

RECEIVED: 7/17/2018	REVIEWER: MAM	TYPE: DHL	APP NO: PMAM1821234435
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
- Geological & Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



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

Applicant: LEGACY RESERVES OPERATING, LP OGRID Number: 240974
Well Name: LEA UNIT #59H API: 30-025-43035
Pool: WILDCAT; BONE SPRING Pool Code: 97983

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) TYPE OF APPLICATION: Check those which apply for [A]

A. Location - Spacing Unit - Simultaneous Dedication

☐ NSL ☐ NSP (PROJECT AREA) ☐ NSP (PRORATION UNIT) ☐ SD

B. Check one only for [I] or [II]

[I] Commingling - Storage - Measurement

☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM

[II] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery

☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR

DHL 4824 - A

2) NOTIFICATION REQUIRED TO: Check those which apply.

- A. ☐ Offset operators or lease holders
B. ☐ Royalty, overriding royalty owners, revenue owners
C. ☐ Application requires published notice
D. ☐ Notification and/or concurrent approval by SLO
E. ☐ Notification and/or concurrent approval by BLM
F. ☐ Surface owner
G. ☐ For all of the above, proof of notification or publication is attached, and/or,
H. ☒ No notice required

FOR OCD ONLY

- ☐ Notice Complete
☐ Application Content Complete

3) 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.

Laura Pina

Print or Type Name

Signature

07/17/2018

Date

432-689-5273

Phone Number

lpina@legacylp.com

e-mail Address



July 17, 2018

Re: DHC-4824
Lea Unit #59H
API# 30-025-43035
Lea County, New Mexico

Per our phone conversation today, this is to amend the previously submitted DHC application for Lea Unit #59H. Zones were transposed. [37580] Lea: Bone Spring should receive 1/3 while [97983] Wildcat: Bone Spring should receive 2/3 not the other way around.

Should you have any questions or concerns feel free to contact me via phone or e-mail.

Sincerely,

Laura Pina
Compliance Coordinator

Legacy Reserves

303 West Wall, Suite 1800 • Midland, Texas 79701 • P. O. Box 10848 • Midland, Texas 79702
OFFICE 432-689-5200 • FAX 432-686-8318

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

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

Form C-107A
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

Legacy Reserves Operating, LP PO Box 10848, Midland, TX 79702
Operator Address

Lea Unit 5911 L-19-T20S-R35E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 240974 Property Code 302802 API No. 30-025-43035 Lease Type: ☒ Federal ____ State ____ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Lea; Bone Spring		Wildcat; Bone Spring
Pool Code	37580		97983
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	13,873'-18,730'		11,584'-13,872'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (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)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	39 Degree API		39 Degree API
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 10/16/17 Rates: 278 BOPD, 413 MCFPD, 143 BWPD	Date: Rates:	Date: 10/16/17 Rates: 565 BOPD, 838 MCFPD, 289 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 33.3% 33.3%	Oil Gas % %	Oil Gas 66.7% 66.7%

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: _____

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 Laura Pina TITLE Compliance Coordinator DATE 07/17/2018

TYPE OR PRINT NAME Laura Pina TELEPHONE NO. (432) 689-5273

E-MAIL ADDRESS lpina@legacylp.com

DISTRICT I
1826 W. French Dr., Hobbs, NM 88240
Phone: (505) 393-8161 Fax: (505) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (505) 748-1283 Fax: (505) 748-0720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 384-8178 Fax: (505) 384-8170

DISTRICT IV
1280 S. St. Francis Dr., Santa Fe, NM 87508
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

"AS DRILLED"

XX AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-43035	37580	Lea; Bone Spring
Property Code	Property Name	Well Number
302802	LEA UNIT	59H
GRID No.	Operator Name	Elevation
240974	LEGACY RESERVES OPERATING LP	3676'

