

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



March 29, 2013

ADMINISTRATIVE COMMON TANK BATTERY ORDER

Administrative Order CTB-671
Administrative Application Reference No. pPRG1306743764

Mack Energy Corporation
Attention: Mr. Jerry W. Sherrell

RE: Surface Commingling

Reference is made to your administrative application received on March 7, 2013.

It is our understanding that you propose to commingle production from diversely owned lands, limited to one common source of supply, through facilities operated by the above named operator ("Applicant"). By this application you are seeking commingling approval pursuant to Division Rule 19.15.12.10.C.(4) NMAC. It is further understood that you have provided notice to all interest owners in accordance with Rule 19.15.12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to surface commingle oil and gas production from the Round Tank; San Andres Pool (Pool Code 52770) from the following wells located in Chaves County, New Mexico:

<u>Name</u>	<u>API No.</u>	<u>Footages</u>	<u>ULSTR</u>
Victoria Federal #1	30-005-64089	330 FS & 330 FW	M-19-15S-29E
Victoria Federal #2	30-005-64088	1650 FS & 330 FW	L-19-15S-29E
Eskimo State #1	30-005-64027	330 FS & 1650 FW	N-19-15S-29E
Eskimo State #2	30-005-64026	1650 FS & 1650 FW	K-19-15S-29E
Eskimo State #3	30-005-64049	505 FN & 2310 FW	C-19-15S-29E
Eskimo State #4	30-005-64050	1675 FN & 2310 FW	F-30-15S-29E
Eskimo State #5	30-005-64051	2285 FS & 2310 FW	K-30-15S-29E
Eskimo State #6	30-005-64052	965 FS & 2310 FW	N-30-15S-29E
Eskimo State #7	30-005-64053	965 FN & 330 FW	D-30-15S-29E
Eskimo State #8	30-005-64054	2285 FN & 465 FW	E-30-15S-29E
Eskimo State #9	30-005-64072	1650 FS & 330 FW	L-30-15S-29E
Eskimo State #10	30-005-64086	990 FS & 990 FW	M-30-15S-29E

It is our understanding that production from the Victoria Federal wells is diversely owned from the Eskimo State wells. Production will be allocated by periodic wells tests.

Off lease storage and sale is approved. The oil from these wells will be measured and sold at the Eskimo Tank Battery near the Eskimo State Well No. 1 in Unit N of Section 19.

This installation shall be constructed and operated in accordance with applicable Division Rules.

The operator shall notify the Artesia District office of the Division prior to implementation of commingling operations, and shall 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 United States Bureau of Land Management and the New Mexico State Land Office.

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,



JAMI BAILEY
Division Director

JB/db

cc: Oil Conservation Division – Artesia
New Mexico State Land Office
United States Bureau of Land Management