NEW MEXICO ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

AP Dr Co

OIL CONSERVATION DIVISION

ADMINISTRATIVE ORDER DHC-1172

Amoco Production Company P.O. Box 800 Denver, Colorado 80201-0800

Attention: Ms. Pamela Staley

DECEMBED

RE 2 1 1935 D

Hughes 'B' Well No.2A Unit O, Section 19, Township 29 North, Range 8 West, NMPM, San Juan County, New Mexico. Blanco Pictured Cliffs (Gas - 72359) and Blanco Mesaverde (Gas - 72319) Pools

Dear Ms. Staley:

Reference is made to your recent application for an exception to Rule 303-A of the Division Rules and Regulations to permit the subject well to commingle production from both 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 two zones is hereby placed in abeyance.

In accordance with the provisions of Rule 303-C-4., total commingled oil production from the subject well shall not exceed 30 barrels per day, and total water production shall not exceed 60 barrels per day. 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.

In accordance with the provisions of Rule 303-C, the supervisor of the Aztec District Office of the Oil Conservation Divison shall determine the proper allocation of production from the subject well following its completion.

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