

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR SURFACE COMMINGLING
SUBMITTED BY MACK ENERGY CORPORATION**

ORDER NO. CTB-940

ORDER

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application, issues the following Order.

FINDINGS OF FACT

1. Mack Energy Corporation (“Applicant”) submitted a complete application to surface commingle and off-lease measure the oil and gas production (“Application”) from the pools, leases, and horizontal wells identified in Exhibit A.
2. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that the ownership in the pools, leases, and horizontal wells to be commingled is identical as defined in 19.15.12.7(B) NMAC.
3. Applicant proposed a method to allocate the oil and gas production to the pools, leases, and horizontal wells to be commingled.
4. To the extent that ownership is diverse, Applicant provided notice of the Application to all persons owning an interest in the oil and gas production to be commingled, including the owners of royalty and overriding royalty interests, regardless whether they have a right or option to take their interests in kind, in accordance with 19.15.12.10(C)(4)(c) NMAC and 19.15.12.10(C)(4)(e) NMAC, and those persons either submitted a written waiver or did not file an objection to the Application.
5. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.
6. Applicant submitted one or more proposed communitization or unitization agreement(s) (“Proposed Agreement(s)”) to the BLM or NMSLO, as applicable, identifying the leases to be consolidated into a single lease (“Proposed Consolidated Lease”)

CONCLUSIONS OF LAW

7. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, §§ 70-2-6, 70-2-11, 70-2-12, 70-2-16, and 70-2-17, and 19.15.12 NMAC.
8. To the extent that ownership is diverse, Applicant satisfied the notice requirements for the Application in accordance with 19.15.12.10(C)(4)(c) NMAC and 19.15.12.10(C)(4)(e) NMAC.

9. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Effective March 24, 2020, Applicant is authorized to surface commingle and off-lease measure oil and gas production from the pools, leases, and horizontal wells identified in Exhibit A.
2. For the wells identified in Exhibit A, this order supersedes the requirements in Order CTB-887.
3. No later than five (5) business days after the BLM or NMSLO approves or denies a Proposed Agreement, Applicant shall submit Form C-103 with a copy of the decision and agreement. If Applicant withdraws or the BLM or NMSLO denies a Proposed Agreement, then this Order shall terminate on the date of such action, and Applicant shall cease commingling the production on the Proposed Consolidated Lease. If the BLM or NMSLO approves but modifies the Proposed Agreement(s), then Applicant shall comply with the approved agreement(s), and no later than ten (10) business days after such decision, Applicant shall submit a new surface commingle application to conform this Order with the approved agreement(s). If OCD denies the application, this Order shall terminate automatically.
4. Applicant shall allocate the oil and gas production to each lease within a Proposed Consolidated Lease in proportion to the acreage that each lease bears to the entire acreage of the Proposed Consolidated Lease described in Exhibit B.
5. Prior to the BLM approving the Proposed Agreement, Applicant shall only produce one of the wells identified in Exhibit A at any given time. If the BLM approves the Proposed Agreement, Applicant may produce from both wells identified in Exhibit A beginning on the date of such action.
6. Applicant shall measure the commingled oil at the central tank battery described in Exhibit A in accordance with 19.15.18.15 NMAC or 19.15.23.8 NMAC.
7. Applicant shall measure the commingled gas at the central delivery point described in Exhibit A in accordance with 19.15.19.9 NMAC, provided however that if the gas is flared, regardless whether OCD has granted an exception pursuant to 19.15.18.12(B) NMAC, Applicant shall report the gas in accordance with 19.15.18.12(F) NMAC.
8. Applicant shall calibrate the meters used to measure or allocate oil and gas production in accordance with 19.15.12.10(C)(2) NMAC.
9. Applicant shall not commence commingling involving state, federal, or tribal leases unless or until approved by the BLM or NMSLO, as applicable. *See* 19.15.12.10(B)(3) and (C)(4)(h) NMAC.

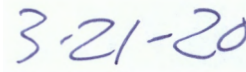
10. OCD retains jurisdiction and reserves the right to modify or revoke this Order if it determines that the Application did not accurately describe the pools, leases, and horizontal wells in the Proposed Consolidated Lease(s) or any action affecting or related to the commingling of oil and gas production, or as deemed necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

DATE: _____



State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: CTB-940

Operator: Mack Energy Corporation (13837)

Central Tank Battery: Red Deer Central Tank Battery

Central Tank Battery Location (NMPM): Section 35, Township 15 South, Range 28 East

Gas Custody Transfer Meter Location (NMPM): Section 4, Township 16 South, Range 29 East

Pools

| Pool Name | Pool Code |
|------------------------|-----------|
| ROUND TANK; SAN ANDRES | 52770 |

Leases as defined in 19.15.12.7(C) NMAC

| Lease | Location (NMPM) |
|-------------|------------------|
| Fee | SW/4 |
| NMNM 132939 | NW/4 |
| | Sec 26-T15S-R28E |
| | Sec 26-T15S-R28E |

Wells

| Well API | Well Name | Location (NMPM) | Pool Code | Train |
|--------------|-------------------------|-----------------|-----------|-------|
| 30-005-64323 | Red Deer Federal Com 1H | D-35-15S-28E | 52770 | |
| 30-005-64317 | Red Deer Federal Com 2H | C-35-15S-28E | 52770 | |

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit B

Order: CTB-940

Operator: Mack Energy Corporation (13837)

Proposed Consolidated Leases

| Consolidated Lease | Location (NMPM) | | Acres | Consolidated Lease ID |
|-----------------------|-----------------|------------------|-------|--------------------------|
| CA SA | W/2 | Sec 26-T15S-R28E | 320 | A |

Leases Comprising Proposed Consolidated Leases

| Lease | Location (NMPM) | | Acres | Consolidated Lease ID |
|-------------|-----------------|------------------|-------|--------------------------|
| Fee | SW/4 | Sec 26-T15S-R28E | 160 | A |
| NMNM 132939 | NW/4 | Sec 26-T15S-R28E | 160 | A |