

State of New Mexico
Energy, Minerals and Natural Resources Department

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Deputy Secretary

Adrienne Sandoval, Director
Oil Conservation Division



July 27, 2020

DOWN HOLE COMMINGLING

Administrative Order DHC-5066

Hilcorp Energy Company
Attention: Priscilla Shorty
382 Road 3100, Aztec NM 87410

Pursuant to your application received on September 18, 2019 for an exception to Division Rule 19.15.12.9(A) NMAC, Hilcorp Energy Company (372171) ("Hilcorp") is hereby authorized to down hole commingle oil and gas production in the Walker Koch 1A well (30-045-21700) ("the Well") from the following pools:

BASIN FRUITLAND COAL (GAS)	(71629)
BLANCO-MESAVERDE (PRORATED GAS)	(72319)

The Well is located in Section 13, Township 31 North, Range 10 West, NMPM, San Juan County, New Mexico.

Hilcorp shall allocate gas production to the BASIN FRUITLAND COAL (GAS) pool (71629) using the subtraction method until a different plan to allocate gas production is approved by the Oil Conservation Division. The gas production allocated to the BASIN FRUITLAND COAL (GAS) pool (71629) shall be equal to the total gas production from the Well minus the projected historical gas production from the BLANCO-MESAVERDE (PRORATED GAS) pool (72319) ("projected historical gas production"). No oil production shall be allocated to the BASIN FRUITLAND COAL (GAS) pool (71629).

Hilcorp shall allocate to the BLANCO-MESAVERDE (PRORATED GAS) pool (72319) the projected historical gas production and all the oil production from the Well.

Hilcorp shall calculate the gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total gas production that shall be allocated to each of the pools ("fixed percentage allocation plan"). No later than ninety (90) days after the fourth year, Hilcorp shall submit a Form C-103 to OCD that includes the fixed percentage allocation plan and all data used to determine it. If Hilcorp fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order

shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

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

This approval is subject to like approval from the Bureau of Land Management.



Adrienne Sandoval
Director

AS/dm

cc: OCD – Aztec District Office
 Bureau of Land Management