

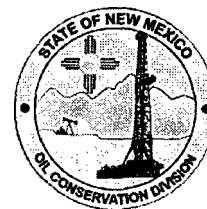
State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



ADMINISTRATIVE CENTRAL TANK BATTERY ORDER

Administrative Order CTB-821
Administrative Application Reference No. pKSC1713236351

June 1, 2017

MCELVAIN ENERGY, INC.
Attention: Mr. Tony Cooper

McElvain Energy, Inc. (OGRID 22044) is hereby authorized to surface commingle oil and gas production from the E-K; Bone Spring Pool (Pool code: 21650) from the following diversely owned federal leases located in Section 29, Township 18 South, Range 34 East, Lea County, New Mexico:

Lease: Pending Federal Communitization Agreement EK 29 BS2 Federal Com Well No. 1H

Description: E/2 E/2 of Section 29, Township 18 South, Range 34 East, NMPM

Well: EK 29 BS2 Federal Com Well No. 1H API 30-025-43687

Lease: Pending Federal Communitization Agreement EK 29 BS2 Federal Com Well No. 2H

Description: W/2 E/2 of Section 29, Township 18 South, Range 34 East, NMPM

Well: EK 29 BS2 Federal Com Well No. 2H API 30-025-43676

The combined project area for these wells includes the E/2 of Section 29, Township 18 South, Range 34, East, NMPM, Lea County, New Mexico.

The commingled oil and gas production from the wells detailed above shall be measured and sold at the Shared EK 29 BS2 Federal Com Well No. 1H and EK 29 BS2 Federal Com Well No. 2H Central Tank Battery (CTB), located in the Unit B of Section 29, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

Production from the subject wells shall be determined as follows:

The oil and gas production from each of the diversely-owned leases shall be measured with allocation meters. The oil and gas production from each well will flow into a dedicated 3-phase separator. The production stream will be separated into 3 independent streams by the separator and each stream will be measured individually after it exits the separator, before commingling.

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

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.

This installation shall be installed and operated in accordance with the applicable Division Rules. It is the responsibility of the producer to notify the transporter of this commingling authority.

The operator shall notify the Hobbs District office of the Division prior to implementation of the commingling operations.

Done at Santa Fe, New Mexico, on June 1, 2017.


DAVID R. CATANACH
Director

DRC/mam

cc: Oil Conservation Division – Hobbs
Bureau of Land Management - Carlsbad