

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

**David R. Catanach, Division Director**  
Oil Conservation Division



Administrative Order DHC-4764

Order Date: June 19, 2015

Application Reference Number: pJAG1516656389

Legacy Reserves Operating, LP  
303 West Wall Street, Suite 1800  
Midland, Texas 79701

Attention: Ms. Laura Pina

Cooper Jal Unit Well No. 604  
API No. 30-025-41765  
Unit N, Section 24, Township 24 South, Range 36 East NMPM  
Lea County, New Mexico

Pool	JALMAT; TAN-YATES-7 RVRS (OIL)	Oil (33820)
Names:	LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	Oil (37240)

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 oil production from the subject well shall be based on the analysis of production of the subject well, and electric logs.

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

JALMAT; TAN-YATES-7 RVRS (OIL)	Pct. Oil: 75	Pct. Gas: 75
LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	Pct. Oil: 25	Pct. Gas: 25

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 I office upon implementation of commingling operations.

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 NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.



**David R. Catanach**  
**Director**

DRC/mam

cc: New Mexico Oil Conservation Division – Hobbs

DATE IN <u>6/15/15</u>	SUSPENSE	ENGINEER <u>MAM</u>	LOGGED IN <u>6/15/15</u>	TYPE <u>DHC</u>	APP NO. <u>PSA61516656389</u>
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ABOVE THIS LINE FOR DIVISION USE ONLY

**NEW MEXICO OIL CONSERVATION DIVISION**  
 - 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

**Application Acronyms:**

**[NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]**  
**[DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]**  
**[PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]**  
**[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]**  
**[SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]**  
**[EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]**

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
☐ NSL ☐ NSP ☐ SD
- Check One Only for [B] or [C]
- [B] Commingling - Storage - Measurement  
☒ DHC ☐ CTB ☐ PLC ☐ PC ☐ OLS ☐ OLM
- [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
☐ WFX ☐ PMX ☐ SWD ☐ IPI ☐ EOR ☐ PPR
- [D] Other: Specify \_\_\_\_\_

*DHC 4764*  
*Well: Cooper JAI Unit 604*  
*API: 30-C25-41765*  
*Pool: JAI MAT: TAN YATES 7 Rivers*  
*+1*

- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or ☒ Does Not Apply
- [A] ☐ Working, Royalty or Overriding Royalty Interest Owners
- [B] ☐ Offset Operators, Leaseholders or Surface Owner
- [C] ☐ Application is One Which Requires Published Legal Notice
- [D] ☐ Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
- [E] ☐ For all of the above, Proof of Notification or Publication is Attached, and/or,
- [F] ☐ Waivers are Attached

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- [3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **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.

<u>Laura Pina</u>	<u>Laura Pina</u>	<u>Regulatory Tech</u>	<u>6/12/15</u>
Print or Type Name	Signature	Title	Date
		<u>lpina@legacylp.com</u>	
		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

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

Form C-107A  
Revised August 1, 2011

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

APPLICATION FOR DOWNHOLE COMMINGLING

LEGACY RESERVES OPERATING LP  
Operator

PO BOX 10848 MIDLAND, TX 79702  
Address

COOPER JAL UNIT  
Lense

604  
Well No.

UL N-24-T24S-R36E  
Unit Letter-Section-Township-Range

LEA  
County

OGRID No. 240974 Property Code 312454 API No. 30-025-41765 Lease Type: ☐ Federal ☐ State ☒ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	JALMAT		LANGLIE MATTIX
Pool Code	33820		37240
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	3080'-3306'		3535'-3735'
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)			
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38 DEGREE API		38 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: 05/23/15  Rates: 7 BOPD, 7 MCFPD 91 BWPD	Date:  Rates:	Date: 05/23/15  Rates: 2 BOPD, 2 MCFPD 30 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  75 % 75 %	Oil Gas  % %	Oil Gas  25 % 25 %

ADDITIONAL DATA

Are all working, royalty and overriding royalty interests identical in all commingled zones?  
If not, have all working, royalty and overriding royalty interest owners been notified by certified mail?

Yes ☒ No ☐  
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 REGULATORY TECH DATE 06/18/15

TYPE OR PRINT NAME LAURA PINA TELEPHONE NO. ( 432 ) 689-5273

E-MAIL ADDRESS lpina@legacylp.com

HOBBS OCD

DISTRICT I  
1625 N. French Dr., Hobbs, NM 88240  
Phone: (505) 293-6161 Fax: (505) 393-0720

DISTRICT II  
511 S. First St., Artesia, NM 88210  
Phone: (505) 748-1283 Fax: (505) 748-9720

DISTRICT III  
1000 Rio Grande Road, Artesia, NM 87410  
Phone: (505) 334-6178 Fax: (505) 334-6170

DISTRICT IV  
1220 S. St. Francis Dr., Santa Fe, NM 87505  
Phone: (505) 226-1460 Fax: (505) 476-3462

