

DATE IN	SUSPENSE	ENGINEER	LOGGED IN	TYPE	APP NO.
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ABOVE THIS LINE FOR DIVISION USE ONLY

### ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication
    - NSL  NSP  SD
  - Check One Only for [B] or [C]
  - [B] Commingling - Storage - Measurement
    - DHC  CTB  PLC  PC  OLS  OLM
  - [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery
    - WFX  PMX  SWD  IPI  EOR  PPR
  - [D] Other: Specify \_\_\_\_\_

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply
- [A]  Working, Royalty or Overriding Royalty Interest Owners
  - [B]  Offset Operators, Leaseholders or Surface Owner
  - [C]  Application is One Which Requires Published Legal Notice
  - [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
  - [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
  - [F]  Waivers are Attached

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Print or Type Name

PAUL C. THOMPSON

Signature

*Paul C. Thompson*

Title

PRESIDENT

Date

3/24/22

e-mail Address

PAUL@WALSHENK.NET

District I  
1625 N. French Drive, Hobbs, NM 88240  
District II  
811 S. First St., Artesia, NM 88210  
District III  
1000 Rio Brazos Road, Aztec, NM 87410  
District IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-107A  
Revised August 1, 2011

Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, New Mexico 87505

APPLICATION TYPE  
 Single Well  
 Establish Pre-Approved Pools  
EXISTING WELLBORE  
 Yes  No

**APPLICATION FOR DOWNHOLE COMMINGLING**

Epic Energy, LLC 320 CR 3100, Aztec, NM 87410

Operator \_\_\_\_\_ Address \_\_\_\_\_  
Lease Candado #15 Well No. \_\_\_\_\_ D - Sec 25, T26N, R7W Rio Arriba County \_\_\_\_\_  
Unit Letter-Section-Township-Range \_\_\_\_\_ County \_\_\_\_\_

OGRID No. 372834 Property Code 325425 API No. 30-039-21153 Lease Type:  Federal  State  Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blanco Pictured Cliffs South		Otero Chacra
Pool Code	72439		82329
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	2679' - 2730'		3558' - 3668'
Method of Production (Flowing or Artificial Lift)	Flowing		Flowing
Bottomhole Pressure <small>(Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)</small>			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	1207.5		1193.1
Producing, Shut-In or New Zone	Producing		Producing (Logged Off)
Date and Oil/Gas/Water Rates of Last Production. <small>(Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)</small>	Date: Jan 2022 Rates: 139/mo.	Date: Rates:	Date: Oct 2020 Rates: 21 MCF/mo
Fixed Allocation Percentage <small>(Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)</small>	Oil Gas 0 % 54.7 %	Oil Gas % %	Oil Gas 100 % 45.3 %

**ADDITIONAL DATA**

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes  No \_\_\_\_\_  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes \_\_\_\_\_ No \_\_\_\_\_

Are all produced fluids from all commingled zones compatible with each other? Yes  No \_\_\_\_\_

Will commingling decrease the value of production? Yes \_\_\_\_\_ No

If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands or the United States Bureau of Land Management been notified in writing of this application? Yes  No \_\_\_\_\_

NMOCD Reference Case No. applicable to this well: 19.15.12.11.B.2

Attachments:  
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.  
Production curve for each zone for at least one year. (If not available, attach explanation.)  
For zones with no production history, estimated production rates and supporting data.  
Data to support allocation method or formula.  
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.  
Any additional statements, data or documents required to support commingling.

**PRE-APPROVED POOLS**

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools  
List of all operators within the proposed Pre-Approved Pools  
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.  
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Paul C. Thompson TITLE President DATE 3-24-2022

