

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



Administrative Order DHC-4850
Order Date: September 19, 2018

RKI Exploration & Production, LLC
3500 One Williams Center MD 35
Tulsa, Oklahoma 74172

Attention: Ashlee Fechino

Smedley Fee Well No. 1
API No. 30-015-42381
Unit J, Section 35, Township 22 South, Range 27 East, NMPM
Eddy County, New Mexico

Pool	Cass Draw; Bone Spring	Oil (10380)
Names:	Purple Sage; Wolfcamp (Gas)	Gas (98220)

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 the Cass Draw; Bone Spring Pool and Purple Sage; Wolfcamp (Gas) Pool shall be based on the production log for the subject well.

The applicant shall run a production log within the first 45-days of production of the subject well to determine the allocation of production. The applicant shall provide a copy of the production log and a report for both pools to the Division and affected parties that will determine the allocation percentages between the two pools within 60-days of running the production log. Failure to provide the required data will result in immediate revocation of the Order.

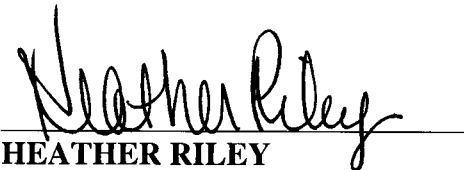
Once the production log and results are supplied to the Division, **an amended administrative order will be issued** pursuant to 19.15.12.11 C.1 (B) NMAC for notification of affected parties with diverse ownership with the updated production allocation percentages from the two pools.

Pursuant to Division Rule, 19.15.12.11 C.1 (B) NMAC Applicant provided a copy of the Division Form C-107-A to interest owners in the spacing units due to diverse ownership in the pools for this application.

Also, an affected party objected to the initial application; however, the Applicant and the affected party agreed to run a production log over the two pools.

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.



HEATHER RILEY
Director

HR/mam

cc: New Mexico Oil Conservation Division – Artesia
Well File - 30-015-42381