Surface Location

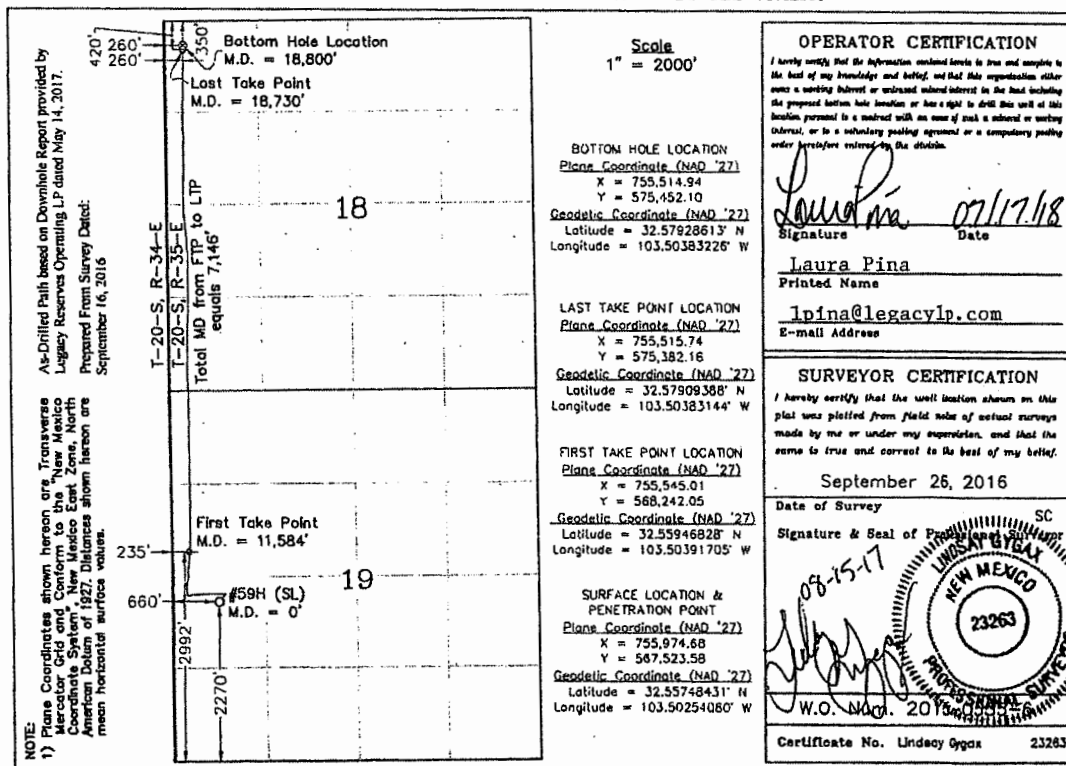
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
L	19	20 S	35 E		2270	SOUTH	660	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	20 S	35 E		350	NORTH	260	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
80			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



DISTRICT I
1825 N. French Dr., Hobbs, NM 88240
Phone: (505) 393-6161 Fax: (505) 393-0720

DISTRICT II
811 S. Plant St., Artesia, NM 88210
Phone: (505) 749-1203 Fax: (505) 748-0720

DISTRICT III
1000 Big 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) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department

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Form C-102
Revised August 1, 2011
Submit one copy to appropriate
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XX AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-43035	97983	Wildcat; Bone Spring
Property Code	Property Name	Well Number
302802	LEA UNIT	59H
OGRID No.	Operator Name	Elevation
240974	LEGACY RESERVES OPERATING LP	3676'