TYPE OR PRINT NAME Paul C. Thompson, P.E. TELEPHONE NO. ( 505 ) 327-4892

E-MAIL ADDRESS paul@walsheng.net

NEW MEXICO OIL CONSERVATION COMMISSION  
WELL LOCATION AND ACREAGE DEDICATION PLAT

Form C-102  
Supersedes C-128  
Effective 1-1-65

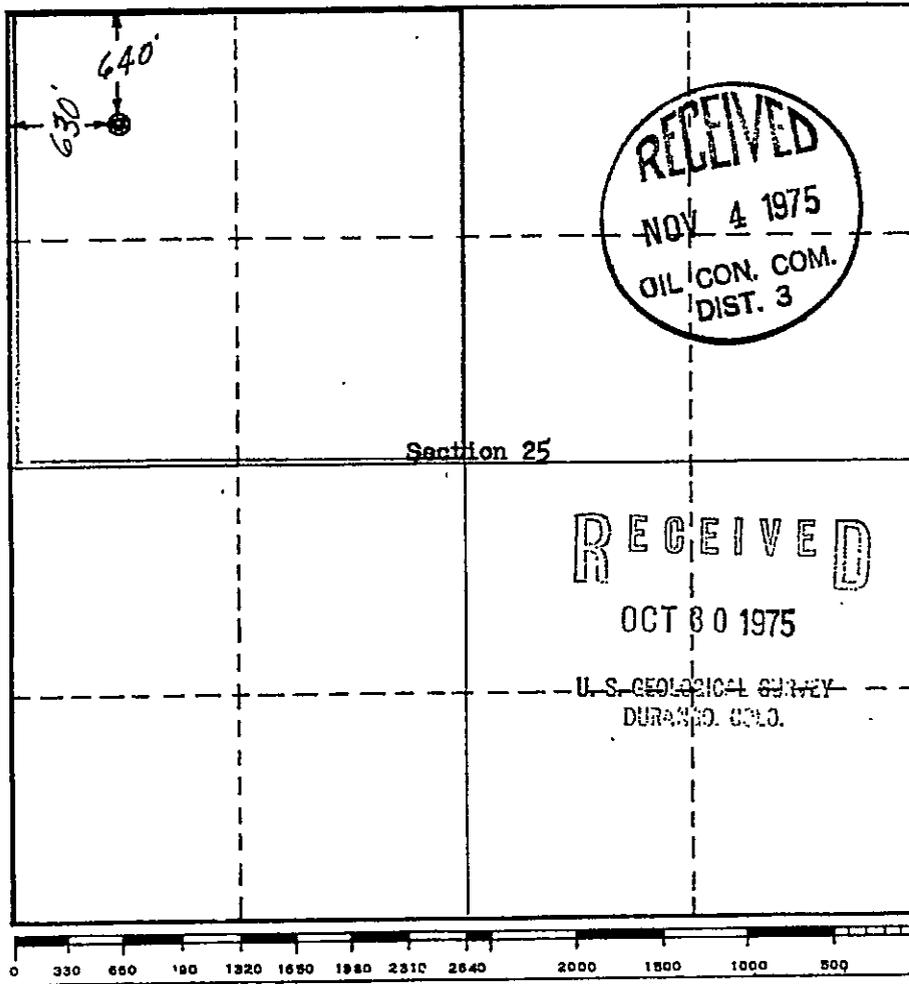
All distances must be from the outer boundaries of the Section.

Operator <b>Bolin Oil Company</b>		Lease <b>Candado</b>		Well No. <b>15</b>
Unit Letter <b>D</b>	Section <b>25</b>	Township <b>26 North</b>	Range <b>7 West</b>	County <b>Rio Arriba</b>
Actual Footage Location of Wells <b>640</b> feet from the <b>North</b> line and <b>630</b> feet from the <b>West</b> line				
Ground Level Elev. <b>6547</b>	Producing Formation <b>Pictured Cliffs-Chacra</b>	Pool <b>South Blanco - Otero <i>est</i></b>	Dedicated Acreage: <b>160 - 160</b> Acres	

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). Only one lease of common ownership.
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?  
 Yes  No If answer is "yes," type of consolidation \_\_\_\_\_

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) \_\_\_\_\_

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



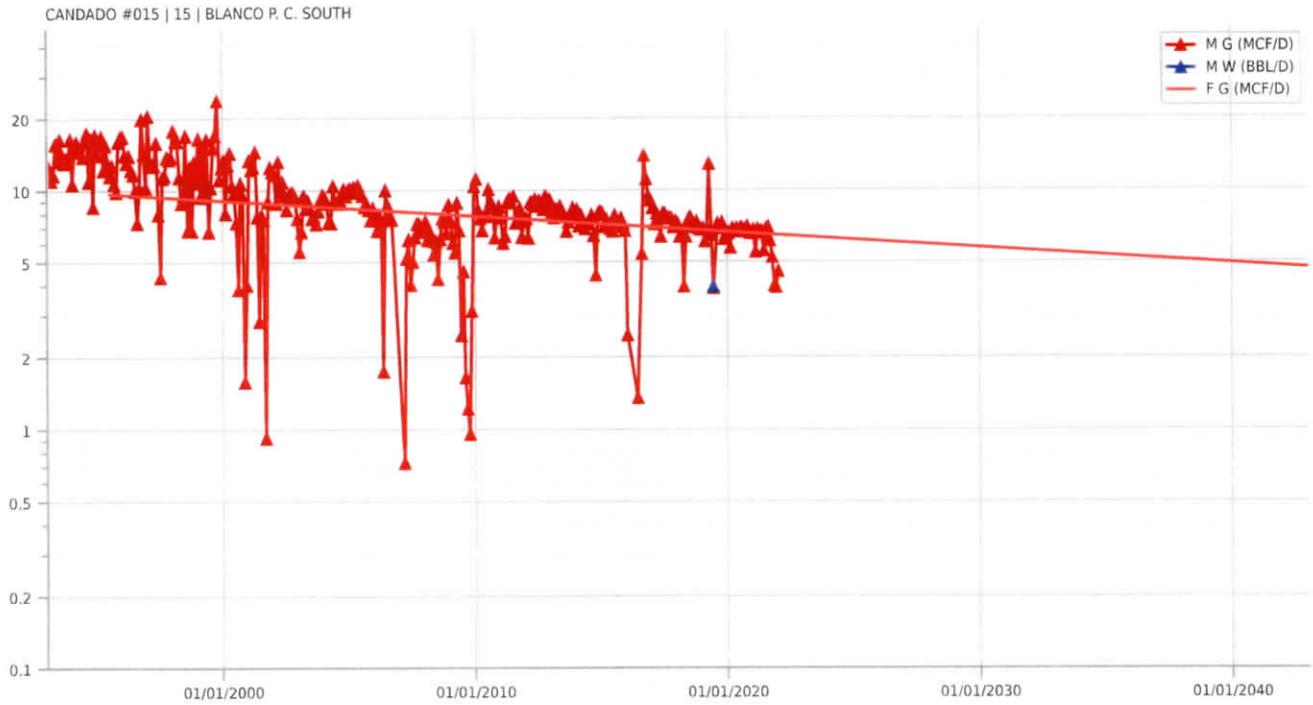
CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

