

RECEIVED: 11/17/2017	REVIEWER: MAM	TYPE: DHC	APP NO: PLMAM1733252038
-------------------------	------------------	--------------	----------------------------

RECEIVED OCD

ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

2017 NOV 28 - Geological & Engineering Bureau -
1220 South St. Francis Drive, Santa Fe, NM 87505



ADMINISTRATIVE APPLICATION CHECKLIST

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

Applicant: LEGACY RESERVES OPERATING, LP

OGRID Number: 240974

Well Name: LEA UNIT #62H

API: 30-025-43247

Pool: WILDCAT; BONE SPRING

Pool Code: 97983

SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED BELOW

1) **TYPE OF APPLICATION:** Check those which apply for [A]

A. Location – Spacing Unit – Simultaneous Dedication

☐ NSL☐ NSP (PROJECT AREA)☐ NSP (PRORATION UNIT)☐ SD

B. Check one only for [I] or [II]

[I] Commingling – Storage – Measurement

☒ DHC☐ CTB☐ PLC☐ PC☐ OLS☐ OLM

[II] Injection – Disposal – Pressure Increase – Enhanced Oil Recovery

☐ WFX☐ PMX☐ SWD☐ IPI☐ EOR☐ PPR2) **NOTIFICATION REQUIRED TO:** Check those which apply.A. ☐ Offset operators or lease holdersB. ☐ Royalty, overriding royalty owners, revenue ownersC. ☐ Application requires published noticeD. ☐ Notification and/or concurrent approval by SLOE. ☐ Notification and/or concurrent approval by BLMF. ☐ Surface ownerG. ☐ For all of the above, proof of notification or publication is attached, and/or,H. ☒ No notice required**FOR OCD ONLY**☐ Notice Complete
☐ Application
Content
Complete

3) **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

Note: Statement must be completed by an individual with managerial and/or supervisory capacity.

Laura Pina

Print or Type Name

Signature

11/16/2017

Date

432-689-5200

Phone Number

lpina@legacylp.com

e-mail Address

District I
1625 N. French Drive, Hobbs, NM 88240
District II
811 S. First St., Artesia, NM 88210
District III
1000 Rio Brazos Road, Aztec, NM 87410
District IV
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources Department

Form C-107A
Revised August 1, 2011

Oil Conservation Division
1220 South St. Francis Dr.
Santa Fe, New Mexico 87505

APPLICATION TYPE
☒ Single Well
☒ Establish Pre-Approved Pools
EXISTING WELLBORE
☐ Yes ☒ No

APPLICATION FOR DOWNHOLE COMMINGLING

Legacy Reserves Operating, LP PO Box 10848, Midland, TX 79702
Operator Address

Lea Unit 62H K-19-T20S-R35E Lea
Lease Well No. Unit Letter-Section-Township-Range County

OGRID No. 240974 Property Code 302802 API No. 30-025-43247 Lease Type: ☒ Federal ☐ State ☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Wildcat; Bone Spring		Lea; Bone Spring
Pool Code	97983		37580
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	12,074'-14,341'		14,342'-18,861'
Method of Production (Flowing or Artificial Lift)	Artificial Lift		Artificial Lift
Bottomhole Pressure (Note: Pressure data will not be required if the bottom perforation in the lower zone is within 150% of the depth of the top perforation in the upper zone)	N/A		N/A
Oil Gravity or Gas BTU (Degree API or Gas BTU)	39 Degree API		39 Degree API
Producing, Shut-In or New Zone	Producing		Producing
Date and Oil/Gas/Water Rates of Last Production. (Note: For new zones with no production history, applicant shall be required to attach production estimates and supporting data.)	Date: 10/15/17 Rates: 305 BOPD, 326 MCFPD, 137 BWPD	Date: Rates:	Date: 10/15/17 Rates: 618 BOPD, 662 MCFPD, 278 BWPD
Fixed Allocation Percentage (Note: If allocation is based upon something other than current or past production, supporting data or explanation will be required.)	Oil Gas 33.3% 33.3%	Oil Gas % %	Oil Gas 66.7% 66.7%

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones? Yes ☒ No ☐
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail? Yes ☐ No ☐
Are all produced fluids from all commingled zones compatible with each other? Yes ☒ No ☐
Will commingling decrease the value of production? Yes ☐ No ☒
If this well is on, or communitized with, state or federal lands, has either the Commissioner of Public Lands
or the United States Bureau of Land Management been notified in writing of this application? Yes ☒ No ☐

NMOCD Reference Case No. applicable to this well:

Attachments:
C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of working, royalty and overriding royalty interests for uncommon interest cases.
Any additional statements, data or documents required to support commingling.

