Approved

DHC

Order

Approved: 07/03/19

State of New Mexico
Energy, Minerals and Natural Resources Department

Administrative Order DHC-5015
Order Date: July 3, 2019
Ammends Application DHC-1939-Az

Hilcorp Energy Company
1111 Travis Street
Houston, Tx. 77002

Attention: Ms. Etta Trujillo

San Juan 29 5 Unit Well No. 051F
API No. 30-039-29712
Unit L, Section 19, Township 29 North, Range 5 West NMPM
Rio Arriba County, New Mexico

Pool Names:	BASIN DAKOTA (PRORATED GAS)	Gas (71599)
	GOBERNADOR PICTURED CLIFFS (GAS)	Gas (77440)
	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.

Applicant shall meet the Aztec District Office prior to commencing commingling operations to discuss any required changes in the wellbore design. Applicant shall provide an updated wellbore diagram that shows the required changes as required by the Aztec District Office, along with the cement tops. After the well has been completed in the new pool, the Applicant shall provide a net pressure plot (or equivalent) of the fracture treatment to the Aztec District Office and Engineering Bureau.

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 Gobernador Pictured Cliffs (Gas) Pool shall be the remainder from total production minus the projected historical production from the Basin Dakota (Prorated Gas) and the Blanco-Mesaverde (Prorated Gas) Pools. A production average will be gathered during the 4th 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:

BASIN DAKOTA (PRORATED GAS)	Pct. Oil: TBD	Pct. Gas: TBD
GOBERNADOR PICTURED CLIFFS (GAS)	Pct. Oil: TBD	Pct. Gas: TBD
BLANCO-MESAVERDE (PRORATED GAS)	Pct. Oil: TBD	Pct. Gas: TBD

It is also understood that notice of this application, pursuant to Hearing Order R-10770, issued on February 21, 1997 is not required since the Hearing Order waived notification requirements. Further, Hearing Order R-10770 created a reference case for down hole commingling of pools within the San Juan 29 5 Unit.

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

This Order supersedes Division Order DHC-1939, issued on May 31, 2005. This amended administrative order adds the Gobernador Pictured Cliffs (Gas) Pool.

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.

Adrienne Sandoval
Director

AS/mam
cc: New Mexico Oil Conservation Division – Aztec
Bureau of Land Management – Farmington
Well File - 30-039-29712