

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



September 11, 2018

Surface Commingling Order PLC-501

CHISHOLM ENERGY OPERATING, LLC
Attention: Ms. Jennifer Elrod

Pursuant to your application received on March 12, 2018, Chisholm Energy Operating, LLC (OGRID 372137) is hereby authorized to surface commingle oil and gas production and off-lease measure from the following pools located in Township 26 South, Range 26 East, NMPM, Eddy County, New Mexico;

WELCH; BONE SPRING (64010)
PIERCE SAGE; WOLFCAMP (GAS) (98220)

and from the following diversely owned federal wells and leases in said Section, Township, and Range in Eddy County, New Mexico.

Lease: Federal lease NMNM 113944
Description: W/2 E/2 of Section 28, and Lot 2, NW/4 NE/4 (W/2 NE/4 equivalent) of Section 33
Wells: Cottonwood 28 33 Federal 2BS Well No. 5H API 30-015-44648
Cottonwood 28 33 Federal 2BS Well No. 6H API 30-015-44649
Pool: Welch; Bone Spring

Lease: Pending Cottonwood 28 33 Federal Com Well No. 7H Communitization Agreement
Description: E/2 E/2 of Section 28, and Lot 1, NE/4 NE/4 (E/2 NE/4 equivalent) of Section 33
Well: Cottonwood 28 33 Federal Com 2BS Well No. 7H API 30-015-44650
Pool: Welch; Bone Spring

Lease: Pending Cottonwood 28 33 Federal WCA Well No. 3H Communitization Agreement
Description: E/2 of Section 28, and Lot 1, Lot 2, N/3 NE/4 (NE/4 equivalent) of Section 33
Wells: Cottonwood 28 33 Federal Com WCA Well No. 3H API 30-015-43687
Cottonwood 28 33 Federal Com WCA Well No. 4H API 30-015-43690
Pool: Purple Sage; Wolfcamp (Gas)

The commingled oil and gas production from the wells shall be measured and sold at the Cottonwood 28-33 Section 21 Central Tank Battery (CTB), located in Unit P of Section 21, Township 26 South, Range 26 East, NMPM, Eddy County, New Mexico.

Production from the subject wells shall be determined as follows:

The oil and gas production from each of the diversely-owned leases shall be measured with allocation meters.

The oil and gas production from each well will flow into a dedicated 3-phase separator. The production stream will be separated into 3 independent streams by the separator and each stream will be measured individually after it exits the separator, before commingling.

The allocation meters shall be calibrated quarterly in accordance with Division Rule 19.15.12.10.C (2) NMAC.

This installation shall be installed and operated in accordance with the applicable Division Rules and Regulations.

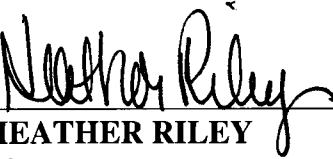
This approval is subject to like approval from Bureau of Land Management before commencing commingling operations.

This administrative order supersedes Administrative Order CTB-850, issued on March 13, 2018. The Welch; Bone Spring Pool is added to this order.

The Operator shall notify the transporter of this commingling authority and the Artesia District Office prior to implementation of commingling operations.

Additional wells added to the approved leases with a Sundry notice to the Bureau.

For future additions of wells and leases to this commingling operation, notice shall only be given to those interest owners in the wells and leases to be added, in accordance with Division Rule 19.15.12.10 C (4) (g) NMAC.


HEATHER RILEY
Director

HR/mam

cc: Oil Conservation Division District Office – Artesia
Bureau of Land Management - Carlsbad