PRE-APPROVED POOLS

If application is to establish Pre-Approved Pools, the following additional information will be required:

List of other orders approving downhole commingling within the proposed Pre-Approved Pools
List of all operators within the proposed Pre-Approved Pools
Proof that all operators within the proposed Pre-Approved Pools were provided notice of this application.
Bottomhole pressure data.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.
SIGNATURE Laura Pina TITLE Compliance Coordinator DATE 11/15/2017
TYPE OR PRINT NAME Laura Pina TELEPHONE NO. (432) 689-5200
E-MAIL ADDRESS lpina@legacylp.com

DISTRICT I

1825 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II

811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-8720

DISTRICT III

1000 Rio Brazos Rd., Asteo, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV

1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3480 Fax: (505) 476-3482

State of New Mexico

Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate

District Office

"AS DRILLED"

EXAMENDED REPORT**WELL LOCATION AND ACREAGE DEDICATION PLAT**

API Number 30-025-43247	Pool Code 97983	Pool Name Wildcat; Bone Spring
Property Code 202802	Property Name LEA UNIT	Well Number 62H
OGRID No. 240974	Operator Name LEGACY RESERVES OPERATING LP	Elevation 3688'

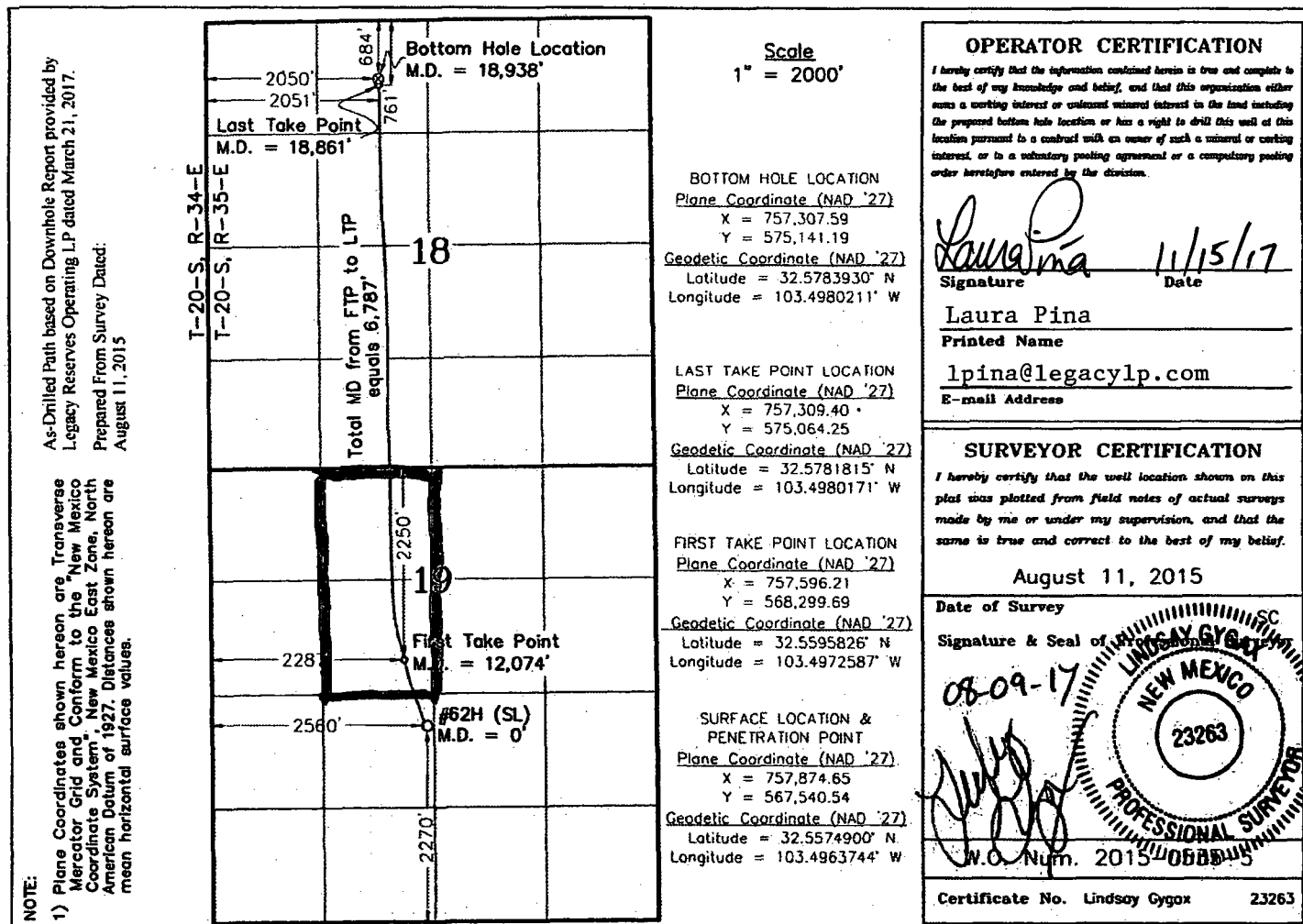
Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	19	20 S	35 E		2270	SOUTH	2560	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	18	20 S	35 E		684	NORTH	2050	WEST	LEA
Dedicated Acres 80	Joint or Infill	Consolidation Code	Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



