State of New Mexico Energy, Minerals and Natural Resources Department

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-4761

Order Date: May 13, 2015

Application Reference Number: pMAM1513260148

Mack Energy Corporation P. O. Box 960 Artesia, New Mexico 88211-0960

Attention: Deana Weaver

Lava Fee Well No. 1 API No. 30-015-42136

Unit P, Section 3, Township 23 South, Range 27 East NMPM

Eddy County, New Mexico

Pool

CASS DRAW; BONE SPRING

Oil (10380)

Names:

WC-015 G-06 S232704H; UPPER WOLFCAMP

Oil (98125)

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 the historical production from a surrounding well in the same pools.

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

CASS DRAW; BONE SPRING (OIL) POOL	Pct. Oil: 96	Pct. Gas: 96
WC-015 G-06 S232704H; UPPER WOLFCAMP (OIL) POOL	Pct. Oil: 4	Pct. Gas: 4

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 NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.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