

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

Breitburn Operating LP

1111 Bagby Street Ste 1600, Houston, TX 77002

Operator

Address

Encore M State

024

K-20-22S-37E

Lea

Lease

Well No.

Unit Letter-Section-Township-Range

County

OGRID No.

370080

Property Code

API No.

30-025-45691

Lease Type:

☐ Federal

☒ State

☐ Fee

DATA ELEMENT	UPPER ZONE	INTERMEDIATE ZONE	LOWER ZONE
Pool Name	Blinebry Oil and Gas (Oil)	Drinkard	Wantz; Abo
Pool Code	6660	19190	62700
Top and Bottom of Pay Section (Perforated or Open-Hole Interval)	5574-5584; 5904-5991	6526-6546	6744-6940
Method of Production (Flowing or Artificial Lift)	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)	2340 psi	2780 psi	2840 psi
Oil Gravity or Gas BTU (Degree API or Gas BTU)	38* API	38* API	38* API
Producing, Shut-In or New Zone	New	New	New
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: 3-25-2021 Rates: 70 bopd, 251 mcfd, 210 bwpd	Date: 2-29-2020 Rates: 44 bopd, 101 mcfd, 89 bwpd	Date: N/A Rates: 17 bopd, 102 mcfd, 14 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 53 % 55 %	Oil Gas 34 % 22 %	Oil Gas 13 % 23 %

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

TITLE

Regulatory Compliance Tech

DATE

3/30/2021

TYPE OR PRINT NAME

Nicole Lee

TELEPHONE NO. (713)

437-8050

E-MAIL ADDRESS



Encore M State #024: Drill-Out Plugs

Objective

Drill out four isolation plugs to commingle the Abo, Drinkard, and Blinebry Pools to be produced by rod pump.

Info

Lease	Encore M State	Blinebry Perfs	5574' – 5991'
Well Number	024	Drinkard Perfs	6526' – 6546'
API	30-025-45691	Abo Perfs	6744' – 6940'

Procedure

1. Inspect wellhead and surrounding area. Fill out JSA and conduct pre-job meeting. Ensure all personnel involved in this operation understand their expectation to stop work if there are any safety or environmental concerns.
2. MIRU pulling unit. LD horse head.
3. POOH with tapered rod string and pump (~5513' total).
4. Nipple up BOPs and pressure control equipment. Test same. Circulate in lease water to clear well of oil and residual gas.
5. POOH with ~5682' of tubing and TAC.
6. MU bit and RIH. Drill out the following plugs: CPB at 5845', cement from 6140'-6160', CBP at 6160', cement from 6480'-6500', CBP at 6500', cement from 6705'-6725', and CIBP at 6725'. Circulate well clean and POOH.
7. RIH with ~7100' of production tubing and TAC.
8. RIH with rod pump and new rod string. Set pump at ~7000'.
9. RDMO and put well on production via rod pump.

NOTE: COMMINGLING PRODUCTION WITHIN THE ABOVE RESERVOIRS WILL NOT DECREASE THE VALUE BUT ACTUALLY ENHANCE VALUE.

M State 24
 API # 30-025-45691
 T22S-R37E Sec. 20
 Lea Co., NM

CURRENT WBD

Pumping Unit - American:

API Size: M-640-365-144
 Crank Hole: 1 (out of 3)
 SL = 144" SPM = 8.5
 Crank Rotation w/ well to right: CCW

Surface Casing:

OD = 13 3/8" ID = 12.615"
 Wt = 54.5 lb/ft Grade = J-55
 Burst = 2,730 psi Collapse = 1,130 psi
 Joint Yield = 909,000 lbs/ft
 Depth = 1175'

Intermediate Casing:

OD = 9 5/8" ID = 8.835"
 Wt = 40 lb/ft Grade = K-55
 Burst = 3,950 psi Collapse = 2,570 psi
 Joint Yield = 486,000 lbs/ft
 Depth = 4498'
 TOC @ Surface; (Returns)

Rod Pump OD = 1.5"

Tapered Rod String:

FG OD = 1.25" (3038')
 KD63 OD = 7/8" (2050')
 K Bars OD = 1.5" (425')

TAC @ 5615'

EOT @ 5682'

CBP @ 5845'

CBP @ 6160'
 w/ 20' cement

CBP @ 6500'
 w/ 20' cement

CIBP @ 6725'
 w/ 20' cement

Upper Blinebry
 Perfs:
 5574-5584'

Upper Blinebry: November 2020 - Present

Lower Blinebry Perfs:
 5904-5991'

Lower Blinebry: April 2020 - November 2020
 Oil: 1860 BO
 Gas: 3493 MCF

Drinkard Perfs:
 6526-6546

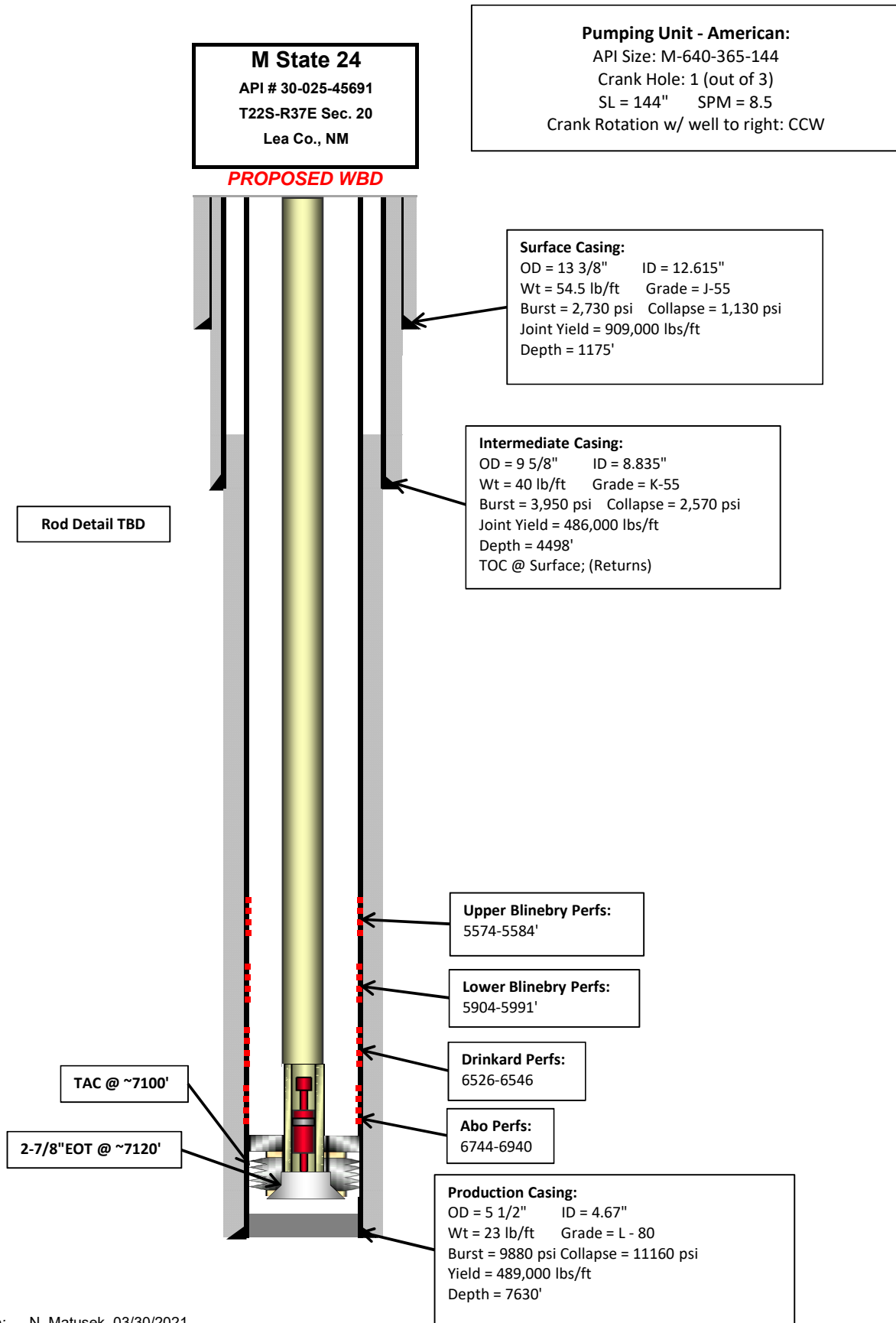
Drinkard: June 2019- March 2020
 Oil: 7125 BO
 Gas: 23662 MCF

