

State of New Mexico
Energy, Minerals and Natural Resources Department

Susana Martinez
Governor

Ken McQueen
Cabinet Secretary

Matthias Sayer
Deputy Cabinet Secretary

Heather Riley, Division Director
Oil Conservation Division



Administrative Order DHC-4858
Order Date: November 28, 2018

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

Attention: Mr. Eric Sprinkle

Graham Well No. 1
API No. 30-025-27538
Unit L, Section 9, Township 15 South, Range 36 East NMPM
Lea County, New Mexico

Pool	CAUDILL; PERMO UPPER PENN	Oil (10830)
Names:	CAUDILL; ATOKA (GAS)	Gas (96231)

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 Caudill; Atoka (Gas) Pool. Production from the Caudill; Permo Upper Penn Pool shall be based on actual production from the subject well.

After the Caudill; Permo Upper Penn Pool has an established production, the Applicant shall submit to the Division the final allocation percentages for both pools.

It is also understood that you have given due notice of this application, as defined in Division Rule 19.15.4.12A. (6) NMAC, to all owners of interest within the subject pools.

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 NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.


HEATHER RILEY

Director

HR/mam

cc: New Mexico Oil Conservation Division – Hobbs
Well File - 30-025-27538