

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**Ken McQueen**  
Cabinet Secretary

**Matthias Sayer**  
Deputy Cabinet Secretary

**Heather Riley, Division Director**  
Oil Conservation Division



Administrative Order DHC-2265-A  
Order Date: May 22, 2018

Hilcorp Energy Company  
1111 Travis Street  
Houston, Tx. 77002

Attention: Ms. Christine Brock

Koch State Com Well No. 1A  
API No. 30-045-21787  
Unit I, Section 36, Township 29 North, Range 9 West NMPM  
San Juan County, New Mexico

Pool	BASIN FRUITLAND COAL (GAS)	Gas (71629)
Names:	BLANCO PICTURED CLIFFS (GAS)	Gas (72359)
	BLANCO-MESAVERDE (PRORATED GAS)	Gas (72319)

Reference is made to your recent application for an exception to Division Rule 19.15.12.9A. NMAC of the Division Rules and Regulations to permit the above-described well to commingle production from the subject pools in the wellbore.

It appears that the subject well qualifies for approval for such exception pursuant to the provisions of Division Rule 19.15.12.11A. NMAC, and since reservoir damage or waste will not result from such downhole commingling, and correlative rights will not be violated thereby, you are hereby authorized to commingle the production as described above and any Division Order which authorized the dual completion or otherwise required separation of the zones is hereby placed in abeyance.

In accordance with Division Rule 19.15.12.11A.(6) NMAC, the production attributed to any commingled pool within the well shall not exceed the allowable applicable to that pool.

As per the application, the assignment of allowable and allocation of oil production from the subject well for the first four years shall be based on historic production and the subtraction method. Production attributable to the Basin Fruitland (Gas) Pool shall be the remainder from total production minus the projected historical production from the Blanco-Mesaverde (Prorated Gas) and the Blanco Pictured Cliffs (Gas) Pools. A production average will be gathered during the 4<sup>th</sup> year and will be utilized to create a fixed

percentage allocation. This allocation method agrees with the Bureau of Land Management practices.

Assignment of allowable and allocation of production from the well after the fourth year shall be as follows:

BLANCO P.C. SOUTH (PRORATED GAS)	Pct. Oil: TBD	Pct. Oil: TBD
BASIN FRUITLAND COAL (GAS)	Pct. Oil: TBD	Pct. Oil: TBD
BLANCO-MESAVERDE (PRORATED GAS)	Pct. Oil: TBD	Pct. Gas: TBD


It is also understood that you have given due notice of this application, as defined in Division Rule 19.15.4.12 A (6) NMAC, to all owners of interest within the subject pools.

REMARKS: The operator shall notify the Division's District office upon implementation of commingling operations.

This administrative order supersedes Administrative Order DHC-2265 issued on April 9, 1999. This administrative order permits the commingling of the Basin Fruitland Coal (Gas) Pool.

This Order is subject to like approval from the New Mexico State Land Office.

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.

  
**HEATHER RILEY**  
Director

HR/mam

cc: New Mexico Oil Conservation Division – Aztec  
New Mexico State Land Office – Oil, Gas, and Minerals  
Well File - 30-045-21787