Abo Perfs:
 6744-6940

Production Casing:

OD = 5 1/2" ID = 4.67"
 Wt = 23 lb/ft Grade = L - 80
 Burst = 9880 psi Collapse = 11160 psi
 Yield = 489,000 lbs/ft
 Depth = 7630'
 TOC @ 2417'; (Vol Calc)

Engineer Name/Date: N. Matusek 03/30/2021



Encore M State #024 Commingling Request

Supporting Data

April 6, 2021

Encore M State #024: General Well History

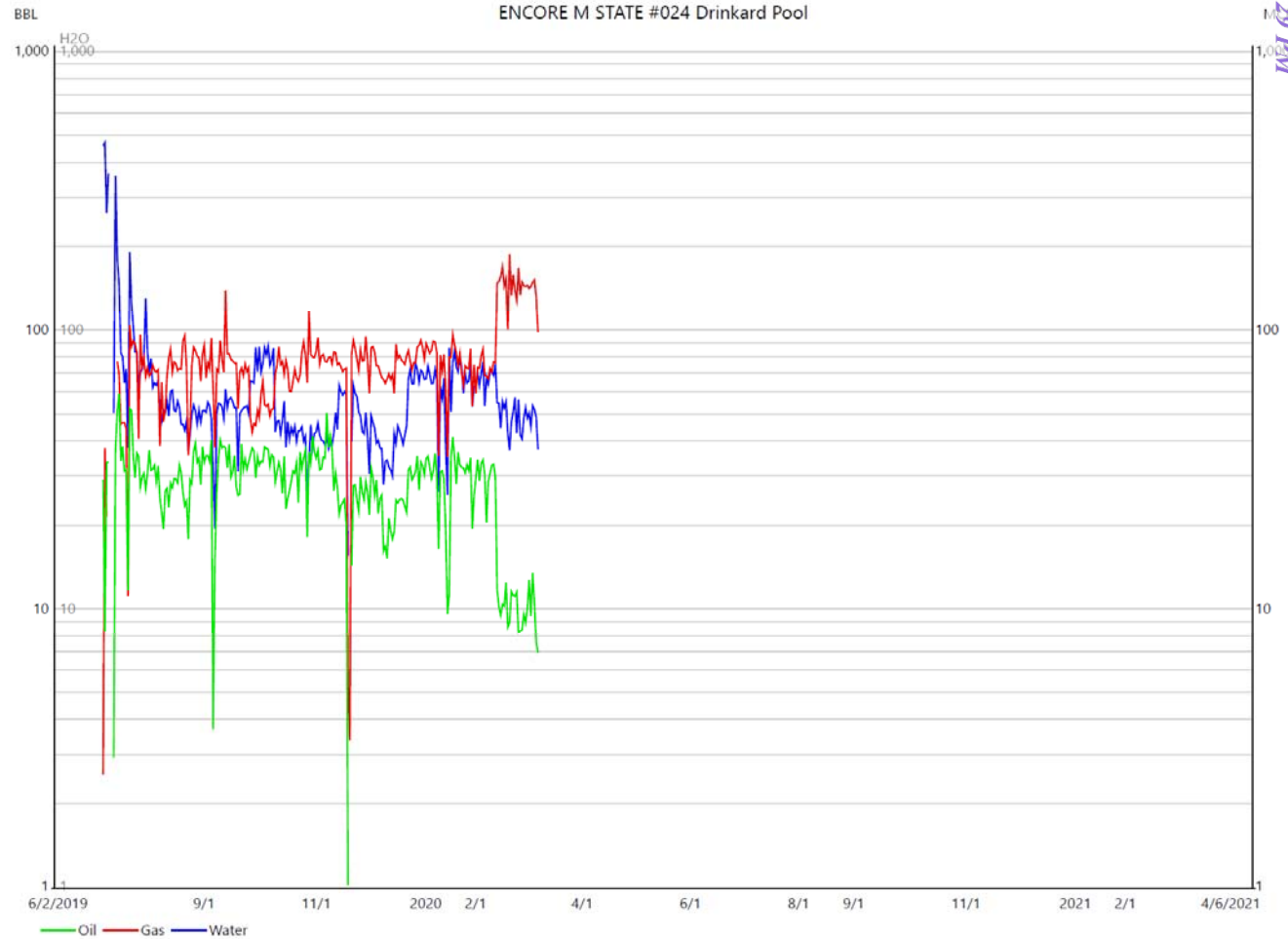
- 05/26/2019 – Well Spud
- 06/22/2019 – Abo formation frac'd; CIBP set above perms to be produced at later date
- 06/25/2019 – Drinkard formation frac'd
- 07/01/2019 – Drinkard formation put on production via rod pump
- 03/02/2020 – Drinkard formation isolated with CPB
- 03/05/2020 – Lower Blinebry formation frac'd (Perfs: 5904' – 5991')
- 03/07/2020 – Lower Blinebry formation put on production via rod pump
- 11/06/2020 – Lower Blinebry formation isolated with CPB
- 11/07/2020 – Upper Blinebry formation frac'd (Perfs: 5574' – 5584')
- 11/14/2020 – Upper Blinebry formation put on production via rod pump

