

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



May 29, 2013

ADMINISTRATIVE COMMON TANK BATTERY ORDER

Administrative Order CTB-672
Administrative Application Reference No. pPRG1313060411

Yates Petroleum Corporation
Attention: Ms. Miriam Morales

RE: Surface Commingling

Reference is made to your administrative application received on May 9, 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 12.10.C(4)(c), and no objections have been received.

Applicant is hereby authorized to surface commingle oil and gas production from the North Berry; Bone Spring Pool (Pool Code 5535) from the following wells located in Lea County, New Mexico:

Boston BSN State Com. Well No. 1H (API No. 30-025-40573), SHL 2680 FSL & 660 FWL, (Unit M [Lot 13]) in Section 6, BHL 2310 FNL & 660 FWL, (Unit E [Lot 2]) in Section 7; both in T21S, R34E, NMPM (160-acre oil, horizontal well project area comprising W/2 SW/4 of Section 6 and W/2 NW/4 of Section 7)

Boston BSL State Com. Well No. 1Y (API No. 30-025-41121), SHL 2750 FSL & 660 FWL, (Unit M), BHL 330 FNL & 660 FWL, (Unit D); both in Section 6, T21S, R34E, NMPM (160-acre oil, horizontal well project area comprising W/2 North 2/3 of Section 6)

It is our understanding that production from both wells is diversely owned. Production will be allocated by separately metering production at each well. Meters will be calibrated as required by Rule 19.15.12.10.C(2) NMAC.

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Off lease storage and sale is approved. The oil from these wells will be measured and sold at the central battery near the Boston BSN State Com Well No. 1H in the Southwest Quarter of Section 6.

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

The operator shall notify the Hobbs 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 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,



JAMFBAILEY
Division Director

JB/db

cc: Oil Conservation Division – Hobbs
New Mexico State Land Office