

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Brett F. Woods, Ph.D.
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



July 27, 2015

ADMINISTRATIVE POOL/LEASE COMMINGLING ORDER

Administrative Order PLC-425
Administrative Application Reference No. pMAM1518729074

NADEL AND GUSSMAN PERMIAN, LLC
Attention: Ms. Sarah Presley

Pursuant to your application received on July 02, 2015, Nadel and Gussman Permian, LLC (OGRID 155615) is hereby authorized to surface commingle gas production from the following pools located in Section 32, Township 23 South, Range 29 East, NMPM, Eddy County, New Mexico;

Cedar Canyon; Bone Spring	(11520)
WC-015 G-07 S232932A; Upper Wolfcamp	(98113)

and from the following diversely owned state lease in said Section, Township, and Range in Eddy County, New Mexico.

Lease: State Lease VO-6803
Description: E/2 of the E/2 of Section 32

Well: Macho Grande State Well No. 1H
Pool: Cedar Canyon; Bone Spring

Well: Macho Grande State Well No. 2H
Pool: WC-015 G-07 S232932A; Upper Wolfcamp

The commingled gas production from the wells detailed above shall be measured and sold one mile West of the Macho Grande State Well No. 1H and Macho Grande State Well No. 2H wells.

Production from the subject wells shall be determined as follows:

The gas production shall be based on the subtraction method. The Macho Grande State Well No. 2H shall have a check (EFM) meter. The volume at the CDP meter minus the volume at the Macho Grande State Well No. 2H shall be attributed to the Macho Grande State Well No. 1H.

Subsequently drilled wells that produce from the subject pool within the project areas approved by this order may be added to this commingling authority by submittal of a Sundry Notice to the Engineering Bureau in Santa Fe.

The operator shall notify the transporter of this commingling authority.

The allocation meters shall be calibrated quarterly in accordance with Rule 19.15.12.10.C (2).

This approval is subject to like approval from the New Mexico State Land Office before commencing commingling operations.

The operator shall notify the Artesia District office of the Division upon commencement of commingling operations.

DONE at Santa Fe, New Mexico, on July 27, 2015.



DAVID R. CATANACH
Director

DRC/mam

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