Production History By Zone

Drinkard Pool Production History

Drinkard Well Test Log

Date	BOPD	MCFPD	BWPD	Total Fluid PD	Water %	GOR
6/29/2019	40	3	695	502	95	73
6/30/2019	10	44	576	586	98	4400
7/1/2019	47	28	329	376	88	596
7/2/2019	41	0	438	479	91	6
7/5/2019	49	16	118	167	71	327
7/6/2019	65	50	264	329	80	769
7/7/2019	73	86	229	302	76	1178
7/8/2019	70	86	208	278	75	1229
7/9/2019	47	55	114	161	71	1170
7/13/2019	61	57	258	319	81	934
7/14/2019	86	136	315	401	79	1581
7/15/2019	86	122	218	304	72	1419
7/16/2019	55	116	167	222	75	2109
7/17/2019	48	106	130	178	73	2208
7/18/2019	60	107	136	196	69	1783
7/19/2019	52	56	100	152	66	1077
7/20/2019	44	119	110	154	71	2705
7/21/2019	47	93	101	148	68	1979
7/22/2019	43	107	122	145	74	2474
7/23/2019	49	94	206	255	81	1918
7/24/2019	39	90	99	138	72	2308
7/25/2019	50	93	102	152	67	1860
7/26/2019	40	92	99	139	71	2300
7/27/2019	50	92	94	144	65	1840
7/28/2019	49	93	94	143	66	1898
7/29/2019	47	93	94	141	67	1979
7/31/2019	47	92	87	134	65	1957
8/1/2019	39	90	80	119	67	2308
8/7/2019	36	74	90	63	71	2056
8/8/2019	41	91	79	120	66	2220
8/9/2019	38	91	79	117	68	2395
8/10/2019	38	89	78	116	67	2342
8/11/2019	44	90	75	119	63	2045
9/6/2019	46	177	93	139	67	3848
9/7/2019	43	94	79	122	65	2186
9/13/2019	48	86	76	62	61	1792
9/20/2019	52	56	101	152	66	1077
10/4/2019	48	93	58	101	54	1913
10/5/2019	54	92	57	111	51	1704
10/7/2019	48	90	57	105	54	1875
10/15/2019	56	94	54	55	49	1679
11/6/2019	42	98	67	109	61	2333
11/9/2019	38	97	78	116	67	2553
11/21/2019	41	101	63	104	61	2463
12/6/2019	35	97	57	92	62	2771
12/18/2019	44	101	89	133	67	2295
2/6/2020	15	216	71	86	83	14400

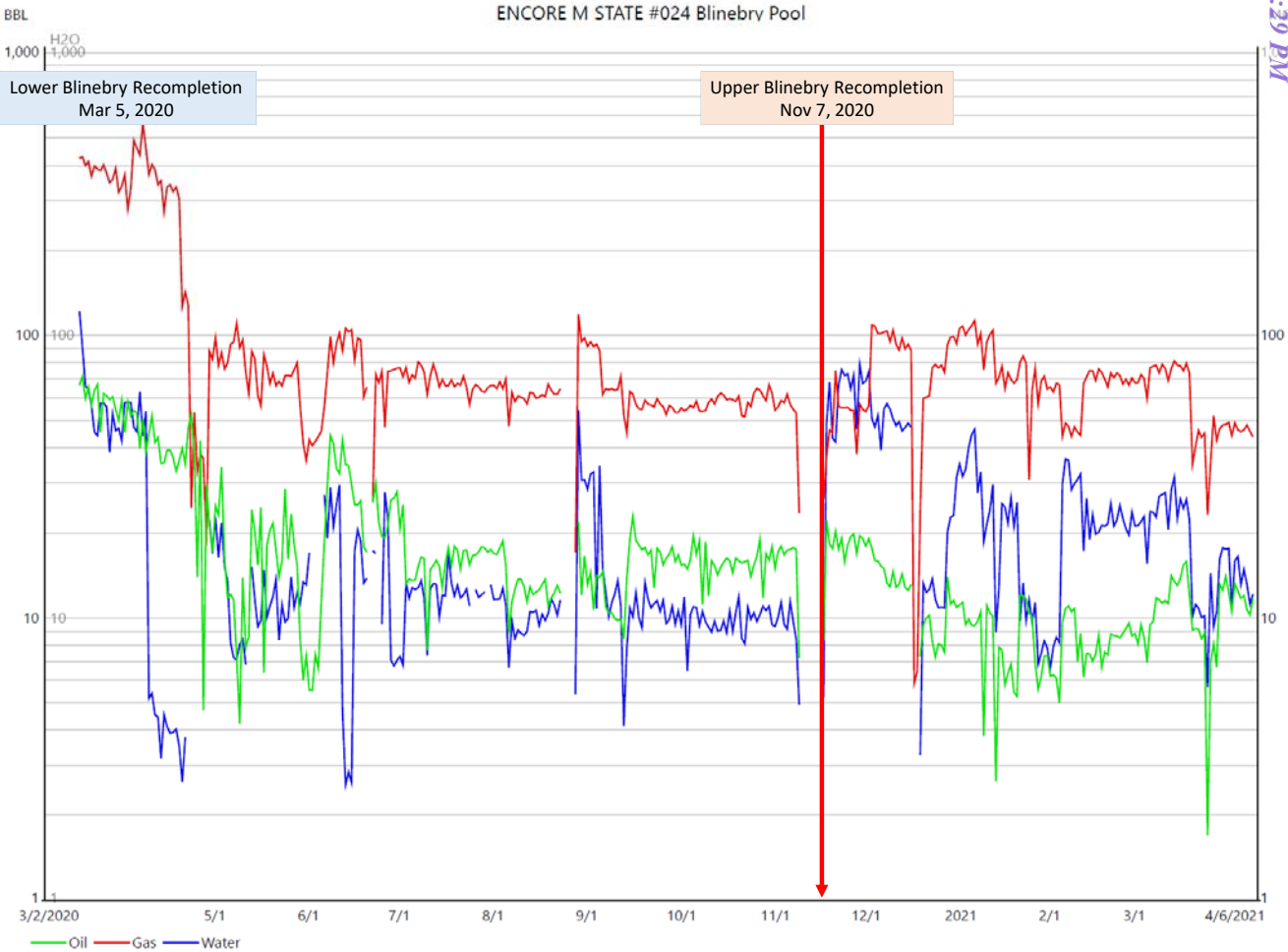


Blinebry Pool Production History

Note: Though two different intervals with 2 separate fracture treatments were completed, both intervals are part of the Blinebry Pool

Blinebry Well Test Log

Date	BOPD	MCFPD	BWPD	Total Fluid PD	Water %	GOR
3/13/2020	160	1083	326	486	67	6769
3/14/2020	140	949	216	356	61	6779
3/15/2020	130	949	149	279	53	7300
4/5/2020	107	387	11	118	9	3617
4/18/2020	100	325	0	100	0	3250
4/26/2020	41	236	54	95	57	5756
4/27/2020	61	267	67	128	52	4377
5/1/2020	39	260	44	83	53	6667
5/9/2020	52	199	52	104	50	3827
5/11/2020	45	237	46	91	51	5267
6/2/2020	44	178	70	114	61	4045
6/3/2020	81	244	70	151	46	3012
6/12/2020	63	233	61	93	49	3723
6/19/2020	50	179	0	50	1	3580
6/29/2020	33	168	30	63	48	5091
7/7/2020	30	156	28	58	48	5200
7/13/2020	44	147	41	85	48	3341
7/20/2020	30	143	27	57	47	4767
8/2/2020	23	133	21	44	48	5783
8/9/2020	25	130	24	49	49	5200
9/2/2020	35	150	43	78	55	4286
9/9/2020	42	131	27	69	39	3119
11/15/2020	58	90	120	178	67	1552
11/16/2020	48	92	148	196	76	1917
11/18/2020	50	128	185	235	79	2560
12/1/2020	37	237	142	179	79	6405
12/6/2020	35	217	132	167	79	6200
12/17/2020	30	150	40	70	57	5000
12/20/2020	25	180	39	64	61	7200
12/25/2020	42	218	60	102	59	5190
12/31/2020	28	240	117	145	81	8571
1/4/2021	29	246	98	127	77	8483
1/12/2021	22	189	70	92	76	8591
1/24/2021	19	142	17	36	47	7474
2/1/2021	33	121	91	124	73	3667
2/8/2021	26	203	61	87	70	7808
3/16/2021	21	121	29	50	58	5762
3/25/2021	32	131	40	72	56	4094

