

State of New Mexico  
Energy, Minerals and Natural Resources Department

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Governor

**Sarah Cottrell Propst**  
Cabinet Secretary

**Todd E. Leahy, JD, PhD**  
Deputy Secretary

**Adrienne Sandoval, Director**  
Oil Conservation Division



July 17, 2020

**DOWN HOLE COMMINGLING**

**Administrative Order DHC-5057**

Hilcorp Energy Company  
Attention: Priscilla Shorty  
382 Road 3100, Aztec NM 87410

Pursuant to your application received on August 22, 2019 for an exception to Division Rule 19.15.12.9(A) NMAC, Hilcorp Energy Company (372171) (“Hilcorp”) is hereby authorized to down hole commingle oil and gas production in the State Com M 10 well (30-045-34025) (“the Well”) from the following pools:

|                                 |         |
|---------------------------------|---------|
| BASIN DAKOTA (PRORATED GAS)     | (71599) |
| BLANCO-MESAVERDE (PRORATED GAS) | (72319) |
| BLANCO PICTURED CLIFFS (GAS)    | (72359) |

The Well is located in Section 36, Township 32 North, Range 11 West, NMPM, San Juan County, New Mexico.

Hilcorp shall allocate oil and gas production to the BLANCO PICTURED CLIFFS (GAS) pool (72359) using the subtraction method until a different plan to allocate oil and gas production is approved by the Oil Conservation Division. The oil and gas production allocated to the BLANCO PICTURED CLIFFS (GAS) pool (72359) shall be equal to the total oil and gas production from the Well minus the projected historical oil and gas production from the BASIN DAKOTA (PRORATED GAS) pool (71599) and BLANCO-MESAVERDE (PRORATED GAS) pool (72319) (“projected historical production”).

Hilcorp shall allocate to the BASIN DAKOTA (PRORATED GAS) pool (71599) forty-seven (47) percent of the gas and seven (7) percent of the oil from the projected historical production.

Hilcorp shall allocate to the BLANCO-MESAVERDE (PRORATED GAS) pool (72319) fifty-three (53) percent of the gas and ninety-three (93) percent of the oil from the projected historical production.

Hilcorp shall calculate the oil and gas production average during the fourth year after the commencement of commingling, which shall be used to establish a fixed percentage of the total oil and gas production that shall be allocated to each of the pools (“fixed percentage allocation plan”). No later than ninety (90) days after the fourth year, Hilcorp shall submit a Form C-103 to OCD that includes the fixed percentage allocation plan and all data used to determine it. If Hilcorp fails to do so, this Order shall terminate on the following day. If OCD denies the fixed percentage allocation plan, this Order shall terminate on the date of such action. If OCD approves the percentage allocation plan with or without modifications, then the approved percentage allocation plan shall be used to determine oil and gas allocation starting on the date of such action until the Well is plugged and abandoned.

This Order supersedes Order DHC-3956-AZ.

Pursuant to Division Rule 19.15.12.11(B) NMAC, the commingling authority granted herein may be rescinded by the Division Director if conservation is not being best served by such commingling.

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



Adrienne Sandoval  
Director

AS/dm

cc: OCD – Aztec District Office  
New Mexico State Land Office