*H. R. Hauptman*  
 Name  
**H. R. Hauptman**  
 Position  
**Geologist**  
 Company  
**Bolin Oil Company**  
 Date  
**October 10, 1975**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

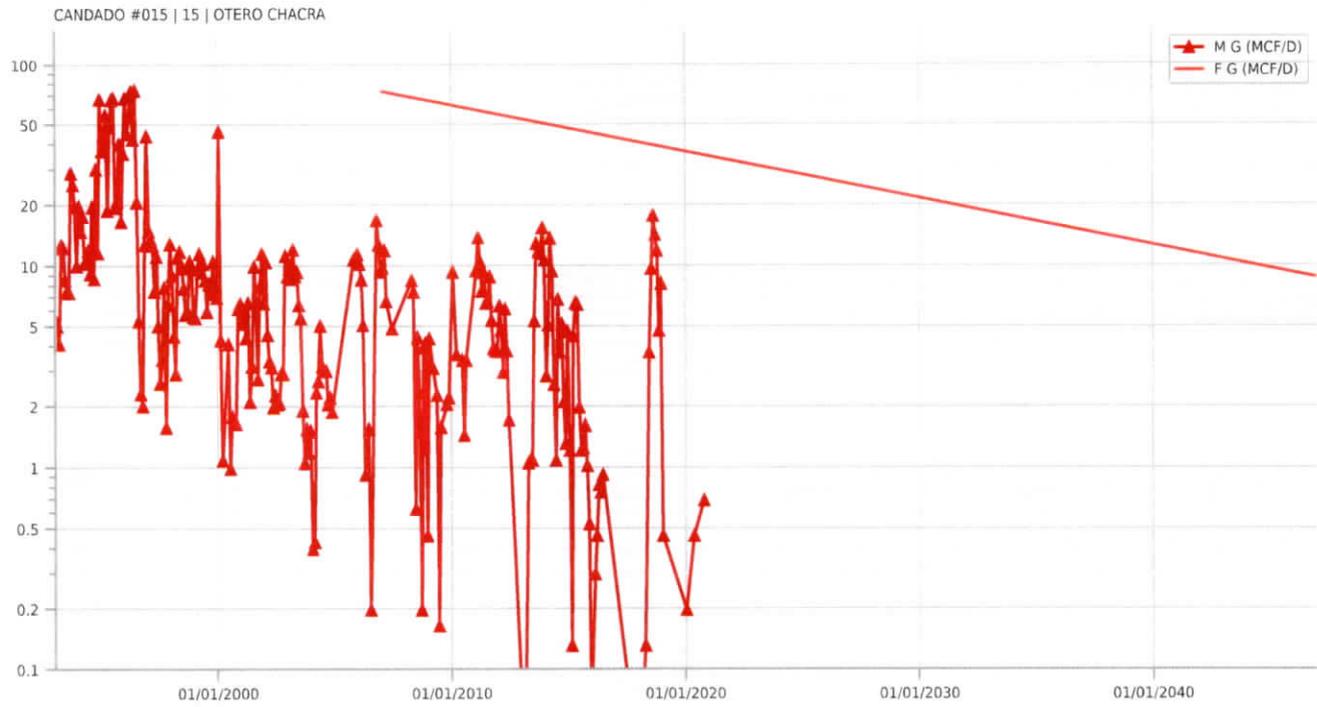
Date Surveyed  
**October 2, 1975**  
 Registered Professional Geologist and Land Surveyor  
*[Signature]*  
 Certificate No. **3084**



**ComboCurve Forecast Parameters**

Forecasted By	Forecasted On	Revised By	Revised At	Status	Phase	Monthly Cap (MCF, BBL, MCF/D)	Daily Cap (MCF, BBL, MCF/D)	Type	Series	EUR (MCF, BBL, MCF/D)	EUR/WT (MCF/WT, MCF/WT)	Segment	Segment Type	Start Date	End Date	Q Start (BBL, MCF/D, BBL/MCF, BBL/BBL, MCF/BBL)	Q End (BBL, MCF/D, BBL/MCF, BBL/BBL, MCF/BBL)	Dt-FH-Sec	D Nominal (L/D)	Q	Revised Q Sw-FH-Sec	Sw-Date	
Kyle Mason	03/23/2022			In Progress	oil	0	0	rate	best	0		1	empty	01/01/1993	01/01/2043	0	0						
Kyle Mason	03/23/2022			In Progress	water	0.12	0	rate	best	0.12		1	empty	07/01/2019	01/01/2043	0	0						
Kyle Mason	03/23/2022			In Progress	gas	92.75	0	rate	best	135.38		1	exp_jbr	07/01/1993	01/01/2043	9.71	4.7	1.52%	4.2e-05				