DISTRICT I
1625 N. French Dr., Hobbs, NM 88240
Phone: (575) 393-6161 Fax: (575) 393-0720

DISTRICT II
811 S. First St., Artesia, NM 88210
Phone: (575) 748-1283 Fax: (575) 748-9720

DISTRICT III
1000 Rio Brazos Rd., Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV
1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3480 Fax: (505) 476-3482

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
1220 South St. Frances Dr.
Santa Fe, NM 87505

Form C-102
Revised August 1, 2011
Submit one copy to appropriate
District Office

"AS DRILLED"

☒ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
30-025-43247	37580	Lea; Bone Spring
Property Code	Property Name	Well Number
302802	LEA UNIT	62H
OGRID No.	Operator Name	Elevation
240974	LEGACY RESERVES OPERATING LP	3688'

Surface Location

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	19	20 S	35 E		2270	SOUTH	2560	WEST	LEA

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
C	18	20 S	35 E		684	NORTH	2050	WEST	LEA
Dedicated Acres	Joint or Infill	Consolidation Code	Order No.						
160									

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

As-Drilled Path based on Downhole Report provided by Legacy Reserves Operating LP dated March 21, 2017.
Prepared From Survey Dated: August 11, 2015

NOTE:
1) Plane Coordinates shown hereon are Transverse Mercator Grid and Conform to the "New Mexico Coordinate System", New Mexico East Zone, North American Datum of 1927. Distances shown hereon are mean horizontal surface values.

Bottom Hole Location
M.D. = 18,938'

Last Take Point
M.D. = 18,861'

Total MD from FTP to LTP equals 6,787'

First Take Point
M.D. = 12,074'

#62H (SL)
M.D. = 0'

Scale
1" = 2000'

BOTTOM HOLE LOCATION
Plane Coordinate (NAD '27)
X = 757,307.59
Y = 575,141.19
Geodetic Coordinate (NAD '27)
Latitude = 32.5783930° N
Longitude = 103.4980211° W

LAST TAKE POINT LOCATION
Plane Coordinate (NAD '27)
X = 757,309.40
Y = 575,064.25
Geodetic Coordinate (NAD '27)
Latitude = 32.5781815° N
Longitude = 103.4980171° W

FIRST TAKE POINT LOCATION
Plane Coordinate (NAD '27)
X = 757,596.21
Y = 568,299.69
Geodetic Coordinate (NAD '27)
Latitude = 32.5595826° N
Longitude = 103.4972587° W

SURFACE LOCATION & PENETRATION POINT
Plane Coordinate (NAD '27)
X = 757,874.65
Y = 567,540.54
Geodetic Coordinate (NAD '27)
Latitude = 32.5574900° N
Longitude = 103.4963744° W

OPERATOR CERTIFICATION
I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well of this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Laura Pina 11/15/17
Signature Date
Laura Pina
Printed Name
lpina@legacylp.com
E-mail Address

SURVEYOR CERTIFICATION
I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

August 11, 2015
Date of Survey
Signature & Seal of Lindsay Gygox
08-09-17
W.O. Num. 2015-08885
Certificate No. Lindsay Gygox 23263

