

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary
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Deputy Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



Surface Commingling Order CTB-588

May 08, 2008

Chesapeake Energy Corporation
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496

Attention: Brenda Coffman

Chesapeake Energy Corporation is hereby authorized to surface commingle gas production from the Bell Lake; Delaware, East Oil Pool (96332) from the following leases.

Lease: Keller 34 (**State Lease No. NMLC 35344**)
Well: Keller 34 State Well No.3 (**API No. 30-37730**) Unit E, Section 34

Lease: **Keller 27 (Federal Lease No. NMLC 017949)**
Well: Keller 27 Federal Well No. 1 (**API No. 30-025-37905**) Unit L, Section 27

Lease: Papagayo (**Federal Lease No. NMLC 071949**)
Well: Papagayo Federal Well No. 1 (**API No. 30-025-32543**) Unit M, Section 27

All in Township 23 South, Range 34 East, NMPM, Lea County, New Mexico

Commingled gas production from the wells detailed above shall be measured and sold at the Keller 34 State Well No. 3 Central Delivery Point (CDP), located in Section 34, Township 23 South, Range 34 East, NMPM, Lea County, New Mexico..

Gas production from all the wells shall be measured continuously with calibrated allocation meters installed in the wells prior to commingling with gas from other wells. Any liquid hydrocarbons produced from the wells shall **NOT** be commingled.

The allocation and the Central Delivery Point meters shall be calibrated semi-annually. Since all the three wells have allocation meters, the production assigned to each well




shall be the integrated volume from the allocation meters adjusted to match the Central Delivery Point meter.

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

FURTHER: The operator shall notify the Hobbs district office of the Division prior to implementation of commingling operations.

DONE at Santa Fe, New Mexico, on May 08, 2008.



MARK E. FESMIRE, P.E.,
Division Director

MEF/re

cc: Oil Conservation Division – Hobbs
Bureau of Land Management (BLM) - Farmington
State Land Office Oil and Gas Division, Santa Fe