

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

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Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



Administrative Order DHC-4824-A
Order Date: July 31, 2018

Legacy Reserves Operating, LP
PO Box 10848
Midland, Tx. 79702

Attention: Ms. Laura Pino

Lea Unit Well No. 59H
API No. 30-025-43035
Horizontal Spacing Unit: Lot 1, Lot 2, Lot 3, and Lot 4 (W/2 W/2 equivalent) of Section 18, and Lot 1 and Lot 2 (W/2 NW/4 equivalent) of Section 19, all in Township 20 South, Range 34 East, NMPM, Lea County, New Mexico

Pool	WC-025 G-08 S203506D; BONE SPRING	Oil (97983)
Names:	LEA; BONE SPRING, SOUTH	Oil (37580)

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 and gas production from the subject well for WC-025 G08 S203506D; Bone Spring Pool and Lea; Bone Spring Pool shall be based on the dedicated acreage of each pool within the horizontal spacing unit.

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

WC-025 G-08 S203506D; BONE SPRING	Pct. Oil: 66.7	Pct. Gas: 66.7
LEA; BONE SPRING, SOUTH	Pct. Oil: 33.3	Pct. Gas: 33.3

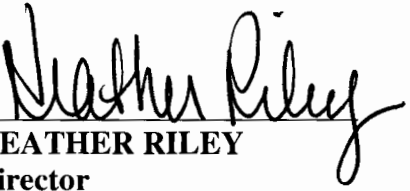
It is also understood that notice of this application, pursuant to Division Rule 19.15.4.12 A (6), is not required since the interest ownership between the zones to be commingled is common throughout.

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

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

This Order supersedes Administrative Order DHC 4824, issued on November 28, 2017. This amended order corrects the allocation percentages for the two pools. Further, Division Rule 19.15.16.15 E (2) does not require downhole commingling in horizontal wells; however, this administrative order was issued to ensure accurate allocation of production of the subject well.

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 – Hobbs
Bureau of Land Management – Carlsbad
Well File - 30-025-43035