**Comments on the Forecast**



**ComboCurve Forecast Parameters**

Forecasted By	Forecasted On	Reviewed By	Reviewed At	Status	Phase	Monthly Cum (MBSL & MFCF)	Daily Cum (MBSL & MFCF)	Type	Series	EUR (MBSL & MFCF)	EUR/BL (MBSL & MFCF)	Segment	Segment Type	Start Date	End Date	Start (MBSL, MCF/D, BBL/MCF, BBL/BSL, MCF/BSL)	End (MBSL, MCF/D, BBL/MCF, BBL/BSL, MCF/BSL)	Dr Eff Sec	D Nominal (LD)	Reserved D Sw Eff Sec	Sw Date
Kyle Mason	03/23/2022			In Progress	oil	0	0	rate	base	0		1	emuldy	01/15/1993	01/15/2043	0	0				
Kyle Mason	03/23/2022			In Progress	water	0	0	rate	base	0		1	emuldy	01/15/1993	01/15/2043	0	0				
Kyle Mason	03/23/2022			In Progress	gas	73.94	0	rate	base	294		1	emp_dec	01/13/2017	01/13/2062	73.03	1.35	5.19%	0.000148		

**Comments on the Forecast**

ENTERPRISE FIELD SERVICES LLC (SAN JUAN)  
 Preparer Code: 135476534  
 Statement Title: Measurement Audit Statement(Differential)  
 MEAS Contact: BARRY MCDANIEL (505)599-3207  
 STMT Contact: MARCUS WARE (713)381-7816

Accounting/Production Period: 12/2021  
 Meter ID: 89490-01  
 Meter Name: CANDADO 15 CH  
 BTU Basis: Dry  
 Reporting Basis: MCF @ 14.730

EPIC ENERGY LLC  
 Recipient Code:  
 Location Code: NA DRN  
 Report Date/Time: 01/12/2022 16:30  
 Federal Lease: SF-079107

CERTIFICATE OF ANALYSIS

Sample Id: 89490  
 Sample Desc: CANDADO 15 CH  
 Effective Date: 11/01/2020 07:00  
 Sample Date: 10/08/2020 15:11  
 Analyzed Date:  
 Sample Freq: SEMIANNUALLY

Sample Type: SPOT  
 Sampled By:  
 Analyzed By: FSLAB  
 GPA Version: 2145-16

District: Meas 300-Pipe 300-Supv A  
 Device: (No spec equip)  
 Chrom ID: N/A

Sample Temp (F): 54.0  
 Sample Press (PSIG): 81.0  
 Press Base: 14.73

Component	Mole %	GPM	Others	Mole %	GPM
Methane	85.5471	0.0000	Carbon Dioxide	0.3010	0.0000
Ethane	7.3100	1.9606	H2S	0.0000	0.0000
Propane	3.5318	0.9758	Nitrogen	0.5827	0.0000
Iso Butane	0.6295	0.2066	* Hydrogen	0.0000	0.0000
Butane	0.9618	0.3041	* Oxygen	0.0000	0.0000
Iso Pentane	0.3411	0.1251	* Helium	0.0000	0.0000
Pentane	0.2446	0.0889	* Argon	0.0000	0.0000
NeoPentane	0.0000	0.0000	* Carbon Monoxide	0.0000	0.0000
Hexane	0.5504	0.2464			
* Heptane	0.0000	0.0000	Sub Total Others	0.8837	0.0000
* Octane	0.0000	0.0000			
* Nonane	0.0000	0.0000			
* Decane	0.0000	0.0000			
Sub Total GPM	99.1163	3.9074			
Others	0.8837	0.0000			
Total	100.0000	3.9074			

Gravity: 0.6806  
 Dry BTU: 1193.1  
 Wet BTU: 1172.3

\* Not Tested

ENTERPRISE FIELD SERVICES LLC (SAN JUAN)  
 Preparer Code: 135476534  
 Statement Title: Measurement Audit Statement(Differential)  
 MEAS Contact: BARRY MCDANIEL (505)599-3207  
 STMT Contact: MARCUS WARE (713)381-7816

Accounting/Production Period: 12/2021  
 Meter ID: 89491-01  
 Meter Name: CANDADO 15 PC  
 BTU Basis: Dry  
 Reporting Basis: MCF @ 14.730

EPIC ENERGY LLC  
 Recipient Code:  
 Location Code: NA DRN  
 Report Date/Time: 01/12/2022 16:30  
 Federal Lease: SF-079107

CERTIFICATE OF ANALYSIS

Sample Id: 89491  
 Sample Desc: CANDADO 15 PC  
 Effective Date: 06/01/2021 07:00  
 Sample Date: 05/10/2021 10:05  
 Analyzed Date:  
 Sample Freq: SEMIANNUALLY

