

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

David Martin
Cabinet Secretary

Tony Delfin
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order DHC-4792

Order Date: April 22, 2016

Application Reference Number: pMAM1608853555

Merit Energy Company, LLC
13727 Noel Road, Suite 1200
Dallas, Texas 75240

Attention: Ms. Lynne Moon

State A A/C 1 Well No. 128
API No. 30-025-34876
Unit K, Section 13, Township 23 South, Range 36 East NMPM
Lea County, New Mexico

Pool	JALMAT;TAN-YATES-7 RVRS (GAS)	Oil (79240)
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 and gas production from the subject well shall be based on the analysis of production of the subject well, and subtraction method. The gas production from the Jalmat; Tan-Yates-7 RVRS (Gas) shall be based on estimated reserves of the pool. The gas production from the Langle Mattix; 7 RVRS-Q-Grayburg shall be based on the total gas production minus the Jalmat; Tan-Yates-7 RVRS (Gas) Pool. Oil

production is based on the fact that no oil was produced from the Jalmat; Tan-Yates-7 RVRS (Gas) prior to commingling. Lastly, the subject well has produced from the subject pools since December 15, 2014, and this application is for records clean-up.

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

JALMAT;TAN-YATES-7 RVRS (GAS)	Pct. Oil: 0	Pct. Gas: 20
LANGLIE MATTIX; 7 RVRS-Q-GRAYBURG	Pct. Oil: 100	Pct. Gas: 80

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 New Mexico State Land Office has approved the DHC application contingent on OCD approval.

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
New Mexico State Land Office – Oil, Gas, and Minerals
Well File – 30-025-34876