

State of New Mexico  
Energy, Minerals and Natural Resources Department

**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

**Brett F. Woods, Ph.D.**  
Deputy Cabinet Secretary

**David R. Catanach, Division Director**  
Oil Conservation Division



Administrative Order DHC-4773

Order Date: August 13, 2015

Application Reference Number: pMAM1522257884

Oxy USA Inc.  
P.O. Box 50250  
Midland, Tx. 79710

Attention: Mr. David Stewart

Esperanza 24 Well No. 1  
API No. 30-015-34205  
Unit F, Section 24, Township 22 South, Range 26 East NMPM  
Eddy County, New Mexico

|        |                                 |             |
|--------|---------------------------------|-------------|
| Pool   | CARLSBAD; WOLFCAMP, SOUTH (GAS) | Gas (74200) |
| Names: | CARLSBAD; STRAWN, SOUTH (GAS)   | Gas (74120) |

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 shall be based on the analysis of the expected peak production from surrounding wells in the same pools.

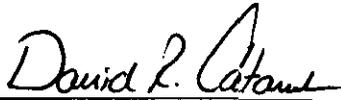
Assignment of allowable and allocation of production from the well shall be as follows:

|   |              |              |
|---|--------------|--------------|
| CARLSBAD; WOLFCAMP, SOUTH (GAS)<br>POOL | Pct. Oil: 88 | Pct. Gas: 49 |
| CARLSBAD; STRAWN, SOUTH (GAS)<br>POOL   | Pct. Oil: 12 | Pct. Gas: 51 |

It is also understood that notice of this application, pursuant to Division Rule 19.15.4.12A.(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 II office upon implementation of commingling operations.

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 – Artesia