

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

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Deputy Cabinet Secretary

Jami Bailey, Division Director
Oil Conservation Division



ADMINISTRATIVE CENTRAL TANK BATTERY ORDER

Administrative Order CTB-690
Administrative Application Reference No. pMAM1335455503

January 6, 2014

Tarco Energy, LC
Attention: Joe Tarver:

Tarco Energy, LC is hereby authorized to surface commingle oil and gas production from Red Lake; Glorieta-Yeso, Northeast (**96836**) from the following state leases and wells:

<u>Name</u>	<u>API No.</u>	<u>Footages</u>	<u>ULSTR</u>
Brad State #1	30-015-40618	330 FNL & 2300 FWL	C-2-18S-27E
Brad State #2	30-015-40619	330 FNL & 1650 FWL	C-2-18S-27E
Brad State #3	30-015-40620	968 FNL & 2300 FWL	C-2-18S-27E
Brad State #4	30-015-40621	968 FNL & 1650 FWL	C-2-18S-27E
Blake State #4	30-015-40679	968 FNL & 2300 FEL	B-2-18S-27E

All in NMPM, Eddy County, New Mexico

The commingled oil production from the wells detailed above shall be measured and sold at the Brad State #2 tank battery C, Section 2, T18S, R27E NMPM, Eddy County, New Mexico.

The oil and gas production from each well shall be continuously measured with allocation meters before commingling with production from other wells. The allocation meters shall be calibrated quarterly.

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

The proposed lease commingling (CTB) is in the best interests of conservation and prevention of waste from the affected wells. Correlative rights will not be impaired, and will not result in reduced royalty or improper measurement of production

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

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This approval is subject to like approval from the New Mexico State Land Office before commencing commingling operations.

Sincerely

A handwritten signature in black ink, appearing to read "Jami Bailey". The signature is fluid and cursive, with a large initial "J" and "B".

Jami Bailey
Division Director

JB/mam

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