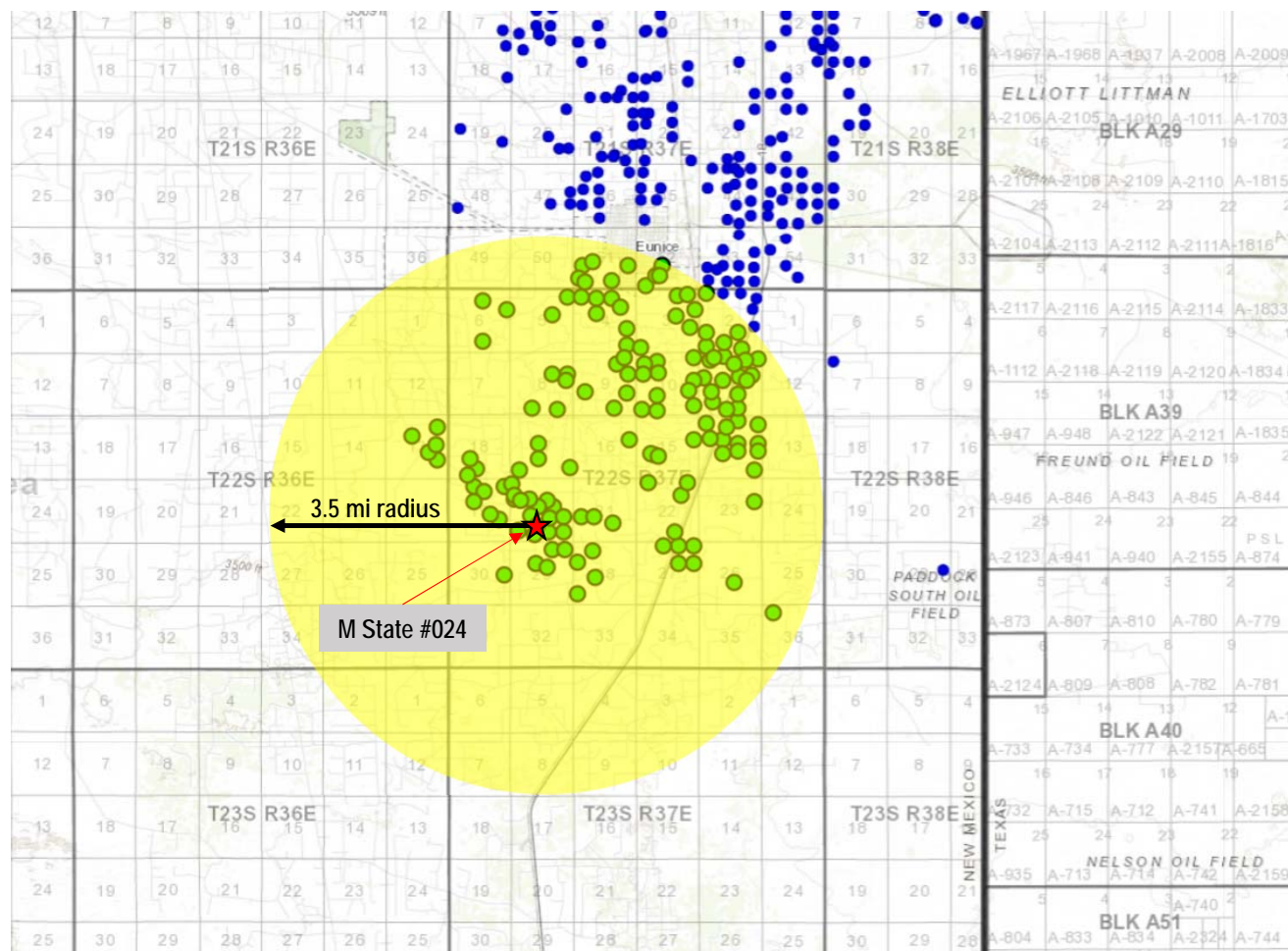


Abo – Expected Production Rate & Supporting Documentation

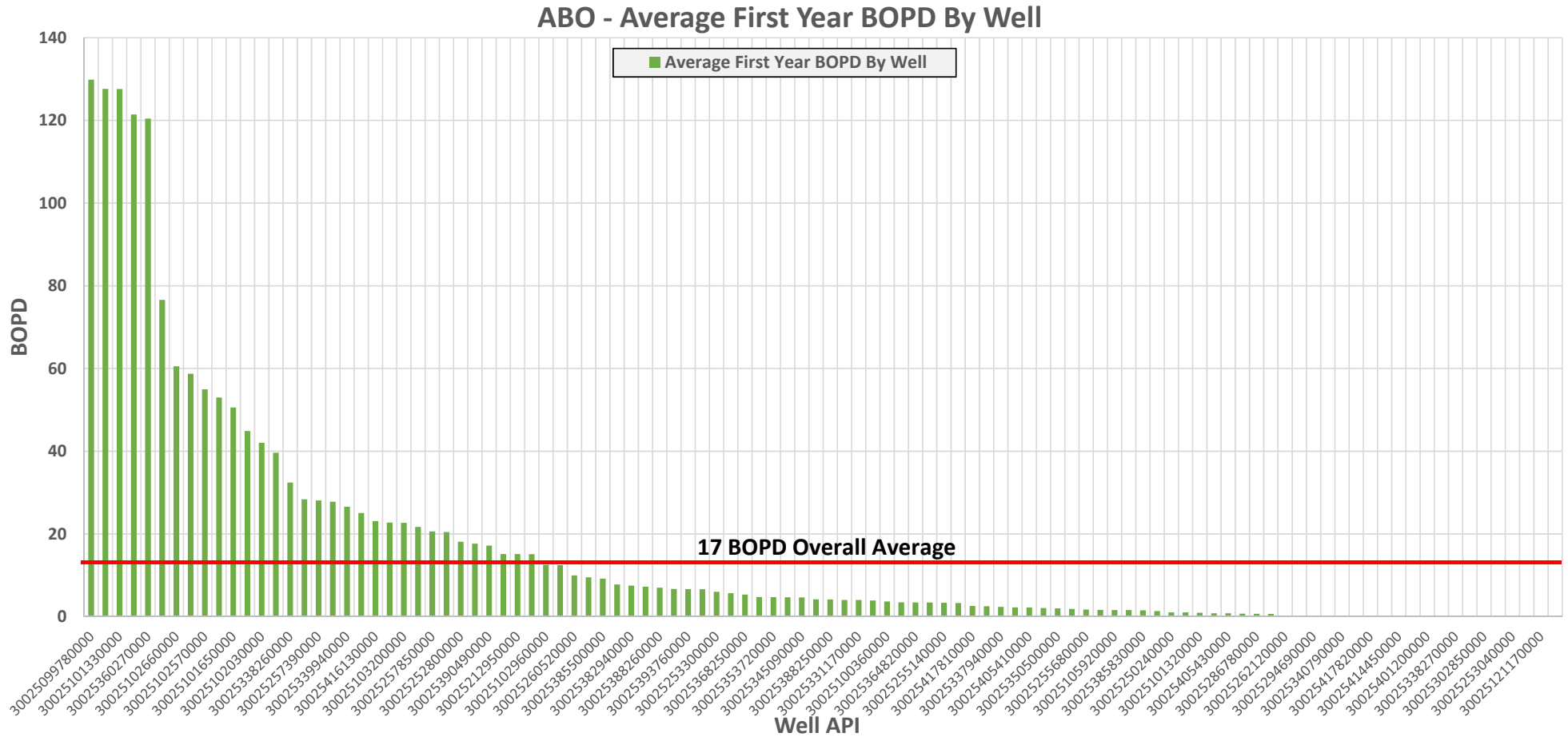
Abo Pool Anticipated Production

- Abo Pool interval was frac'd on 6/22/2019 but was not produced
 - Isolated by cast iron bridge plug for later recovery
- Anticipated Abo Pool average daily rates during first year:
 - 17 BOPD
 - 102 MCFPD
 - 14 BWPD
- Production data from 102 nearby offset Abo producing wells was gathered to generate the expected M State #024 Abo rate
 - The average production rate for oil, gas, and water was averaged over the first year of production from 102 Abo producers within a 3.5 mile radius from the M State #024 take point

