

State of New Mexico
Energy, Minerals and Natural Resources Department

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Oil Conservation Division



October 29, 2019

DOWN HOLE COMMINGLING

Administrative Order DHC-5067

San Juan Resources, INC.
Attention: Vanessa Fields
1499 Blake St. #10C Denver, CO 80202

Pursuant to your application received on October 3, 2019 for an exception to Division Rule 19.15.12.9A. NMAC, San Juan Resources, INC. ("San Juan Resources") is hereby authorized to down hole commingle oil and gas production in the Regina Ranch Federal 32 #1 well (30-043-20989) from the following pools:

Blanco P. C. South (Prorated Gas)	(72439)
WC 23N1W34; Mancos Oil	(97521)

The well is located in Section 32, Township 23 North, Range 1 West, NMPM, Sandoval County, New Mexico.

The assignment of allowable and allocation of oil production from the well for the first four years shall be based on historic production and the subtraction method. Production attributable to the WC 23N1W34; Mancos Oil pool shall be the remainder from total production minus the projected historical production from the Blanco P. C. South (Prorated Gas) pool. A production average will be gathered during the 4th year and will be utilized to create a fixed percentage allocation for the following years.

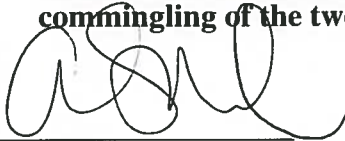
Pursuant to Division Rule 19.15.12.11B. NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

This approval is subject to like approval from the Bureau of Land Management.

San Juan Resources shall notify the Aztec District Office before commingling oil and gas production.

San Juan Resources shall comply with all Division Rules and Regulations and the following conditions of approval:

- (1) Pursuant to Division Rule 19.15.12.11A(3) NMAC, the bottom hole pressure must not exceed 3060 PSI and the pressure at any point within the well bore must not exceed a pressure that can cause a fracture to occur. This order is only valid if the bottom hole pressure is demonstrated by testing to be less than 3060 PSI and the well bore pressure at the Blanco P. C. South perforations is demonstrated to not be capable of exceeding 1820 PSI if the 2 pools afore mentioned are commingled. San Juan Resources shall provide notice to the Aztec District Office at least 24 hours prior to the pressure test being conducted. San Juan Resources shall submit a sundry notice to the Engineering Bureau in Santa Fe and to the Aztec District Office with the determined bottom hole pressure in the WC 23N1W34; Mancos Oil pool and the calculated max well bore pressure at the Blanco P. C. South perforations.**
- (2) A chemical analysis shall be conducted to determine compatibility of water from the two pools afore mentioned in this order. San Juan Resources shall submit a sundry notice to the Engineering Bureau in Santa Fe and to the Aztec District Office with the results of the chemical analysis and a review by a qualified person demonstrating that there shall be no adverse effects to the WC 23N1W34; Mancos Oil pool due to the commingling of the two pools afore mentioned in this order.**



Adrienne Sandoval
Director

AS/dm

cc: OCD – Engineering Bureau
 OCD – Aztec District Office
 Bureau of Land Management