



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION



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GOVERNOR

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CORRECTED ADMINISTRATIVE ORDER DHC-885

Merit Energy Company
12221 Merit Drive, Suite 500
Dallas, TX 75251

Attention: Sheryl J. Carruth

*Hilburn Well No. 1
Unit E, Section 13, Township 16 South, Range 35 East, NMPM,
Lea County, New Mexico.
North Shoe Bar-Strawn and North Shoe Bar-Wolfcamp Pools*

Dear Ms. Carruth:

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 80 barrels per day, and total water production shall not exceed 160 barrels per day. The maximum amount of gas which may be produced daily from the well shall be determined by multiplying 2000 by the top unit allowable for the North Shoe Bar-Wolfcamp Pool.

Assignment of allowable to the well and allocation of production from the well shall be on the following basis:

| | | | | |
|------------------------------|-----|-----|-----|-----|
| North Shoe Bar-Strawn Pool | Oil | 96% | Gas | 98% |
| North Shoe Bar-Wolfcamp Pool | Oil | 4% | Gas | 2% |

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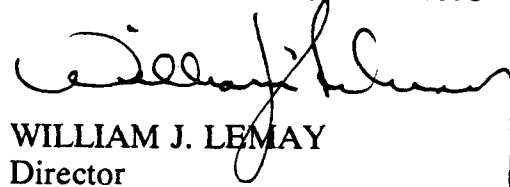
In accordance with the provisions of Rule 303-C, the supervisor of the Hobbs District Office of the Oil Conservation Division shall determine the proper allocation of production from the subject well following its completion.

FURTHER: The operator shall notify the Hobbs District Office of the Division upon implementation of the commingling process.

Pursuant to Rule 303-C-5, the commingling authority granted by the order 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 30th day of April, 1993.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

WJL/BES/amg

cc: Oil Conservation Division - Hobbs