

State of New Mexico  
Energy, Minerals and Natural Resources Department

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**Susana Martinez**  
Governor

**David Martin**  
Cabinet Secretary

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

**Jami Bailey, Division Director**  
Oil Conservation Division



**Administrative Order NSL-7063**  
**Administrative Application Reference No. pMAM1408337373**

**Administrative Order DHC-4658**  
**Application Reference Number: pMAM1408338146**

Order Date: April 29, 2014

Chevron Midcontinent, L.P.  
Attn: Mr. Michael Feldewert

Rincon Unit Well No. 130M  
API No. 30-039-26568  
Unit I, Section 32, Township 27 North, Range 6 West, NMPM  
Rio Arriba County, New Mexico

|        |                                 |     |         |
|--------|---------------------------------|-----|---------|
| Pool   | BLANCO TOCITO, SOUTH            | Oil | (6460)  |
| Names: | BASIN DAKOTA (PRORATED GAS)     | Gas | (71599) |
|        | BLANCO-MESAVERDE (PRORATED GAS) | Gas | (72319) |

Non-Standard Location:

You have requested to drill this well at an unorthodox oil well location described above in the referenced pool or formation. This location is governed by the special rules for the Blanco Tocito, South, Oil Pool, which provide for 80-acre units, with all wells to be located in the center of the Northwest or the Southeast quarter of a governmental quarter section. This location is unorthodox because the proposed location is located in the Northeast quarter of the Southeast quarter of section 32, with the spacing unit the E/2 SE/4.

Your application has been duly filed under the provisions of Division Rules 19.15.15.13 NMAC and 19.15.4.12.A(2) NMAC.

It is our understanding that you are seeking this location because the well is located in the Northeast quarter-quarter section. It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12.A(2), in all adjoining units towards which the proposed location encroaches.

Pursuant to the authority conferred by Division Rule 19.15.15.13.B NMAC, the above-described unorthodox location is hereby approved.

Down Hole Commingling:

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 production from the well shall be based on the subtraction method. The total production of the well minus the established production for the Basin Dakota, and Blanco Mesaverde, which are commingled, shall be assigned to the Blanco Tocito, South Pool.

The production allocation percentages of oil and gas between these pools shall be supplied to the Division's Santa Fe office within 60 days following completion of this well or workover.

It is also understood that you have given due notice of this application to all operators or owners who are "affected persons," as defined in Rule 19.15.4.12.A(2) NMAC, in all adjoining units towards which the proposed location encroaches

REMARKS: The operator shall notify the Aztec District office prior to implementation of the commingling operations.

This order rescinds Administrative Order DHC-503AZ, approved August 14, 2001.

This Order is subject to like approval from the United States Bureau of Land Management, and New Mexico State Land Office.

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.

DONE at Santa Fe, New Mexico, on April 29, 2014.

A handwritten signature in black ink, appearing to read "Jami Bailey", written over a horizontal line.

JAMI BAILEY  
Director

JB/mam

cc: New Mexico Oil Conservation Division – Aztec  
Bureau of Land Management - Farmington  
New Mexico State Land Office – Oil, Gas and Minerals