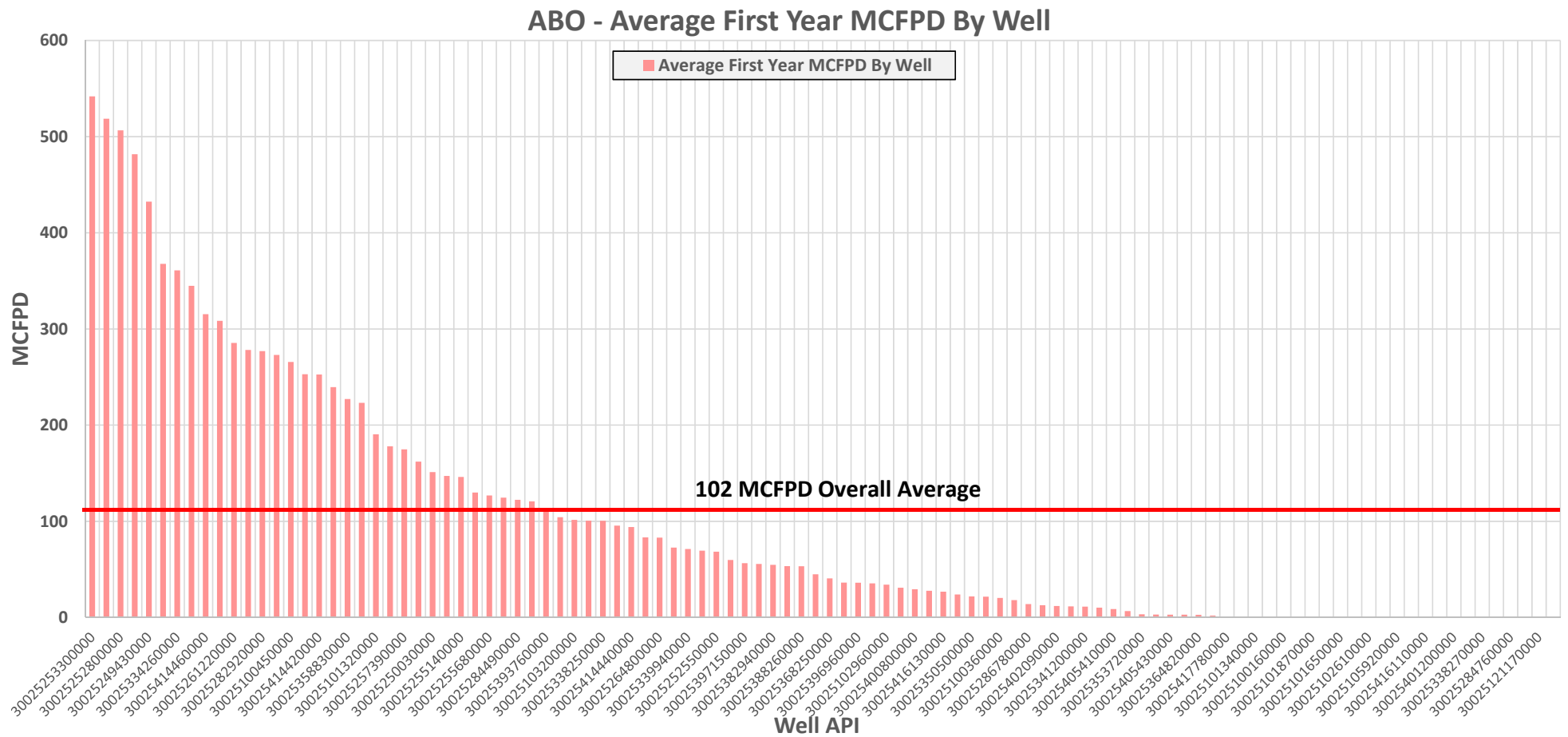
Abo Pool Offset Producers: Area of Investigation



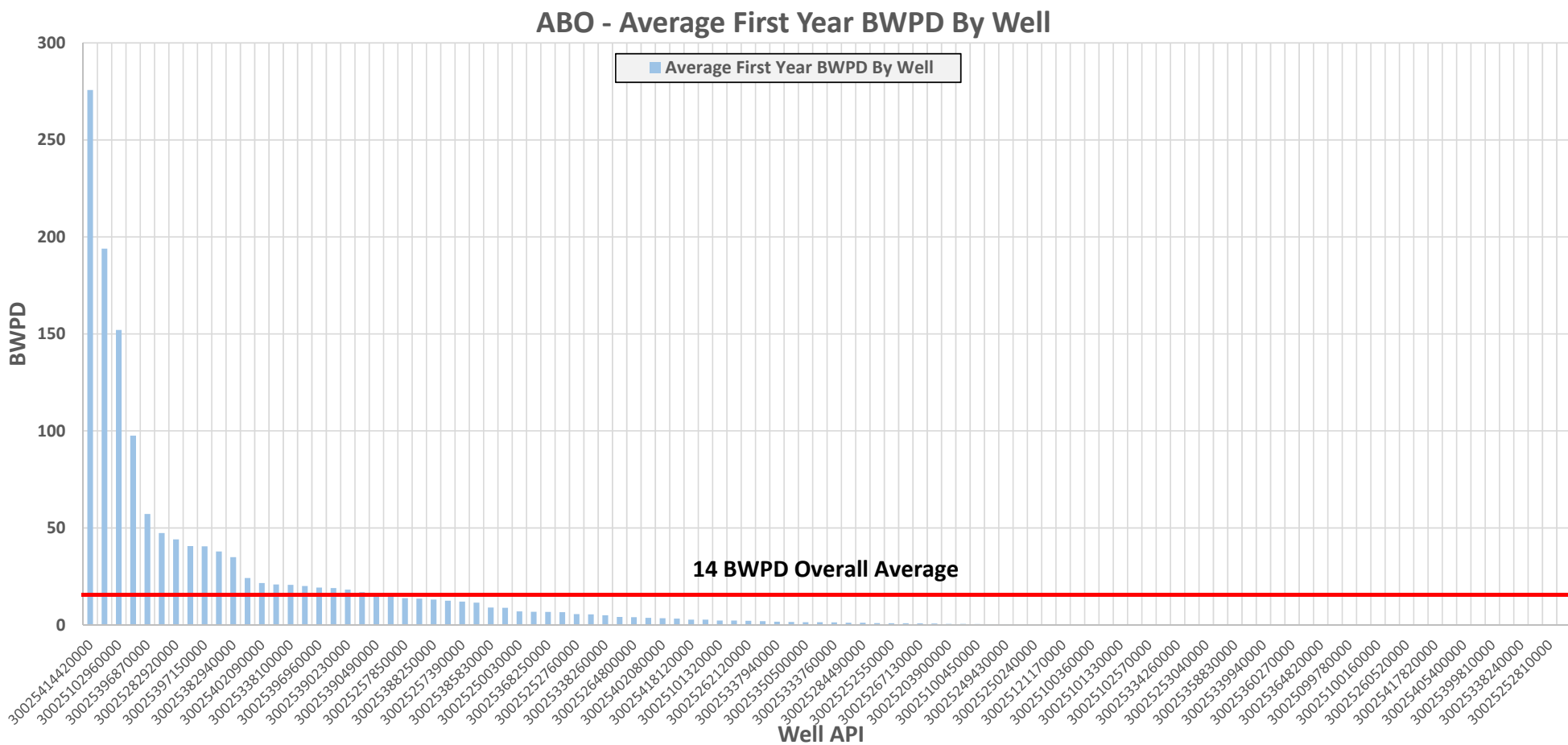
Abo Pool – Average Daily Oil Rate During First Year of Production



