

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-4770

Order Date: July 17, 2015

Application Reference Number: pJAG1519658879

LRE Operating, LLC
1111 Bagby Street, Suite 4600
Houston, TX 77002

Attention: Mr. Mike Pippin

AID 24 State Well No. 4
API No: 30-015-36249
Unit I, Section 24, Township 17 South, Range 28 East, NMPM
Eddy County, New Mexico

Pool	Red Lake; Queen-Grayburg-SA	Oil	51300
Names:	Empire; Glorieta-Yeso	Oil	96210

Reference is made to your recent application for an exception to 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 appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12.11A. NMAC, and that 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 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 well production minus the Empire; Glorieta-Yeso Pool production shall be assigned to the Red Lake; Queen-Grayburg-SA Pool. The final production allocation percentages of oil and gas between these pools shall be supplied to the Division's Engineering and Geological Services Bureau within 60 days following completion of this well or workover.

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.

This Order is subject to like approval from the New Mexico State Land Office.

Pursuant to 19.15.12.11B NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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

DC/mam

cc: Oil Conservation Division – Artesia District Office
New Mexico State Land Office – Oil, Gas, and Minerals