Surface Location

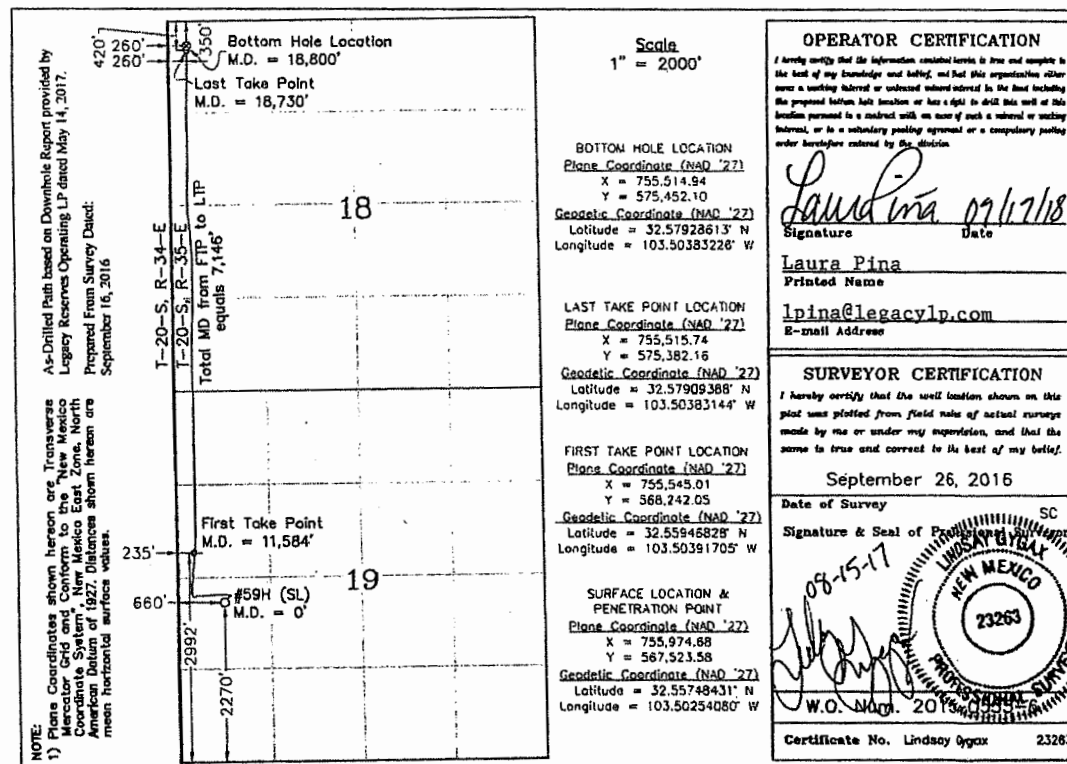
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Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	18	20 S	35 E		350	NORTH	260	WEST	LEA

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
160			

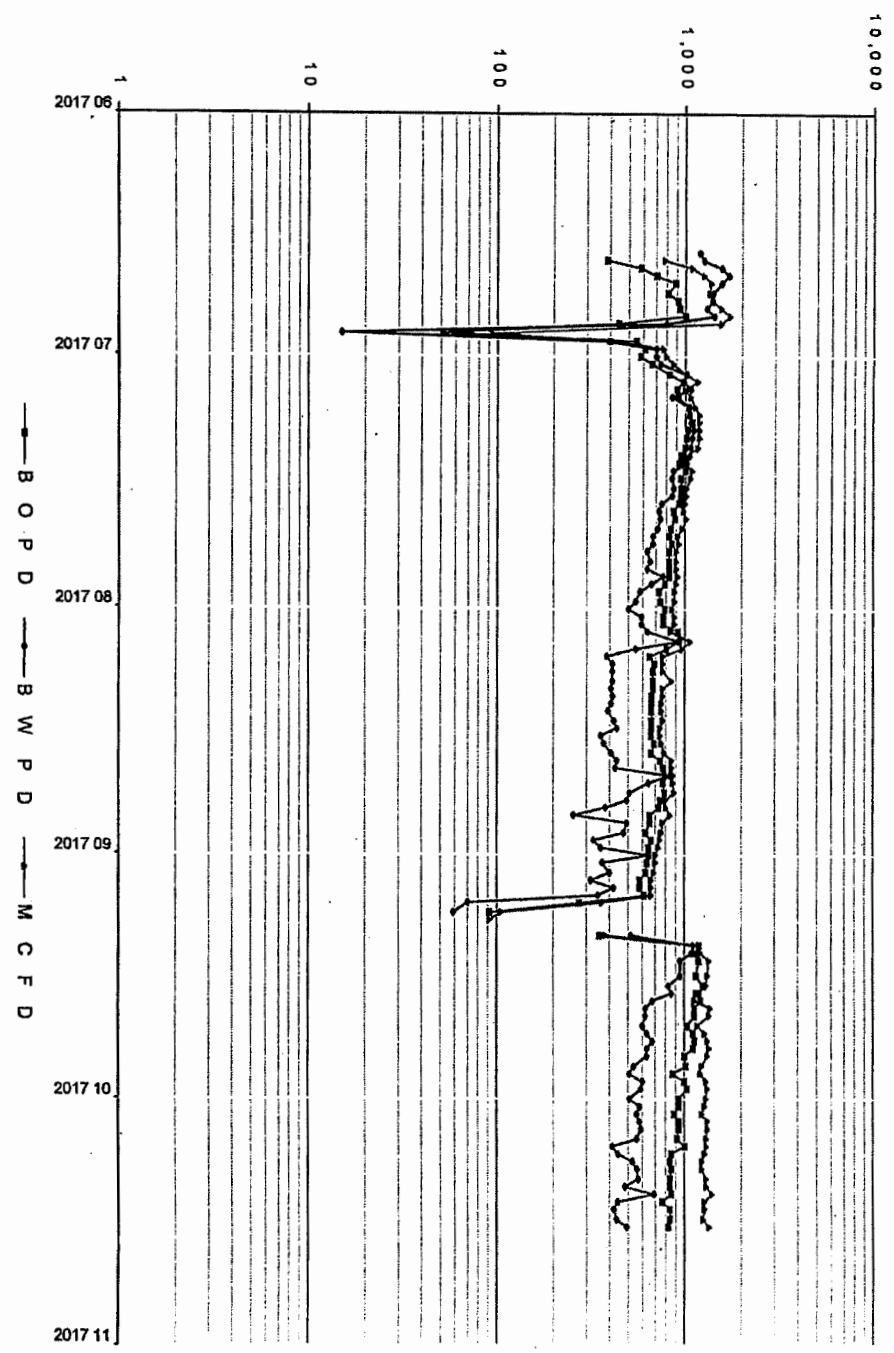
NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