Abo Pool – Average Daily Gas Rate During First Year of Production



Abo Pool – Average Daily Water Rate During First Year of Production



Commingled Production Allocation Method - Proposed

- Allocate production proportionately based on known and anticipated volumes from each zone
 - Utilized last known average rate for M State #024 Drinkard
 - Utilized rate equivalent to the summation of the last known average rates for the Upper & Lower Blinebry
 - Utilized average first year daily rate from nearby Abo producers in aforementioned slides as the most probable anticipated M State #024 Abo rate

Zone	BOPD	MCFPD	BWPD
Lower Blinebry	40	128	42
Upper Blinebry	30	123	59
Blinebry Pool	70	251	101

Zone	BOPD	MCFPD	BWPD
Drinkard Pool	44	104	89
Blinebry Pool	70	251	101
Abo Pool	17	102	14
Total Commingled Rate	131	457	204
<i>Drinkard Pool (%)</i>	<i>34%</i>	<i>22%</i>	<i>44%</i>
<i>Blinebry Pool (%)</i>	<i>53%</i>	<i>55%</i>	<i>50%</i>
<i>Abo Pool (%)</i>	<i>13%</i>	<i>23%</i>	<i>6%</i>



Breitburn Operating LP
(a wholly owned subsidiary of
Maverick Natural Resources, LLC)
1111 Bagby Street • Suite 1600
Houston • Texas • 77002
713-437-8000

4/7/2021

Mr. Dean McClure
Oil Conservation Division
New Mexico Department of Energy,
Minerals and Natural Resources
1220 South Saint Francis Drive
Santa Fe, New Mexico 87505

Re: Amendment to Administrative Order DHC-4703-A: Application of Breitburn Operating LP for administrative approval to downhole commingle oil and gas production from Multiple Pools (Zones) for the ENCORE M STATE #024 API 30-025-45691, Lea Co., NM, Section 20, T22S, R37E.

Dear Mr. McClure,

This letter is to clarify ownership in the Encore M State #024 Lease and should be included in the application for the above downhole commingle.

The ownership is consistent and identical in the Encore M State #024 Lease for all of the pools (zones) to be downhole commingled: Blinebry Oil and Gas (Oil) 6660, Drinkard 19190, and the Wantz; Abo 62700

Please contact me if you have any questions or if you'd like any additional information. Thank you for your assistance in this matter.

Best Regards,

A handwritten signature in blue ink that reads "Joseph Kent". The signature is fluid and cursive, with the first and last names clearly legible.

Joseph Kent
Senior Landman
Office: 713.437.8095
joe.kent@mavresources.com

MAVERICK NATURAL RESOURCES, LLC
1111 Bagby St., Suite 1600, Houston, TX 77002
www.mavresources.com

Refused to Imaging: 4/27/2021 4:01:29 PM

TBURN OPERATING LP

world subsidiary of

IC NATURAL RESOURCES

Suite 1600

7002

CERTIFIED MAIL



7019 2280 0000 6038 2431

Commissioner of Public Lands
Attn: Commingling Manager
PO Box 1148
Santa Fe, NM 87504-1148

Received by OCD: 4/7/2021 3:22:29 PM

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none">■ Complete items 1, 2, and 3.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature X <input type="checkbox"/> Agent <input type="checkbox"/> Addressee
1. Article Addressed to: Commissioner of Public Lands Attn: Commingling Manager PO Box 1148 Santa Fe, NM 87504-1148	B. Received by (Printed Name) C. Date of Delivery
2. Article Number (Transfer from service label) 7019 2280 0000 6038 2431	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No
3. Service Type <input type="checkbox"/> Adult Signature <input type="checkbox"/> Adult Signature Restricted Delivery <input type="checkbox"/> Certified Mail® <input type="checkbox"/> Certified Mail Restricted Delivery <input type="checkbox"/> Collect on Delivery <input type="checkbox"/> Collect on Delivery Restricted Delivery <input type="checkbox"/> Insured Mail <input type="checkbox"/> Insured Mail Restricted Delivery (over \$500)	<input type="checkbox"/> Priority Mail Express® <input type="checkbox"/> Registered Mail™ <input type="checkbox"/> Registered Mail Restricted Delivery <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Signature Confirmation™ <input type="checkbox"/> Signature Confirmation Restricted Delivery

9590 9402 4842 9032 4948 98

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt

Page 18 of 32

Revised March 23, 2017

RECEIVED:	REVIEWER:	TYPE:	APP NO:
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ABOVE THIS TABLE FOR OCD DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION
 - 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: Breitbart Operating LP **OGRID Number:** 370080
Well Name: Encore M State 024 **API:** 30-025-45691
Pool: Blinenry, Drinkard, and Wantz; Abo **Pool Code:** 6660,19190, 62700

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 ☐ PPR

2) **NOTIFICATION REQUIRED TO:** Check those which apply.

- A. ☐ Offset operators or lease holders
 B. ☐ Royalty, overriding royalty owners, revenue owners
 C. ☐ Application requires published notice
 D. ☐ Notification and/or concurrent approval by SLO
 E. ☐ Notification and/or concurrent approval by BLM
 F. ☐ Surface owner
 G. ☐ For all of the above, proof of notification or publication is attached, and/or,
 H. ☒ No notice required NMOCD Referenced CAsE #4781-0

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.

Nicole Lee

Print or Type Name

Nicole Lee

Signature

4/20/2021

Date

713-437-8050

Phone Number

nicole.lee@mavresources.com

e-mail Address

Digitally signed by Nicole Lee
 DN: cn=Nicole Lee, o=, email=nicole.lee@mavresources.com, c=US
 Date: 2021.04.20 15:10:13 -0500

From: [McClure, Dean, EMNRD](#)
To: [Nicole Lee](#)
Cc: [McClure, Dean, EMNRD](#); [Bratcher, Mike, EMNRD](#); [Kautz, Paul, EMNRD](#); [Powell, Brandon, EMNRD](#); [lisa@rwbyram.com](#); [Holm, Anchor E.](#); [Dawson, Scott](#)
Subject: Approved Administrative Order DHC-5129
Date: Tuesday, April 27, 2021 3:13:39 PM
Attachments: [DHC5129 Order.pdf](#)

NMOCD has issued Administrative Order DHC-5129 which authorizes Breitburn Operating, LP (370080) to downhole commingle production from 3 pools in their Encore M State 24 well (30-025-45691).

