

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

David R. Catanach, Division Director
Oil Conservation Division



Administrative Order DHC-4817

Order Date: June 30, 2017

Application Reference Number pMAM1718056373

V-F PETROLEUM INC
500 W. Texas, Suite 350
Midland, TX 79701

Attention Mr Eric Sprinkle

Arco State Well No 1
API No 30-025-27005
Unit L, Section 35, Township 15 South, Range 36 East, NMPM
Lea County, New Mexico

| | | | |
|-------|------------------------|-----|---------|
| Pool | Dean, Permo Upper Penn | Oil | (16720) |
| Names | Dean, Devonian | Oil | (16530) |

Reference is made to your recent application for an exception to 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 appearing that the subject well qualifies for approval for such exception pursuant to the provisions of 19.15.12 11A NMAC, and that 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 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 production from the well shall be based on established production for the Dean, Permo Upper Penn Pool, and Dean; Devonian Pool. The Applicant shall get a stabilized test for production from the Dean; Devonian Pool, and utilize the current production from the Dean; Permo Upper Penn Pool. The final production allocation percentages of oil and gas between these pools shall be supplied to the Division's Engineering and Geological Services Bureau within 60 days following completion of this well or workover.

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

This Order is subject to like approval from the New Mexico State Land Office

Pursuant to 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 Oil Conservation Division – Artesia District Office
New Mexico State Land Office – Oil, Gas, and Minerals
Well File – 30-025-27005