Well Tests

Lea Unit # 62H

1/1/2017 through 10/31/2017

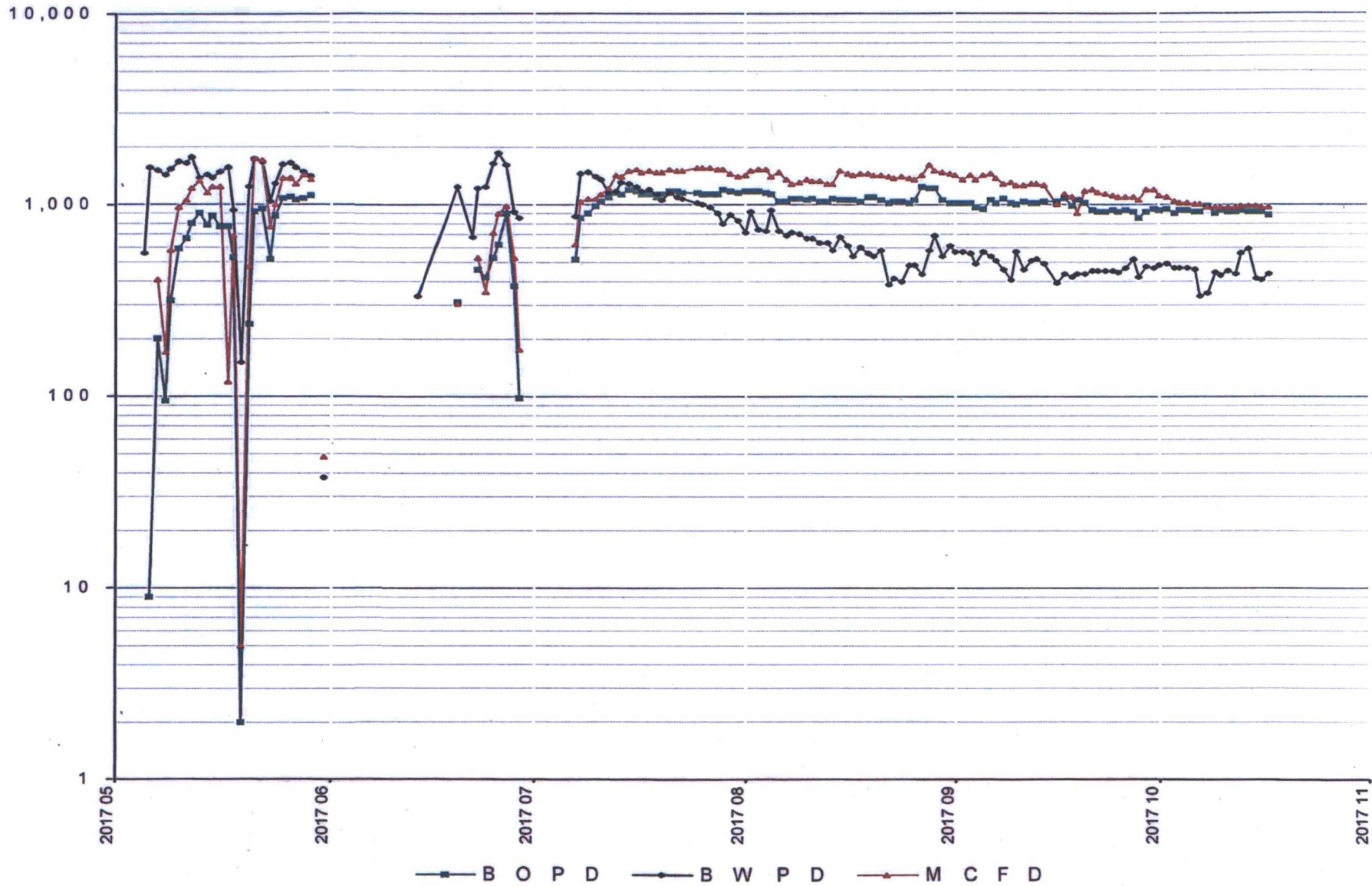
Printed: 10/31/2017

BOLO ID 300033.14.62

Zone # 1 Zone BONE SPRING

API # 3002543247

County, State LEA, NM



Lea Unit #62H Commingling Calculation (Fixed Allocation Percentage)

STATE LEASE (South 1/3):

Portion of Dedicated Acreage: $0' - 2640' = 2,640'$ (80 Acres)