The administrative order is attached to this email and can also be found online at OCD Imaging.

Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

From: [Nicole Lee](#)
To: [McClure, Dean, EMNRD](#)
Subject: [EXT] RE: Downhole Commingling Application DHC-5129
Date: Wednesday, April 21, 2021 6:22:10 AM
Attachments: [MState 24 Checklist 4.20.2021.pdf](#)

Dean,

Please see the attached and the below.

If you need anything else, please let me know.

Upper Blinebry

1301 BTU
41 deg. API Gravity

Lower Blinebry

1272 BTU
39.6 deg. API Gravity

Drinkard

1258 BTU
36 deg. API Gravity

Abo Estimates

1235 BTU
35 deg. API Gravity

Commingling will enhance the value of production in maximizing the volume of recoverable reserves. If we were to continue producing the Upper Blinebry by itself until the production was uneconomical, isolation of the depleted formation would be necessary before drilling out the plug isolating the Lower Blinebry. Isolation of the Upper Blinebry would require a suicide squeeze with cement which would entail a costly workover with a high degree of operational risk. The difficulty of achieving a successful workover could result in forfeit of the wellbore altogether, leaving behind a significant amount of recoverable reserves. Commingling is operationally low risk and maximizes the resource value by accelerating the sale of recoverable reserves.

Nicole Lee
Regulatory Compliance Technician
office: 713-437-8050
mobile: 281-740-9416
nicole.lee@mavresources.com

MAVERICK NATURAL RESOURCES, LLC
(Parent of Breitburn Operating LP)
1111 Bagby St. Ste 1600, Houston, TX 77002
www.mavresources.com

From: McClure, Dean, EMNRD <Dean.McClure@state.nm.us>
Sent: Tuesday, April 20, 2021 3:02 PM
To: Nicole Lee <nicole.lee@mavresources.com>
Subject: [EXTERNAL]: Downhole Commingling Application DHC-5129

Ms. Lee,

I am reviewing downhole commingling application DHC-5129 involving the Encore M State #24 well (30-025-45691) operated by Breitburn Operating, LP (370080).

Please fill out the attached admin checklist and send back to me.

Please provide gas BTU values for the upper 3 horizons: upper Blinebry, lower Blinebry, and Drinkard.

Considering that there is an asterisk next to the oil gravity values, I presume those values to be estimates or else the commingled estimate, if so please include the oil gravity values for the upper 3 horizons: upper Blinebry, lower Blinebry, and Drinkard.

Please provide estimated BTU and oil gravity values for the Abo pool in this area.

Within the application is included a statement that commingling will enhance the value of production. Please elaborate on what is meant.

With the consideration that ownership between the pools is identical, the proposed method of allocation is acceptable.

Dean McClure
Petroleum Engineer, Oil Conservation Division
New Mexico Energy, Minerals and Natural Resources Department
(505) 469-8211

State of New Mexico
Energy, Minerals and Natural Resources Department

Michelle Lujan Grisham
Governor

Sarah Cottrell Propst
Cabinet Secretary

Todd E. Leahy, JD, PhD
Deputy Cabinet Secretary

Gabriel Wade, Acting Director
Oil Conservation Division



February 26, 2019

Ms. Deborah Marberry
Deborah.marberry@mavresources.com

NON-STANDARD LOCATION

Administrative Order NSL-7835

Breitburn Operating, LP [OGRID 370080]
Encore M State Well No. 024
API No. 30-025-PENDING

Surface Location; Vertical Well

<u>Footages</u>	<u>Unit</u>	<u>Sec.</u>	<u>Twsp</u>	<u>Range</u>	<u>County</u>
1356 FSL & 2316 FWL	K	20	22S	37E	Lea

Proposed Unit

<u>Description</u>	<u>Acres</u>	<u>Pool</u>	<u>Pool Code</u>
NE4 SW4 of Section 20	40	Bliebry Oil and Gas	66660
		Drinkard	19190
		Tubb Oil and Gas	60240
		Wantaz; Abo	62700

Reference is made to your application received on February 26, 2019.

You have requested to drill this vertical well at an unorthodox oil well location described above in the referenced pool or formation. Subsection A of 19.15.15.9 NMAC governs these pools and provide for 40-acre units, with wells located at least 330 feet from a unit outer boundary.

This well's completed interval is as close as 36 feet to the southern edge of the spacing unit. Encroachments will impact the following tract.

Section 20, encroachment to the SE4 SW4

The Division understands you have given notice of this application to all operators or owners who are "affected persons," as defined in Paragraph (8) Subsection A of 19.15.2.7 NMAC, in all adjoining units towards which the proposed location encroaches. However, the ownership is identical in the affected areas, therefore notice is not required.

Administrative Order NSL-7835
Breitburn Operating, L.P.
February 26, 2019
Page 2 of 2

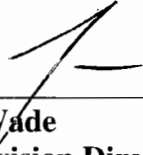
The Division understands that you are requesting an unorthodox location due to existing surface obstructions that prohibit an orthodox location of this vertical well to produce resources underlying the spacing unit within the NE4 SW4 of Section 20.

Your application has been filed under Subsection 6 of Paragraph of Section (C) of 19.15.16.15 NMAC, 19.15.15.13 NMAC and Paragraph (2) of Subsection A of 19.15.4.12 NMAC.

Per Subsection B of 19.15.15.13 NMAC, Division approves this unorthodox location.

The above approvals are subject to your following all other applicable Division rules.

Jurisdiction of this case is retained for the entry of further orders as Division deems necessary.



Gabriel Wade
Acting Division Director

GW/lrl

cc: Oil Conservation Division – Hobbs District Office
State Land Office – Oil, Gas, and Minerals Division

DISTRICT I1625 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 Road, Aztec, NM 87410
Phone: (505) 334-6178 Fax: (505) 334-6170**DISTRICT IV**1220 S. St. Francis Dr., Santa Fe, NM 87505
Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

Form C-102

Revised August 1, 2011

Submit one copy to appropriate
District Office

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 70-025-45691	² Pool Code 19190	³ Pool Name DRINKARD
⁴ Property Code 314022	⁵ Property Name Encore M State	⁶ Well Number 24
⁷ OGRIID No. 370080	⁸ Operator Name Breitburn Operating LP	⁹ Elevation 3377'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	20	22 S	37 E		1356'	South	2316'	West	Lea

¹¹Bottom 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
¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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>Encore M State Lease</p> <p>Sec. 20</p> <p>0.75 Miles</p>	<p>¹⁷OPERATOR CERTIFICATION</p> <p>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 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</p> <p><i>Deborah Marberry</i> 2/25/19</p> <p>Signature _____ Date _____</p> <p>Printed Name Deborah Marberry</p> <p>E-mail Address deborah.marberry@mavresources.com</p>
<p>Encore M State Lease</p> <p>12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74</p> <p>0.75 Miles</p>	<p>¹⁸SURVEYOR CERTIFICATION</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>2-7-2019</p> <p>Date of Survey _____</p> <p>Signature and Seal of Professional Surveyor _____</p> <p>10324</p> <p>Certificate Number</p>

