

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



May 9, 2018

Surface Commingling Order PLC-505
Administrative Application Reference No. pMAM1810829228

CHISHOLM ENERGY OPERATING, LLC
Attention: Ms. Bettie Watson

Pursuant to your application received on April 18, 2018, Chisholm Energy Operating, LLC (OGRID 372137) is hereby authorized to surface commingle and off-lease measure oil and gas production from the following pools located in Section 25, Township 20 South, Range 34 East, NMPM, Lea County, New Mexico;

LEA; BONE SPRING, SOUTH (37580)
WC-025 G-08 S203435D; WOLFCAMP (98247)

and from the following diversely owned federal wells and leases in Section 25, Township 20 South, Range 34 East, in Lea County, New Mexico.

Lease: Federal Communitization Agreement 134225
Description: W/2 of Section 25
Wells: Lea South 25 Federal Com Well No. 5H API 30-025-41367
Lea South 25 Federal Com Well No. 6H API 30-025-41898
Lea South 25 Federal Com 2BS Well No. 10H API 30-025-43409
Pool: Lea; Bone Spring, South

Lease: Pending Lea South 25 Federal Com 3BS Well No. 7H Federal Communitization Agreement
Description: W/2 E/2 of Section 25
Wells: Lea South 25 Federal Com 3BS Well No. 7H API 30-025-43029
Lea South 25 Federal Com 1BS Well No. 11H API 30-025-43036
Pool: Lea; Bone Spring, South

Lease: Pending Cottonwood 28 33 Federal WCA Well No. 3H Communitization Agreement
Description: E/2 E/2 of Section 25
Well: Lea South 25 Federal Com WCA Well No. 12H API 30-025-43110
Pool: WC-025 G-08 S203435D; Wolfcamp

Lease: Bureau of Land Management Lease NMLC 066126
Description: SE/4 SE/4 of Section 25
Well: Lea South 25 Federal Well no. 8 API 30-025-43057
Pool: Lea; Bone Spring, South

The commingled oil and gas production from the wells shall be measured and sold at the Lea South Central Tank Battery (CTB), located in Unit M of Section 25, Township 20 South, Range 34 East, NMPM, Lea 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-798, issued on August 16, 2016. The WC-025 G-08 S203435D; Wolfcamp 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. Lastly, the project areas in the E/2 of Section 25 is added.

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.

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Done at Santa Fe, New Mexico, on May 9, 2018.



HEATHER RILEY
Director

HR/mam

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