Sample Type: SPOT  
 Sampled By:  
 Analyzed By: FSLAB  
 GPA Version: 2145-16

District: Meas 300-Pipe 300-Supv A  
 Device: (No spec equip)  
 Chrom ID: N/A

Sample Temp (F): 88.0  
 Sample Press (PSIG): 82.0  
 Press Base: 14.73

Component	Mole %	GPM	Others	Mole %	GPM
Methane	85.5623	0.0000	Carbon Dioxide	0.1619	0.0000
Ethane	6.5745	1.7635	H2S	0.0000	0.0000
Propane	3.6861	1.0185	Nitrogen	0.7259	0.0000
Iso Butane	0.8480	0.2783	* Hydrogen	0.0000	0.0000
Butane	0.9953	0.3147	* Oxygen	0.0000	0.0000
Iso Pentane	0.4154	0.1524	* Helium	0.0000	0.0000
Pentane	0.2757	0.1002	* Argon	0.0000	0.0000
NeoPentane	0.0000	0.0000	* Carbon Monoxide	0.0000	0.0000
Hexane	0.7549	0.3379			
* Heptane	0.0000	0.0000	Sub Total Others	0.8878	0.0000
* Octane	0.0000	0.0000			
* Nonane	0.0000	0.0000			
* Decane	0.0000	0.0000			
Sub Total GPM	99.1122	3.9656			
Others	0.8878	0.0000			
Total	100.0000	3.9656			

Gravity: 0.6892  
 Dry BTU: 1207.5  
 Wet BTU: 1186.5

\* Not Tested

**Offset Pictured Cliffs and Chacra Wells to the Candado #15**

NW/4 Section 25, T26N, R7W

API WellName	Reservoir	CumulativeOil	CumulativeGas
3003906320 CANDADO #010	BLANCO P. C. SOUTH (PRORATED G	0	96,621
3003906367 BUTTRAM #001	BLANCO P. C. SOUTH (PRORATED G	0	207,151
3003906332 QUANTIUS #003	BLANCO P. C. SOUTH (PRORATED G	0	289,508
3003921176 CANDADO #018	BLANCO P. C. SOUTH (PRORATED G	0	300,811
3003921361 BREECH #314	BLANCO P. C. SOUTH (PRORATED G	0	834,004
3003920912 BREECH #382	BLANCO P. C. SOUTH (PRORATED G	0	262,120
3003906295 VAUGHN #005	BLANCO P. C. SOUTH (PRORATED G	0	152,509
3003925739 MONA LISA #001	BLANCO P. C. SOUTH (PRORATED G	0	793,902
3003920913 BREECH #368	BLANCO P. C. SOUTH (PRORATED G	0	199,805
3003906356 REAMES LS #001	BLANCO P. C. SOUTH (PRORATED G	0	98,607
3003921211 BREECH #330	BLANCO P. C. SOUTH (PRORATED G	0	651,330
3003923119 TURNER 21 #001	BLANCO P. C. SOUTH (PRORATED G	0	309,441
3003921101 BREECH #352	BLANCO P. C. SOUTH (PRORATED G	0	756,315
3003906322 KLEIN #003	BLANCO P. C. SOUTH (PRORATED G	0	311,770
3003906443 BREECH #312	BLANCO P. C. SOUTH (PRORATED G	0	277,707
3003908117 QUANTIUS #004	BLANCO P. C. SOUTH (PRORATED G	0	41,868
3003922942 TURNER #001	BLANCO P. C. SOUTH (PRORATED G	0	731,600
3003920504 VAUGHN #018	BLANCO P. C. SOUTH (PRORATED G	0	266,310
3003906408 JOHN MILES #001	BLANCO P. C. SOUTH (PRORATED G	0	296,494
3003906387 BUTTRAM #002	BLANCO P. C. SOUTH (PRORATED G	0	218,246
3003922988 TURNER #002	BLANCO P. C. SOUTH (PRORATED G	0	215,759
3003920653 KLEIN #023	BLANCO P. C. SOUTH (PRORATED G	0	235,467
3003920312 CANYON LARGO UNIT NP #162	BLANCO P. C. SOUTH (PRORATED G	0	26,851
<b>Average</b>			<b>329,313</b>

3003920740 SANCHEZ A #004	OTERO CHACRA (GAS)	0	137,689
3003921210 BREECH #332	OTERO CHACRA (GAS)	0	540,322
3003920914 BREECH #354	OTERO CHACRA (GAS)	10	547,735
3003920216 FIELDS COM #001	OTERO CHACRA (GAS)	0	425,756
3003906216 FIELDS #001	OTERO CHACRA (GAS)	0	132,108
3003920311 CANYON LARGO UNIT NP #161	OTERO CHACRA (GAS)	0	25,872
3003906229 FIELDS #002	OTERO CHACRA (GAS)	0	382,897
3003920770 SCOTT A #002	OTERO CHACRA (GAS)	0	3,939
3003921175 CANDADO #016	OTERO CHACRA (GAS)	0	442,532
3003920654 KLEIN #022	OTERO CHACRA (GAS)	0	22,599
3003920257 KLEIN #011	OTERO CHACRA (GAS)	0	12,852
3003920553 BUTTRAM FEDERAL #005	OTERO CHACRA (GAS)	0	37,435
3003920226 KLEIN A #003	OTERO CHACRA (GAS)	0	136,412
3003908157 BREECH #307	OTERO CHACRA (GAS)	3,934	962,743
<b>Average</b>			<b>272,207</b>