State of New Mexico  
Energy, Minerals & Natural Resources Department

## OIL CONSERVATION DIVISION

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

MAR 04 2014

Form C-102

Revised August 1, 2011

Submit one copy to appropriate  
District Office

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AMENDED REPORT

## WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number <b>30-025-41765</b>	Pool Code <b>33820 / 37240</b>	Pool Name <b>Talmat: Tan- 4-SR-QN</b>	Well Number <b>35604</b>
Property Code <b>312454</b>	Property Name <b>COOPER JAL UNIT 2A</b>		Elevation <b>3313'</b>
CGRID No. <b>240974</b>	Operator Name <b>LEGACY RESERVES</b>		

## Surface Location

UT. or lot No.	Section	Township	Range	Lot Idn	Feet from line	North/South line	Feet from the	East/West line	County
N	24	24-S	36-E		240	SOUTH	2196	WEST	LEA

## Bottom Hole Location If Different From Surface

UT. or lot No.	Section	Township	Range	Lot Idn	Feet from line	North/South line	Feet from the	East/West line	County
Dedicated Acres <b>40</b>	Joint or Initial	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

<p>GEODETIC COORDINATES NAD 27 NME</p> <p>SURFACE LOCATION Y=436866.9 N X=844459.5 E</p> <p>LAT.=32.196161° N LONG.=103.219808° W</p>	<p><b>OPERATOR CERTIFICATION</b></p> <p>I hereby certify that the information herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p>Signature: <u>[Signature]</u> Date: <u>3-3-14</u></p> <p>Printed Name: <u>Shawn D. Young</u></p> <p>E-mail Address: <u>S.Young@legacylp.com</u></p>	
	<p><b>SURVEYOR CERTIFICATION</b></p> <p>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.</p> <p>FEBRUARY 11, 2014</p> <p>Date of Survey: _____</p> <p>Signature &amp; Seal of Professional Surveyor: _____</p> <p>Certificate Number: <u>12641</u></p> <p>Surveyor: <u>Ronald J. Eidson</u></p> <p>ACK: _____ JWS/CWD 14110140</p>	
	<p>2196'</p> <p>240'</p>	
	<p>APR 02 2014</p>	



June 12, 2015

New Mexico Oil Conservation Division  
1220 South St. Francis Dr.  
Santa Fe, NM 87505  
Attention: Engineering Department

Re: Application to Downhole Commingle  
Jalmat/Langlie Mattix Pools  
Cooper Jal Unit #601, 602, 603 and 604  
Unit Letter B, O, N; Sec. 24; T24S, R36E  
Lea County, New Mexico

Legacy Reserves Operating LP respectfully requests administrative approval to downhole commingle the Jalmat and the Langlie Mattix Pools within the subject wellbores. Notification of offset operators is not an issue given the fact that Legacy offsets all of the wells.

Downhole commingling these wells will provide a more economical and efficient means of production. It will allow complete development of the productive capacity on the subject lease by allowing both pools to be artificially lifted simultaneously. This will extend the life of both completions, thereby preventing waste.

The subject wells meet all of the requirements of Rule 303 (C). All produced fluids from other downhole commingled wells have entered a common production facility with no fluid compatibility problems.

If you have any questions, please contact Shawn Young at (281) 465-8387 ext 222.

Sincerely,

Shawn Young  
Operations Engineer

cc: NMOCD/Hobbs

**To:** Laura Pina  
**Cc:** Shawn D. Young  
**Subject:** RE: DHC application Lea Co NM

Also, all of the wells have more recent production than is listed on your application.

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**From:** McMillan, Michael, EMNRD  
**Sent:** Tuesday, June 16, 2015 9:34 AM  
**To:** 'Laura Pina'  
**Cc:** Shawn D. Young  
**Subject:** RE: DHC application Lea Co NM

Ms. Pena and Mr. Young:

Is it more accurate to say that the production is based on production data and log analysis, not strictly on well data, because you show dates of last production for the wells?

## Michael A. McMillan

Engineering and Geological Services Bureau, Oil Conservation Division  
1220 South St. Francis Dr., Santa Fe NM 87505  
O: 505.476.3448 F. 505.476.3462  
[Michael.mcmillan@state.nm.us](mailto:Michael.mcmillan@state.nm.us)

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**From:** Laura Pina [<mailto:lpina@legacylp.com>]  
**Sent:** Tuesday, June 16, 2015 8:20 AM  
**To:** McMillan, Michael, EMNRD  
**Cc:** Shawn D. Young  
**Subject:** FW: DHC application Lea Co NM

Mr. McMillan,

See e-mail below from the engineer over this unit in answer to your questions.

Thank you,  
Laura Pina  
Regulatory Tech  
Legacy Reserves Operating LP  
432.689.5273

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**From:** Shawn D. Young  
**Sent:** Monday, June 15, 2015 5:03 PM  
**To:** Laura Pina  
**Subject:** RE: DHC application Lea Co NM

Unfortunately all of the wells where both pools are producing have been commingled and there is no historical data to use to allocate the production. Our estimate is based on a rough estimate of net pay counts from log data.

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**From:** Laura Pina  
**Sent:** Monday, June 15, 2015 4:05 PM