

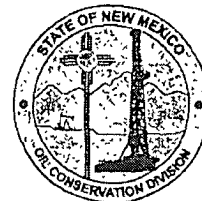
New Mexico Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

John H. Bemis
Cabinet Secretary-Designate

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

Jami Bailey
Division Director
Oil Conservation Division



Surface Commingling Order CTB-626-A

July 6, 2011

BC Operating, Inc.
303 Veterans air Park Lane
Midland, Texas 79705

Attention: Linda Gregg:

BC Operating, Inc. is hereby authorized to surface commingle oil and gas production from Willow Lake Delaware Pool (64453) from the following Rustler Bluff Leases and wells.

Wells: Rustler Bluff Well No.1 (API No. 30-015-34839), Unit J, Sect. 6 T-25-S, R-29-E.

Rustler Bluff Well No. 2 (API No. 30-015-36552, Unit J Section 6, T-25-S, R-29-E

Rustler Bluff Well No. 4 (API No. 30-015-37629, Unit H, Sect. 1, T-25-S, R-28-E

In this amended order, the applicant requests to add the following well to the surface commingling operations:

Rustler Bluff Well No. 7H (API No. 30-015-38305), Unit P, Sect1, T-25-S, R-28-E

All in NMPM, Eddy County, New Mexico

The request to add this well to the commingling operations is hereby approved. Commingled oil and gas production from the wells detailed above shall be measured and sold at the Central Tank Battery (CTB), located in Unit I Section 1 Township 25 South, Range 28 East, NMPM, Eddy County, New Mexico.

Oil and gas production from each well shall be measured on the basis of periodic well tests before commingling with production from other wells. **This approval is subject to like approval from the State Land Office (SLO) before commencement of commingling operations.**

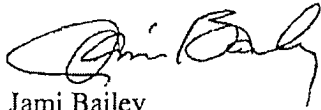


NOTE: This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations. It is the responsibility of the producer to notify the transporter of this commingling authority.

FURTHER: The operator shall notify the Artesia District office of the Division prior to implementation of commingling operations.

This order supersedes order No.CTB-626 issued on May 6 2011.

DONE at Santa Fe, New Mexico, on July 6, 2011.



Jami Bailey
Division Director

JB/re

cc: Oil Conservation Division – Artesia
State Land Office – Oil, Gas, and Minerals Division



Ray Powell, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL
P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148

COMMISSIONER'S OFFICE

Phone (505) 827-5760
Fax (505) 827-5766
www.nmstatelands.org

July 1, 2011

BC Operating, Inc.
P. O. Box 50820
Midland, Texas 79710

Attn: Ms. Linda Gregg

Re: Application to add Rustler Bluff Well No. 7
To Surface Commingling Order CTB-626 for Off Lease Gas
Measurement and Sales Meter Allocation
Section 6-25S-29E
Section 1-25S-28E
Eddy County, New Mexico

Dear Ms. Gregg:

We are in receipt of your letter of June 10, 2011, requesting permission to surface commingle the following wells at the Rustler Bluff CTB.:

<u>Lease Name & Well Number</u>	<u>Lease Number</u>	<u>API Number</u>
Rustler Bluff Well No. 1	VB-0849-0	3001534839
Rustler Bluff Well No. 2	VB-0849-0	3001536552
Rustler Bluff Well No. 4	Fee	3001537629
Rustler Bluff Well No. 7	Fee	3001538305

It is our understanding that the oil and gas production from the above wells will be measured on the basis of periodic wells tests before commingling with production from other wells. The tank battery is located in the NE/4SE/4 of Section 1-25S-28E and all wells produce from the Willow Lake; Delaware pool (64453).

Since it appears that all the New Mexico Oil Conservation Division's rules and regulations have been complied with, and there will be no loss of revenue to the State of New Mexico as a result of your proposed operation, your request is hereby approved. Our approval is subject to like approval by the New Mexico Oil Conservation Division.

Our approval does not constitute the granting of any right-of-way or construction rights not granted by the lease instrument. Please contact Ms. Anna Villa of our Right of Way Division at 505-827-5789 for a possible right-of-way through the NE/4SE/4 of Section 1-25S-28E.

Please submit a copy of the NMOCD's approval to this office.

Please submit a \$30.00 dollar filing fee.

BC Operating, Inc.
July 1, 2011
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If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.
COMMISSIONER OF PUBLIC LANDS

BY: 
Larry J. Roybal, Director
Oil, Gas and Minerals Division
(505) 827-5744
RP/LR/pm
cc: Reader File,
OCD-Attention: Mr. Ed Martin
Right-of-Way Division – Attn: Ms. Anna Villa