

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Cabinet Secretary

**Adrienne E. Sandoval, Division Director**  
Oil Conservation Division



Administrative Order DHC-4934  
Order Date: April 16, 2019  
AMENDED APPLICATION

Hilcorp Energy Company  
1111 Travis Street  
Houston, Tx. 77002

Attention: Ms. Cherylene Weston

State Com AD Well No. 26E  
API No. 30-045-23744  
Unit I, Section 36, Township 29 North, Range 11 West NMPM  
San Juan County, New Mexico

Pool	OTERO CHACRA (GAS)	Gas (82329)
Names:	FULCHER KUTZ PICTURED CLIFFS (GAS)	Gas (77200)
	ARMENTA-GALLUP (O)	Oil (2290)
	BASIN DAKOTA (PRORATED GAS)	Gas (71599)

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.

Applicant shall meet the Aztec District Office prior to commencing commingling operations to discuss any required changes in the wellbore design. Applicant shall provide an updated wellbore diagram that shows the required changes as required by the Aztec District Office, along with the cement tops. After the well has been completed in the new pool, the Applicant shall provide a net pressure plot (or equivalent) of the fracture treatment to the Aztec District Office and Engineering Bureau.

As per the application, the assignment of allowable and allocation of oil and gas production from the subject well for the first four years shall be based on historic production and the subtraction method. Production attributable to the Fulcher Kutz Pictured Cliffs (Gas) Pool shall be the remainder from total production minus the projected historical production from the Otero Chacra (Gas) Pool, Armenta-Gallup (O) Pool, and the Basin Dakota (Prorated Gas) Pool. A production average will be gathered during the 4<sup>th</sup> year and will be utilized to create a fixed percentage allocation.

This allocation method agrees with the Bureau of Land Management practices.

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

FULCHER KUTZ PICTURED CLIFFS (GAS)	Pct. Oil: TBD	Pct. Gas: TBD
OTERO CHACRA (GAS)	Pct. Oil: TBD	Pct. Gas: TBD
ARMENTA-GALLUP (O)	Pct. Oil: TBD	Pct. Gas: TBD
BASIN DAKOTA (PRORATED GAS)	Pct. Oil: TBD	Pct. Gas: TBD

It is also understood that you have given due notice of this application, as defined in Division Rule 19.15.4.12A. (6) NMAC, to all owners of interest within the subject pools.

REMARKS: The operator shall notify the Division's District office upon implementation of commingling operations.

This administrative order supersedes Administrative Order DHC-3064 issued on November 8, 2002. This administrative order permits the commingling of the Fulcher Kutz Pictured Cliffs (Gas) Pool.

This Order is subject to like approval from the 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.

  
**ADRIENNE E. SANDOVAL**  
**Oil Conservation Division Director**

AES/mam

cc: New Mexico Oil Conservation Division – Aztec  
New Mexico State Land Office – Oil, Gas, and Minerals  
Well File - 30-045-23744