



NEW MEXICO ENERGY, MINERALS
& NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION
2040 South Pacheco Street
Santa Fe, New Mexico 87505
(505) 827-7131

ADMINISTRATIVE ORDER DHC-1770

Thompson Engineering & Production Corporation
7415 E. Main
Farmington, New Mexico 87402

Attention: Mr. Paul C. Thompson

State No. 1
API No.- 30-045-22575
*Unit A, Section 2, Township 26 North, Range 13 West, NMPM,
San Juan County, New Mexico.
Basin-Fruitland Coal (Gas - 71629) and
WAW Fruitland Sand-Pictured Cliffs (Gas - 87190) Pools*

RECEIVED
JAN 22 1998
OIL CON. DIV.
DIST. 3

Dear Mr. Thompson:

Reference is made to your recent application for an exception to Rule 303.A. 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 Rule 303.C., 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 and required separation of the zones is hereby placed in abeyance.

The maximum amount of gas which may be produced daily from the well shall be determined by Division Rules and Regulations or by the gas allowable for each respective prorated pool as printed in the Division's San Juan Basin Gas Proration Schedule.

Assignment of allowable to the well and allocation of production from the well shall be in accordance with the formula described in Exhibit "A" attached hereto.

REMARKS: The operator shall notify the Aztec District Office of the Division upon implementation of the commingling process.

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Pursuant to Rule 303.H., the commingling authority granted herein may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Approved at Santa Fe, New Mexico on this 16th day of January, 1998.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



KATHLEEN A. GARLAND
Acting Director

S E A L

KAG/DRC

cc: Oil Conservation Division - Aztec /
State Land Office-Oil & Gas Division

Exhibit "A"
Division Order No. DHC-1770
State Well No. 1-Unit A, Section 2, T-26N, R-13W
Allocation Method

$$Q_{fc} = Q_{total} - (Q_{PCi} * e^{(-D*t)})$$

Where:

Q_{fc} = Production Allocated to the Basin-Fruitland Coal Pool

Q_{total} = Total measured production from the well

Q_{PCi} = Last WAW Fruitland Sand-Pictured Cliffs rate prior to commingling

D = Exponential decline rate (0.00917/month) = 11.0% /year

t = time since commingling began in months