Total Dedicated Acreage: $7,920'$ (240 Acres)

State Percentage Calculation: $2,640' / 7,920' = 33.3\%$ (Acres: $80 / 240 = 33.3\%$)

STATE PERCENTAGE = 33.3%

FEDERAL LEASE (North 2/3):

Portion of Dedicated Acreage: $2,640' - 7,920' = 5,280'$ (160 Acres)

Total Dedicated Acreage: $7,920'$ (240 Acres)

Federal Percentage Calculation: $5,280' / 7,920' = 66.7\%$ (Acres: $160 / 240 = 66.7\%$)

FEDERAL PERCENTAGE = 66.7%

ection : 18-20S-34E

Type: Normal

Total Acres: 640.04

County: Lea (25)

D (1) R* Federal ¹ Federal ² (25) 40	C (C) R* Fee ¹ Federal ² (25) 40	B (B) R* Federal ¹ Federal ² (25) 40	A (A) R* Federal ¹ Federal ² (25) 40
E (2) R* Federal ¹ Federal ² (25) 40.01	F (F) R* Federal ¹ Federal ² (25) 40	G (G) R* Federal ¹ Federal ² (25) 40	H (H) R* Federal ¹ Federal ² (25) 40
L (3) R* Federal ¹ Federal ² (25) 40.01	K (K) R* Federal ¹ Federal ² (25) 40	J (J) R* Federal ¹ Federal ² (25) 40	I (I) R* Federal ¹ Federal ² (25) 40
M (4) R* Federal ¹ Federal ² (25) 40.02	N (N) R* Federal ¹ Federal ² (25) 40	O (O) R* Federal ¹ Federal ² (25) 40	P (P) R* Federal ¹ Federal ² (25) 4

54H 62H

40
40.01
40.01
40.02
160.04

18

19 40.03
40.06
80.09

54H

Allocation 9/0

Section : 19-20S-34E

Type: Normal

Total Acres: 640.28

County: Lea (25)

D (1) R * Federal ¹ Federal ² (25) 40.03	C (C) R * Federal ¹ Federal ² (25) 40	B (B) R * Federal ¹ Federal ² (25) 40	A (A) R * Federal ¹ Federal ² (25) 40
E (2) R * Federal ¹ Federal ² (25) 40.06	F (F) R * Federal ¹ Federal ² (25) 40	G (G) R * Federal ¹ Federal ² (25) 40	H (H) R * Federal ¹ Federal ² (25) 40
L (3) R * Federal ¹ Federal ² (25) 40.08	K (K) R * Federal ¹ Federal ² (25) 40	J (J) R * Federal ¹ Federal ² (25) 40	I (I) R * Federal ¹ Federal ² (25) 40
M (4) R * Federal ¹ Federal ² (25) 40.11	N (N) R * Federal ¹ Federal ² (25) 40	O (O) R * Federal ¹ Federal ² (25) 40	P (P) R * Federal ¹ Federal ² (25) 40

McMillan, Michael, EMNRD

From: Laura Pina <lpina@legacylp.com>
Sent: Tuesday, November 28, 2017 1:55 PM
To: McMillan, Michael, EMNRD
Subject: FW: LEGACY RESERVES DOWNHOLE COMMINGLING AGREEMENT - LEA UNIT 62H - 3002543247

Here you go. Mike.

Laura Piña
NM Compliance Coordinator
Legacy Reserves Operating LP
432.689.5273

From: Clay Roberts
Sent: Monday, October 16, 2017 10:44 AM
To: Kautz, Paul, EMNRD; Jones, William V, EMNRD
Cc: Laura Pina
Subject: RE: LEGACY RESERVES DOWNHOLE COMMINGLING AGREEMENT - LEA UNIT 62H - 3002543247

Got it.

Thanks Paul.

Clay R.

From: Kautz, Paul, EMNRD [<mailto:paul.kautz@state.nm.us>]
Sent: Monday, October 16, 2017 10:43 AM
To: Clay Roberts; Jones, William V, EMNRD
Cc: Laura Pina
Subject: RE: LEGACY RESERVES DOWNHOLE COMMINGLING AGREEMENT - LEA UNIT 62H - 3002543247

Hi Clay,

Legacy needs to continue with its downhole commingling application.

