



TONEY ANAYA
GOVERNOR

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

December 9, 1985

50 YEARS



1935 - 1985

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Administrative Order No. DHC-583

Energy Reserves Group Inc.
P. O. Box 2437
Midland, Texas 79702

Attention: Michael L. Jones

Re: State 17 No. 1 Well, Unit A,
Sec. 17, T-6-S, R-34-E, NMPM,
Roosevelt County, New Mexico
South Peterson Penn Associated and
Undesignated Granite Wash Pools

Gentlemen:

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 the 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.

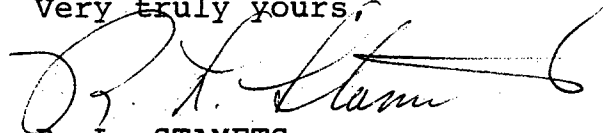
In accordance with the provisions of Rule 303.C.4., total commingled oil production from the subject well shall not exceed 50 barrels per day, and total water production from the well shall not exceed 100 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 4,000 by top unit allowable for the South Peterson Penn Associated Pool.

Assignment of allowable to the well and allocation of production from the well shall be determined after consultation with the Supervisor of the Hobbs district office of the

Division after the well has been completed in the Granite Wash zone.

Pursuant to Rule 303-C 5, the commingled authority granted by this order may be rescinded by the Division Director if, in his opinion, conservation is not being best served by such commingling.

Very truly yours,

A handwritten signature in dark ink, appearing to read "R. L. Stamets", with a long horizontal flourish extending to the right.

R. L. STAMETS,
Director