

# 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



November 8, 2011

## Administrative Order CTB-637

Hanson Operating Company, Inc.  
Attention: Carol J. Smith  
PO Box 1515  
Roswell, NM 88202-1515

### **RE: Surface Commingling**

It is our understanding that you propose to commingle production of natural gas from diversely owned lands, limited to one common source of supply, Diablo; San Andres Pool (17640), through facilities operated by the Hanson Operating Company, Inc. ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 12.10.C(4) [19.15.12.10.C.(4) NMAC]. It is further understood that interests are diverse and you have provided notice to all interest owners in accordance with Rule 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to [surface] commingle oil and gas production from the Diablo; San Andres Pool as produced from the following wells and completions located within Chaves County, New Mexico:

Hanlad B State Well No. 2 (API No. 30-005-62543), Vertical Well  
Unit letter A, Section 28, T10S, R27E, NMPM, 40 acre oil spacing/proration unit

Hanlad B State Well No. 5 (API No. 30-005-60930), Vertical Well  
Unit letter M, Section 22, T10S, R27E, NMPM, 40 acre oil spacing/proration unit

Hanlad B State Well No. 7 (API No. 30-005-63146), Vertical Well  
Unit letter L, Section 22, T10S, R27E, NMPM, 40 acre oil spacing/proration unit

Hanlad State Well No. 1Q (API No. 30-005-60575), Vertical Well  
Unit letter D, Section 27, T10S, R27E, NMPM, 40 acre oil spacing/proration unit

Hanlad State Well No. 4 (API No. 30-005-62374), Vertical Well  
Unit letter D, Section 27, T10S, R27E, NMPM, 40 acre oil spacing/proration unit



Hanlad State Well No. 5 (API No. 30-005-62475), Vertical Well  
Unit letter C, Section 27, T10S, R27E, NMPM, 40 acre oil spacing/proration unit

The oil and gas from these wells will be sold through a tank battery and CDP located next to the Hanlad State Well No. 1Q in Unit letter D of Section 27.

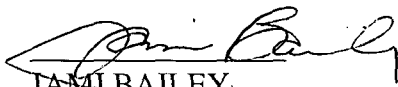
This installation shall be constructed and operated in accordance with applicable Division Rules. As per the application, oil and gas from each well will be metered periodically and those well tests used to allocate production from the sales back to each well. The allocation or test meters shall be calibrated on a schedule based on throughput as per Rule 12.10.C(2) NMAC.

The operator shall notify the District office of the Division prior to implementation of commingling operations. It is the also responsibility of the operator to notify the transporter of this commingling authority.

As per Division Rule 19.15.12.10.C.(4)(h) NMAC, the operator shall not commence commingling prior to approval from the State Land Office if state lands are involved or the US BLM if tribal or federal lands are involved.

Applicant has not provided notice that it is requesting addition of future wells or additional leases or pools to this commingle as per Rule 12.10.C.(4)(g)(i) NMAC. Therefore, additional wells or pools shall not be included in this surface commingle without the operator again making application and providing notice to all owners.

Sincerely,

  
JAMIL BAILEY  
Division Director

JB/wvj

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