2-19-18S-32E	1700 FNL & 330 FWL
EAST SHUGART DELAWARE UNIT #012	30-025-29939	F-19-18S-32E	1650 FNL & 1650 FWL
EAST SHUGART DELAWARE UNIT #013	30-015-25734	J-24-18S-31E	2310 FSL & 1650 FEL
EAST SHUGART DELAWARE UNIT #014	30-015-25652	I-24-18S-31E	2310 FSL & 990 FEL
EAST SHUGART DELAWARE UNIT #015	30-025-30187	3-19-18S-32E	2310 FSL & 660 FWL
EAST SHUGART DELAWARE UNIT #016	30-025-30111	K-19-18S-32E	2310 FSL & 1650 FWL
GERONIMO FEDERAL #001	30-015-24927	G-24-18S-31E	2310 FNL & 2310 FEL
GERONIMO FEDERAL #006	30-015-25597	A-24-18S-31E	790 FNL & 940 FEL
INCA FEDERAL #005	30-025-35229	2-19-18S-32E	1697 FNL & 470 FWL
JADE FEDERAL #002	30-025-30038	F-19-18S-32E	1650 FNL & 1750 FWL

Table 2 Inca Battery (Location 1-19-18S-32E; NW4/NW4; Lea Co. NM)

Well Name & Number	API	ULSTR	Footages
EAST SHUGART DELAWARE UNIT #001	30-015-25741	O-13-18S-31E	430 FSL & 1650 FEL
EAST SHUGART DELAWARE UNIT #002	30-015-25847	P-13-18S-31E	330 FSL & 330 FEL
EAST SHUGART DELAWARE UNIT #003	30-025-29695	4-18-18S-32E	330 FSL & 330 FWL
EAST SHUGART DELAWARE UNIT #007	30-025-29887	1-19-18S-32E	760 FNL & 330 FWL
EAST SHUGART DELAWARE UNIT #008	30-025-29978	C-19-18S-32E	660 FNL & 1650 FWL
EAST SHUGART DELAWARE UNIT #011	30-025-29940	2-19-18S-32E	1700 FNL & 330 FWL
EAST SHUGART DELAWARE UNIT #012	30-025-29939	F-19-18S-32E	1650 FNL & 1650 FWL
INCA FEDERAL #005	30-025-35229	2-19-18S-32E	1697 FNL & 470 FWL
JADE FEDERAL #002	30-025-30038	F-19-18S-32E	1650 FNL & 1750 FWL
CONOCO FEDERAL #002	30-025-29803	4-18-18S-32E	400 FSL & 400 FWL

Any expansion of this commingling operation in the future either by the addition of more wells, pools or leases shall require notice to all interest owners.

This approval is subject to like approval by the Bureau of Land Management (BLM), and the State Land Office (SLO) before commencing the commingling operations.

The producer/operator shall notify the transporter of this commingling authority.

The operator shall notify the Hobbs and Artesia district offices of the Division upon commencement of commingling operations.

DONE at Santa Fe, New Mexico, on November 30, 2010.



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

MEF/re

cc: Oil Conservation Division District Office – Hobbs and Artesia
State Land Office (SLO) – Oil, Gas, and Minerals Division – Santa Fe
Bureau of Land Management (BLM) - Roswell