Allocation	Oil	Gas
Pictured Cliffs	0	54.7%
Chacra	100%	45.3%



EPIC ENERGY, LLC

7415 East Main Street  
Farmington, New Mexico 87402  
(505) 327-4892 | Fax (505) 327-9834

April 11, 2022

Re: Epic Energy, LLC  
Candado #15  
Downhole Commingling Application

To Whom It May Concern,

I attest that, to the best of my knowledge, the revenue interests in the Pictured Cliffs formation and the Chacra formations in the Candado #15 are identical as shown on the attached Division of Interest spreadsheet. All Working Interest Owners have approved of the commingling application.

Also attached for your reference is a wellbore diagram showing the well's current status and the proposed commingled status.

Sincerely,

A handwritten signature in black ink that reads "Paul C. Thompson" with a horizontal line extending to the right.

Paul C. Thompson, P.E.  
President, Epic Energy, LLC

Revenue Interest

CANDADO 15CH	EPIC ENERGY, LL	6/1/2019	0.04191417 O
CANDADO 15CH	EPIC ENERGY, LL	6/1/2019	0.07607422 W
CANDADO 15CH	EAGLE OIL & GAS	6/1/2019	0.24475007 W
CANDADO 15CH	ONRR - FEDERAL	6/1/2019	0.12500000 F
CANDADO 15CH	RKC INC	6/1/2019	0.01467578 W
CANDADO 15CH	RKC INC	6/1/2019	0.00808583 O
CANDADO 15CH	RL BOLIN PROP	6/1/2019	0.24474997 W
CANDADO 15CH	WILDCARD FAMILY	6/1/2019	0.24474996 W
			1.00000000

CANDADO 15PC	EPIC ENERGY, LL	6/1/2019	0.04191417 O
CANDADO 15PC	EPIC ENERGY, LL	6/1/2019	0.07607422 W
CANDADO 15PC	EAGLE OIL & GAS	6/1/2019	0.24475007 W
CANDADO 15PC	ONRR - FEDERAL	6/1/2019	0.12500000 F
CANDADO 15PC	RKC INC	6/1/2019	0.01467578 W
CANDADO 15PC	RKC INC	6/1/2019	0.00808583 O
CANDADO 15PC	RL BOLIN PROP	6/1/2019	0.24474997 W
CANDADO 15PC	WILDCARD FAMILY	6/1/2019	0.24474996 W
			1.00000000

COMPANY EPIC ENERGY, LLC

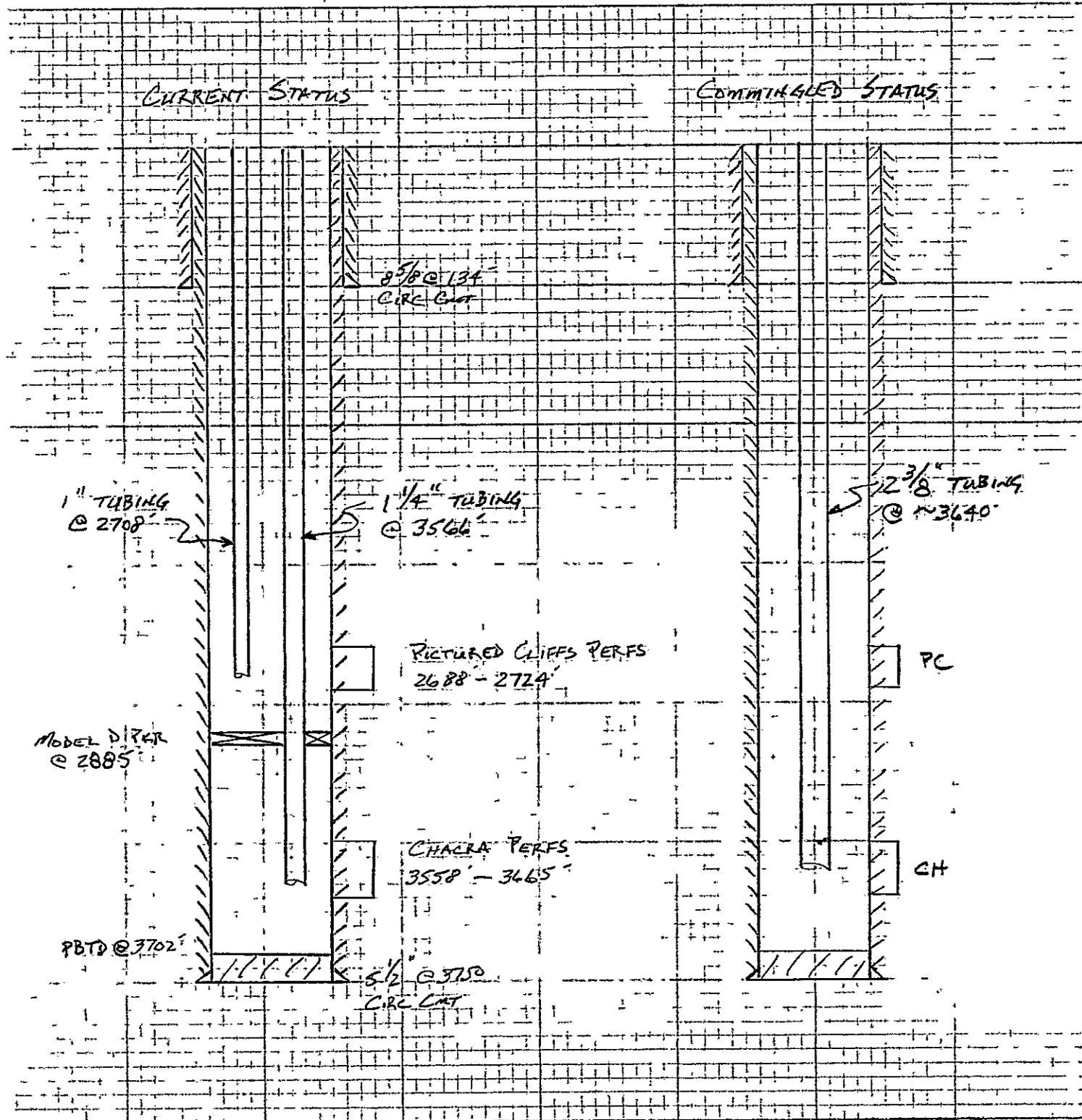
DEPT.