4.7 Miles SW of Eunice, New Mexico.

File No. A-12587.2

DISTRICT I
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State of New Mexico
Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

HOBBS OCD
MAR 05 2019
RECEIVED

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

☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-026-44691	² Pool Code 6660	³ Pool Name BLINEBRY OIL & GAS (OIL)
⁴ Property Code 314022	⁵ Property Name Encore M State	⁶ Well Number 24
⁷ ORD No. 370080	⁸ Operator Name Breitburn Operating LP	⁹ Elevation 3377'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	20	22 S	37 E		1356'	South	2316'	West	Lea

¹¹Bottom 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

¹² Dedicated Acres	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ 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>16</p> <p>17 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 unreleased 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 a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order hereinafter entered by the division.</p> <p><i>Deborah Marberry</i> 2/25/19 Signature Date</p> <p>Deborah Marberry Printed Name</p> <p>deborah.marberry@mavresources.com E-mail Address</p>
	<p>18 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.</p> <p>2-7-2019 Date of Survey</p> <p><i>Michael L. Stanford</i> Signature and Seal of Professional Surveyor</p> <p>10324 Certificate Number</p>
	<p>4.7 Miles SW of Eunice, New Mexico. File No. A-12587-2</p>

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Form C-102
Revised August 1, 2011
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☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-025-44691	² Pool Code 62700	³ Pool Name WANTZ; ABO
⁴ Property Code 314022	⁵ Property Name Encore M State	⁶ Well Number 24
⁷ OCRD No. 370080	⁸ Operator Name Breitbart Operating LP	⁹ Elevation 3377'

¹⁰Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
K	20	22 S	37 E		1356'	South	2316'	West	Lea

¹¹Bottom 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

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4.7 Miles SW of Eunice, New Mexico.

File No. A-12587.2

Notice

Date Sent:

Date	Person	Certified Tracking Number	Status
4/12/2021	Commissioner of Public Lands	7019 2280 0000 6038 2431	Delivered

Released to Imaging: 4/27/2021 4:01:29 PM

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**APPLICATION FOR DOWNHOLE COMMINGLING
SUBMITTED BY BREITBURN OPERATING, LP**

ORDER NO. DHC-5129

ORDER

The Director of the New Mexico Oil Conservation Division ("OCD"), having considered the application and the recommendation of the Engineering Bureau, issues the following Order.

FINDINGS OF FACT

1. Breitburn Operating, LP ("Applicant") submitted a complete application ("Application") to downhole commingle the pools described in Exhibit A ("the Pools") within the well bore of the well identified in Exhibit A ("the Well").
2. Applicant proposed a method to allocate the oil and gas production from the Well to each of the Pools that is satisfactory to the OCD and protective of correlative rights.
3. Applicant has certified that all produced fluids from all the Pools are compatible with each other.
4. Applicant has certified that downhole commingling the Pools will not decrease the value of the oil and gas production.
5. To the extent that ownership is identical, Applicant submitted a certification by a licensed attorney or qualified petroleum landman that ownership in the Pools is identical as defined by 19.15.12.7(B) NMAC.
6. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools, provided evidence a copy of the Application was given to each person, and those persons either submitted a written waiver or did not file an objection to the Application.
7. Applicant provided notice of the Application to the Bureau of Land Management ("BLM") or New Mexico State Land Office ("NMSLO"), as applicable.

CONCLUSIONS OF LAW

8. OCD has jurisdiction to issue this Order pursuant to the Oil and Gas Act, NMSA 1978, Sections 70-2-6, 70-2-11, 70-2-12, 70-2-16, 70-2-17, and 19.15.12 NMAC.
9. The downhole commingling of the Pools is common, or Applicant has provided evidence that the fluids are compatible and will not damage the Pools in accordance with 19.15.12.11(A)(1) NMAC.
10. The bottom perforation of the lower zone is within one hundred fifty percent (150%) of the depth of the top perforation in the upper zone or Applicant has provided evidence that the

proposed commingling of the Pools shall not result in shut-in or flowing well bore pressure in excess of the commingled pool's fracture parting pressure in accordance with 19.15.12.11(A)(3) NMAC.

11. Applicant's proposed method of allocation, as modified herein, complies with 19.15.12.11(A)(8) NMAC.
12. To the extent that ownership is diverse, Applicant identified all owners of interest in the Pools and provided evidence the application was given to those persons in accordance with 19.15.12.11(C)(1)(b) NMAC.
13. By granting the Application with the conditions specified below, this Order prevents waste and protects correlative rights, public health, and the environment.

ORDER

1. Applicant is authorized to downhole commingle the Pools described in Exhibit A within the well bore of the well identified in Exhibit A.
2. Applicant shall allocate a fixed percentage of the oil and gas production from the Well to each of the Pools as described in Exhibit A.
3. If any of the pools being commingled is prorated, or the Well's production has been restricted by an OCD order in any manner, the allocated production from each producing pool in the commingled well bore shall not exceed the top oil or gas allowable rate for a well in that pool or rate restriction applicable to the well.
4. If the downhole commingling of the Pools reduces the value of the oil and gas production to less than if it had remained segregated, no later than sixty (60) days after the decrease in value has occurred Applicant shall submit a new downhole commingling application to OCD to amend this Order to remove the pool that caused the decrease in value. If Applicant fails to submit a new application, this Order shall terminate on the following day, and if OCD denies the application, this Order shall terminate on the date of such action.
5. OCD retains jurisdiction and reserves the right to modify or revoke this Order as it deems necessary to prevent waste or protect correlative rights, public health, or the environment.

**STATE OF NEW MEXICO
OIL CONSERVATION DIVISION**



**ADRIENNE SANDOVAL
DIRECTOR**

AS/dm

DATE: 4/27/2021

State of New Mexico
Energy, Minerals and Natural Resources Department

Exhibit A

Order: **DHC-5129**

Operator: **Breitburn Operating, LP (370080)**

Well Name: **Encore M State #24**

Well API: **30-025-45691**

Pool Name: **BLINEBRY OIL AND GAS (OIL)**

Upper Zone

Pool ID: **6660**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **53%**

Gas: **55%**

Interval: **Perforations**

Top: **5,574**

Bottom: **5,991**

Pool Name: **DRINKARD**

Intermediate Zone

Pool ID: **19190**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **34%**

Gas: **22%**

Interval: **Perforations**

Top: **6,526**

Bottom: **6,546**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **YES**

Pool Name: **WANTZ;ABO**

Lower Zone

Pool ID: **62700**

Current:

New: **X**

Allocation: **Fixed Percent**

Oil: **13%**

Gas: **23%**

Interval: **Perforations**

Top: **6,744**

Bottom: **6,940**

Bottom of Interval within 150% of Upper Zone's Top of Interval: **YES**

Top of Queen Formation:

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State of New Mexico
Energy, Minerals and Natural Resources
Oil Conservation Division
1220 S. St Francis Dr.
Santa Fe, NM 87505

CONDITIONS

Action 22304

CONDITIONS OF APPROVAL

Operator: BREITBURN OPERATING LP 1111 Bagby St. Suite 1600 ATTN: REGULATORY Houston, TX77002		OGRID: 370080	Action Number: 22304	Action Type: C-107A
OCD Reviewer	Condition			
dmcclure	Please review the content of the order to ensure you are familiar with the authorities granted and any conditions of approval.			