Paul Kautz
Hobbs District Geologist
Energy Minerals Natural Resources Dept.
Oil Conservation Division
1625 N. French Dr.
Hobbs, NM 88240
575-393-6161 ext. 104

From: Clay Roberts [<mailto:croberts@legacylp.com>]

Sent: Monday, October 16, 2017 8:39 AM

To: Kautz, Paul, EMNRD <paul.kautz@state.nm.us>; Jones, William V, EMNRD <WilliamV.Jones@state.nm.us>

Cc: Laura Pina <lpina@legacylp.com>

Subject: RE: LEGACY RESERVES DOWNHOLE COMMINGLING AGREEMENT - LEA UNIT 62H - 3002543247

Hi Paul,

Please recommend on how Legacy should move forward with this situation. Is the expansion and contraction of pools a viable scenario or should Legacy move forward with the DHC application.

I appreciate your help with this.

Clay Roberts

Landman

432-689-5206



From: Clay Roberts

Sent: Wednesday, October 04, 2017 10:08 AM

To: 'paul.kautz@state.nm.us'; 'Jones, William V, EMNRD'

Cc: Laura Pina

Subject: RE: LEGACY RESERVES DOWNHOLE COMMINGLING AGREEMENT - LEA UNIT 62H - 3002543247

Paul,

In response to Will's email please advise on how Legacy should move forward. Is the expansion and contraction of pools a viable option in this scenario or should Legacy move forward the DHC application? I appreciate your help.

Will, thank you for help also.

Clay Roberts

Landman

432-689-5206



From: Jones, William V, EMNRD [<mailto:WilliamV.Jones@state.nm.us>]

Sent: Tuesday, October 03, 2017 6:27 PM

To: Clay Roberts

Cc: Laura Pina; Brooks, David K, EMNRD; Kautz, Paul, EMNRD; Catanach, David, EMNRD

Subject: RE: LEGACY RESERVES DOWNHOLE COMMINGLING AGREEMENT - LEA UNIT 62H - 3002543247

Hi Clay,

If Paul contracts one pool and expands the other your issues are solved. But assuming he can't do that and the well produces from two pools ... then definitely use the same acreage contribution ratio in the DHC permit as used in your ownership allocation - split the well to be based on 80 acres for one and 160 acres for the other pool. The proposed horizontal well rules will do away with the need to file a permit application to DHC and leave the split between pools based on acreage.

Each of the two well-completions in this well may have its own set of owners so production splits between pools should follow acreage.

You will file two completion reports and will then report production separately for each pool on C-115s.

Since this is Lea County, Paul or Karen in Hobbs are your go-to people.

Regards
Will

Sent via the Samsung GALAXY S® 5, an AT&T 4G LTE smartphone

----- Original message -----

From: Clay Roberts <croberts@legacylp.com>

Date: 10/3/17 1:40 PM (GMT-07:00)

To: "Jones, William V, EMNRD" <WilliamV.Jones@state.nm.us>

Cc: Laura Pina <lpina@legacylp.com>

Subject: LEGACY RESERVES DOWNHOLE COMMINGLING AGREEMENT - LEA UNIT 62H - 3002543247

Hi Will,

Legacy is preparing a downhole commingling application to submit for the Lea Unit 62H. This is my first downhole commingling application for a horizontal well that produces two pools. The 62H is a mile and half lateral (240 acre proration unit) with 160 acres being contributed to pool 97983 (WC-025- G-08 S203506D; Bone Spring) and 80 acres contributed to pool 37580 (Lea; Bone Spring; South).

Do you recommend Legacy allocate production on an acreage basis or should we establish another method/formula?

I appreciate your feedback.

Thanks,

Clay Roberts

Landman

432-689-5206



Disclaimer

The information contained in this communication from the sender is confidential. It is intended solely for use by the recipient and others authorized to receive it. If you are not the recipient, you are hereby notified that any disclosure, copying, distribution or taking action in relation of the contents of this information is strictly prohibited and may be unlawful.

Disclaimer

The information contained in this communication from the sender is confidential. It is intended solely for use by the recipient and others authorized to receive it. If you are not the recipient, you are hereby notified that any disclosure, copying, distribution or taking action in relation of the contents of this information is strictly prohibited and may be unlawful.

Disclaimer

The information contained in this communication from the sender is confidential. It is intended solely for use by the recipient and others authorized to receive it. If you are not the recipient, you are hereby notified that any disclosure, copying, distribution or taking action in relation of the contents of this information is strictly prohibited and may be unlawful.