SUBJECT CANDADO #15 PC/CH 30-039-21153

LOCATION 640 FNL, 630 FNL, SECTION 15, T26N, R74W BY PJT DATE 4/11/22

CURRENT STATUS

COMMITTED STATUS



www.knighthoiltools.com

<b>Well Name:</b> CANDADO	<b>Well Location:</b> T26N / R7W / SEC 25 / NWNW / 36.462097 / -107.53363	<b>County or Parish/State:</b> RIO ARRIBA / NM
<b>Well Number:</b> 15	<b>Type of Well:</b> CONVENTIONAL GAS WELL	<b>Allottee or Tribe Name:</b>
<b>Lease Number:</b> NMSF079107	<b>Unit or CA Name:</b>	<b>Unit or CA Number:</b>
<b>US Well Number:</b> 300392115300D2	<b>Well Status:</b> Producing Gas Well	<b>Operator:</b> EPIC ENERGY LLC

**Notice of Intent**

**Sundry ID:** 2663895

**Type of Submission:** Notice of Intent

**Type of Action:** Commingling (Surface)

**Date Sundry Submitted:** 03/24/2022

**Time Sundry Submitted:** 04:27

**Date proposed operation will begin:** 03/24/2022

**Procedure Description:**

**Surface Disturbance**

**Is any additional surface disturbance proposed?:** No

**NOI Attachments**

**Procedure Description**

Application\_for\_DHC\_3\_24\_22\_20220324162719.pdf

DHC\_Letter\_3\_24\_22\_20220324162707.pdf

**Well Name:** CANDADO

**Well Location:** T26N / R7W / SEC 25 / NWNW / 36.462097 / -107.53363

**County or Parish/State:** RIO ARRIBA / NM

**Well Number:** 15

**Type of Well:** CONVENTIONAL GAS WELL

**Allottee or Tribe Name:**

**Lease Number:** NMSF079107

**Unit or CA Name:**

**Unit or CA Number:**

**US Well Number:** 300392115300D2

**Well Status:** Producing Gas Well

**Operator:** EPIC ENERGY LLC

**Conditions of Approval**

**Specialist Review**

2663895\_CMMNGLNG\_CANDADO\_15\_3003921153\_KR\_03292022\_20220329084154.pdf

**Operator Certification**

*I certify that the foregoing is true and correct. Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction. Electronic submission of Sundry Notices through this system satisfies regulations requiring a submission of Form 3160-5 or a Sundry Notice.*

**Operator Electronic Signature:** ARLEEN SMITH

**Signed on:** MAR 24, 2022 04:27 PM

**Name:** EPIC ENERGY LLC

**Title:** Regulatory Specialist

**Street Address:** 332 RD 3100

**City:** AZTEC

**State:** NM

**Phone:** (505) 327-4892

**Email address:** ARLEEN@WALSHENG.NET

**Field Representative**

**Representative Name:**

**Street Address:**

**City:**

**State:**

**Zip:**

**Phone:**

**Email address:**

**BLM Point of Contact**

**BLM POC Name:** KENNETH G RENNICK

**BLM POC Title:** Petroleum Engineer

**BLM POC Phone:** 5055647742

**BLM POC Email Address:** krennick@blm.gov

**Disposition:** Approved

**Disposition Date:** 03/29/2022

**Signature:** Kenneth Rennick

**From:** [Engineer, OCD, EMNRD](#)  
**To:** [Thompson, Paul](#); [Arleen Smith](#)  
**Cc:** [McClure, Dean, EMNRD](#); [Pickford, Katherine, EMNRD](#); [Wrinkle, Justin, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](mailto:lisa@rwbyram.com); [Glover, James](#); [Paradis, Kyle O](#)  
**Subject:** Approved Administrative Order DHC-5173  
**Date:** Friday, April 15, 2022 11:22:40 AM  
**Attachments:** [DHC5173 Order.pdf](#)