Well Tests
Lea Unit # 59H

1/1/2017 through 10/31/2017
BOLO ID 300033.14.59 Zone # 1 Zone BONE SPRING
API # 3002543035 County, State LEA, NM

Printed: 10/31/2017



Lea Unit #59H Commingling Calculation (Fixed Allocation Percentage)

STATE LEASE (South 1/3):

Portion of Dedicated Acreage: $0' - 2640' = 2,640'$ (80 Acres)

Total Dedicated Acreage: 7,920' (240 Acres)

State Percentage Calculation: $2,640'/7,920' = 33.3\%$ (Acres: $80/240 = 33.3\%$)

STATE PERCENTAGE = 33.3%

FEDERAL LEASE (North 2/3):

Portion of Dedicated Acreage: $2,640' - 7,920' = 5,280'$ (160 Acres)

Total Dedicated Acreage: 7,920' (240 Acres)

Federal Percentage Calculation: $5,280'/7,920' = 66.7\%$ (Acres: $160/240 = 66.7\%$)

FEDERAL PERCENTAGE = 66.7%

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order DHC-4824
Order Date: November 28, 2017
Application Reference Number: pMAM1733250628

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

Attention: Ms. Laura Pino

Lea Unit Well No. 59H
API No. 30-025-43035
Project Area: 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 project area.

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

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

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.

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.



David R. Catanach
Director

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs
Bureau of Land Management – Carlsbad
Well File - 30-025-43035

McMillan, Michael, EMNRD

From: McMillan, Michael, EMNRD
Sent: Tuesday, July 31, 2018 9:57 AM
To: 'Laura Pina'
Subject: RE: Lea Unit #59H DHC amendment

Is this acceptable to put in the order?

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.

Mike

From: Laura Pina <lpina@legacyp.com>
Sent: Tuesday, July 17, 2018 4:12 PM
To: McMillan, Michael, EMNRD <Michael.McMillan@state.nm.us>
Subject: Lea Unit #59H DHC amendment

Please find attached the amendment to the initial DHC application for the subject well.

If you have any questions feel free to contact me via phone or e-mail.

Thank you for all your help,
Laura Piña
NM Compliance Coordinator
Legacy Reserves Operating LP
432.689.5273

Disclaimer

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McMillan, Michael, EMNRD

From: Laura Pina <lpina@legacylp.com>
Sent: Tuesday, July 31, 2018 10:12 AM
To: McMillan, Michael, EMNRD
Subject: RE: Lea Unit #59H DHC amendment

Yes, please.

Thank you,
Laura Piña
NM Compliance Coordinator
Legacy Reserves Operating LP
432.689.5273

From: McMillan, Michael, EMNRD [mailto:Michael.McMillan@state.nm.us]
Sent: Tuesday, July 31, 2018 10:57 AM
To: Laura Pina
Subject: RE: Lea Unit #59H DHC amendment

Is this acceptable to put in the order?

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 <http://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.

Mike

From: Laura Pina <lpina@legacylp.com>
Sent: Tuesday, July 17, 2018 4:12 PM
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Thank you for all your help,
Laura Piña
NM Compliance Coordinator
Legacy Reserves Operating LP
432.689.5273

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