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NMOCD has issued Administrative Order DHC-5173 which authorizes Epic Energy, LLC (372834) to downhole commingle production within the following well:

**Well Name:** [Candado #15](#)  
**Well API:** [30-039-21153](#)

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The administrative order is attached to this email and can also be found online at [OCD Imaging](#).

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.

Dean McClure  
Petroleum Engineer, Oil Conservation Division  
New Mexico Energy, Minerals and Natural Resources Department  
(505) 469-8211

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATION FOR DOWNHOLE COMMINGLING  
SUBMITTED BY EPIC ENERGY, LLC**

**ORDER NO. DHC-5173**

**ORDER**

The Director of the New Mexico Oil Conservation Division (“OCD”), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

**FINDINGS OF FACT**

1. Epic Energy, LLC (“Applicant”) submitted a complete application (“Application”) to downhole commingle the pools described in Exhibit A (“the Pools”) within the well bore of the well identified in Exhibit A (“the Well”).
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
6. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
7. Applicant provided notice of the Application to the Bureau of Land Management (“BLM”) or New Mexico State Land Office (“NMSLO”), as applicable.

**CONCLUSIONS OF LAW**

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
9. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
10. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

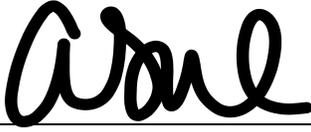
proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
12. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

### **ORDER**

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
3. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
4. If the Well is deepened, then Applicant shall conduct and, no later than forty-five (45) days after the Well is deepened, provide logs to OCD that are sufficient for OCD to determine which pool(s) each new completed interval of the Well will produce from.
5. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
6. If a completed interval of the Well is altered from what is submitted within the Application as identified in Exhibit A, then no later than sixty (60) days after the alteration, Applicant shall submit Form C-103 to the OCD Engineering Bureau detailing the alteration and completed interval.
7. If OCD determines that Applicant has failed to comply with any provision of this Order, OCD may take any action authorized by the Oil and Gas Act or the New Mexico Administrative Code (NMAC).
8. OCD retains jurisdiction of this matter and reserves the right to modify or revoke this Order as it deems necessary.

**STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION**



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**ADRIENNE E. SANDOVAL  
DIRECTOR**

**DATE:** 4/15/2022

State of New Mexico  
Energy, Minerals and Natural Resources Department

## Exhibit A

Order: **DHC-5173**

Operator: **Epic Energy, LLC (372834)**

Well Name: **Candado #15**

Well API: **30-039-21153**

<b>Upper Zone</b>	Pool Name: <b>BLANCO P. C. SOUTH (PRORATED GAS)</b>	Current: <b>X</b>	New:
	Pool ID: <b>72439</b>	Oil: <b>0%</b>	Gas: <b>54.7%</b>
	Allocation: <b>Fixed Percent</b>	Top: <b>2,679</b>	Bottom: <b>2,730</b>
	Interval: <b>Perforations</b>		

<b>Intermediate Zone</b>	Pool Name:	Current:	New:
	Pool ID:	Oil:	Gas:
	Allocation:	Top:	Bottom:
	Interval:		

Bottom of Interval within 150% of Upper Zone's Top of Interval:

<b>Lower Zone</b>	Pool Name: <b>OTERO CHACRA (GAS)</b>	Current: <b>X</b>	New:
	Pool ID: <b>82329</b>	Oil: <b>100%</b>	Gas: <b>45.3%</b>
	Allocation: <b>Fixed Percent</b>	Top: <b>3,558</b>	Bottom: <b>3,668</b>
	Interval: <b>Perforations</b>		

Bottom of Interval within 150% of Upper Zone's Top of Interval: **YES**

**District I**  
 1625 N. French Dr., Hobbs, NM 88240  
 Phone:(575) 393-6161 Fax:(575) 393-0720

**District II**  
 811 S. First St., Artesia, NM 88210  
 Phone:(575) 748-1283 Fax:(575) 748-9720

**District III**  
 1000 Rio Brazos Rd., Aztec, NM 87410  
 Phone:(505) 334-6178 Fax:(505) 334-6170

**District IV**  
 1220 S. St Francis Dr., Santa Fe, NM 87505  
 Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

CONDITIONS

Action 96917

**CONDITIONS**

Operator: EPIC ENERGY, L.L.C. 332 Road 3100 Aztec, NM 87410	OGRID: 372834
	Action Number: 96917
	Action Type: [C-107] Down Hole Commingle (C-107A)

**CONDITIONS**

Created By	Condition	Condition Date
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval. If you have any questions regarding this matter, please contact me.	4/15/2022